

BY-LAWS

OF

**CUEA SAVINGS AND CREDIT
CO-OPERATIVE SOCIETY LIMITED**

Proposal 2021

**BY-LAWS OF CUEA SAVINGS AND CREDIT CO-OPERATIVE SOCIETY
LIMITED**

1. **Name and Area of Operation**

This society shall be called **CUEA SAVINGS AND CREDIT CO OPERATIVE SOCIETY LIMITED**, herein referred to in these by-laws as “the society” and its areas of operation will be the Republic of Kenya.

2. Registered Office and Postal Address

The Registered office of the society shall be situated at the Catholic University of Eastern Africa, Nairobi and its postal address shall be P O Box 62157-00200, Nairobi. Notice of any change of address of the society shall be furnished to the Commissioner for Co-operative Development and to the members of the society.

3. Definitions and Interpretations

- (a) In these by-laws, unless the context otherwise requires, words or phrases shall be defined/interpreted in accordance with the Co-operative Societies Act, of 1997 and the Co-operative Societies Rules made thereunder, hereinafter referred to as “Act” and the “Rules” respectively.
- (b) Annual General Meeting means a meeting of members of the society.
- (c) “Sacco” means Savings and Credit Co-operative Society Limited
- (d) “Tribunal” means the Co-operative Tribunal established under Section 77 of the Act to hear and determine disputes under the Act and Rules.
- (e) “Commissioner” means the Commissioner for Co-operative Development
- (f) In these by-laws where the masculine is referred to, it shall include the female gender.
- (g) “Minors” shall mean persons who are not up to 18 years of age but who benefited from some of the services of the SACCO.
- (h) “Any questions or dispute concerning the interpretation of these by laws on any matters not provided for therein, errors and omissions shall be referred to the Tribunal.
- (i) In these by-laws, where the term “management committee” occurs it shall read “the board of directors”

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4. Objects

The objects for which the society is established are to organize and promote the economic interest of its members in accordance with the following Co-

operative Principles and values.:-

Values

Co-operatives are based on the values of self-help, mutual responsibility, equality and equity. They practice honesty, openness and social responsibility in all their activities.

Principles

Co-operatives reflect these values by applying the following principles as general guidelines in their activities.

(i) Voluntary and Open Membership

The primary purpose of co-operatives is to serve their members, and as applicable, non-members, in a prudent and effective manner. Within their capacity to admit members, co-operatives are open on a voluntary basis, without political, religious, gender or social discrimination, to all who can contribute to, and benefit from their activities.

(ii) Democratic Member Control

Co-operatives are democratic and participatory organizations actively controlled by their members. In primary co-operatives, members enjoy equal voting rights, on a one member, one vote basis.

In co-operatives at other levels, administration is conducted and control is exercised in a suitable democratic manner. Men and women responsible for the administration of co-operatives, involve members, managers and other employees, according to their roles in making decisions and setting policies.

(iii) Economic Participation by Members

Members contribute equitably to the capital of their Co-operative and share in the results of its operations. Usually, at least a portion

of a co-operative's capital is owned collectively, intended to further the long-term purposes for which the co-operative exists. Co-operatives may pay a competitive rate of interest on capital; they compensate employees fairly, according to the standards of the society in which they exist. Members allocate surpluses for any or all of the following purposes:-

- a) Developing the business of the co-operative;
- b) Benefiting members in proportion to their involvement with the Co-operative; and

c) Encouraging the further development of the Co-operative Movement.

(iv) **Education, Training and Information**

Co-operatives foster reciprocal, ongoing education programmes for members, leaders and employees, so they can teach – and learn from each other in understanding and carrying out their respective roles. Co-operatives have a responsibility to inform the general public, particularly young people and opinion leaders, about the nature and benefits of the Co-operative Movement.

(v) **Co-operation among Co-operatives**

In order to best serve the interests of their members and their communities, co-operatives actively co-operate in every practical way with other co-operatives locally, nationally, and internationally.

(vi) **Autonomy and Independence**

Co-operatives are autonomous, mutual-help organizations controlled by their members. If they enter into agreement with governments and other organizations, they do so freely, on mutually acceptable terms that ensure their autonomy.

(vii) **Concern for Community in General**

Co-operatives are concerned about the communities in which they exist. While focusing on members' needs, they strive for the sustainable development of those communities through policies that are respectful of the environment and acceptable to the membership.

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Specific Objects of the Sacco

- a) To promote thrift among its members by affording them an opportunity for accumulating their savings and deposits and create thereby a source of funds from which loans can be made available to them for purposes of providence or production or both at a fair and reasonable rate of interest.
- b) To provide an opportunity for each of its members to improve his respective economic and social conditions.
- c) To offer the members complementary savings and credit services and other financial services as may be required by members from time to time.
- d) To ensure safety and soundness of the members' funds through risk management programme or any other appropriate insurance scheme.

- e) To ensure progress of its members by educating them continuously on proper use of credit.
- f) To perform all those functions and exercise those powers designated for Savings and Credit Co-operative Societies under the applicable law for the benefit of members.
- g) To co-operate with other co-operatives in order to promote members' interest and in furtherance of this object, the Society may affiliate to National and International Co-operative Organisations.
- h) To perform within the relevant law (the Act, the Rules) and these by-laws, all those acts, deeds and things necessary to further enhance, promote or encourage any or all of the foregoing purposes and objects provided that such acts, deeds and things are approved by the Annual General Meeting.

5. Membership Eligibility

The membership of the society shall consist of:-

- (a) Original members who signed the application for registration and
- (b) New members subsequently admitted in accordance with these by laws.

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6. A person of either sex shall be eligible for membership if he possesses either or of all the following qualifications:-

- (a) Is within the employment and/or service of the Catholic University of Eastern Africa
- (b) Is not less than eighteen years of age.
- (c) Is an employee of the SACCO, and not a member of any other salary-based Sacco.
- (d) Retirees from (a) and (c) above who choose to retain their membership in the Society.
- (e) Is of good character.

7. Membership Application Form

Every applicant for membership shall complete an "application for

membership” form. This form may be drawn so as to show all the information required for the purpose of a Register of members. The completed form, when filled in serial order, shall constitute the Register of members as required under the Rules.

8. Admission into Membership

An applicant shall be admitted to membership on being accepted by a simple majority vote of the Board of Directors in their meeting upon payment of prevailing entrance fees at that time but shall not qualify for a loan until he has paid in full a minimum amount of 50 Shares at a par value of Ksh. 20.00 or as may be resolved in an Annual General Meeting. Any such appeal must be supported by at least ten members.

9. Refusal of Membership

The Managing Committee may refuse membership to any applicant giving him valid reasons for the refusal in writing provided that, the person whose membership has been refused, , shall have the right to appeal to the next general meeting through a registered meeting. Any such appeal must be supported by at least ten members.

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10. Members’ Personal Account

- (a) Every member shall receive a membership card, which shall contain full particulars as to his membership, and in which shall be recorded, his personal details, e.g. shares name, ID number. A Membership Card signed by a fully authorized officer shall be conclusive evidence that the person named therein is a member of the society and shall constitute a certificate of shareholdings, unless it is proved otherwise.
- (b) Every member shall be provided with a quarterly statement of account containing a record of the member’s transactions with the society. The statement will show the share capital, deposits paid, loan repayment, interest paid and the balance in each case.
- (c) If the membership card is lost, issuance of a duplicate may be authorized by the Board of Directors upon payment of such a fee as it may decide.

11. Nominee

Every member upon admission to membership shall nominate in writing one or more persons to whom, on his death, his shares, deposits, or any other interests shall be transferred.

Appointment of a nominee by a member shall be in writing and signed by the member in presence of two attesting witnesses. The name of the nominee shall

be entered in a separate form to be kept in the safe. A member shall have the right to change his nominee, but any such change or alteration must be in writing and signed by the member in the presence of two attesting witnesses. Any change of nominee(s) shall supersede the earlier one(s).

12. Payment to Nominee

- (a) On notification of the death of a member by an administrative officer/employer, the nominee shall be paid funeral expenses in accordance with the Risk Management Scheme in force or Annual General Meeting resolution.
- (b) The nominee shall be paid the full value of the deceased member's shares or interest as soon as possible on the evidence of death being produced without awaiting lawful administration of the estate.
- (c) Where a deceased member has any sums due to the society, his shares shall be refunded less the sum due to the society or in accordance with the Risk Management Scheme in force or Annual General Meeting resolution.
- (d) Where a member dies before appointing a nominee, the society may pay any money due to the deceased member to the personal representative or the recognized heirs of the deceased member.
- (e) Where a nominee does not exist and the personal representative is not agreeable to the society, the deceased dues shall be paid to the nearest public trustee or legal personal representative.

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13. Cessation of Membership

Membership in the Society shall be terminated upon:-

- (a) The death of a member,
- (b) Being expelled from membership,
- (c) Becoming certifiably insane,
- (d) On transfer of all his shares.
- (e) Fails to contribute his savings and loan repayment for three consecutive months.
- (f) Losing the qualifications stated in by-law number 6 (a) to (e) (g)

Withdrawing all his shareholdings and deposits.

14. **Voluntary Withdrawal**

A member may at any time withdraw from the society by giving a minimum written notice of one month provided that shares shall not be withdrawn in part but in whole. The society shall however levy a withdrawal charge at 10% of total deposits held by the withdrawing member or a maximum processing charge of ksh. 500.00, whichever is less.

15. **Expulsion of a Member**

The Board of Directors may expel a member who:-

- (a) is convicted in a court of law of a criminal offence.
- (b) acts in any way prejudicial to the interest of the society.

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16. **Appeal against Expulsion**

A member so expelled shall have the right to appeal to the next general meeting convened in accordance with these by-laws which may reinstate him.

17. **Payment Resulting from Withdrawal, Termination or Expulsion from Membership**

- (a) The nominal or book value of his shares, whichever is less; provided however, that the Board of Directors may require a maximum of 60 days' written notice of intention to withdraw shares.
- (b) Any dividends or interest due to him on the date his membership ceased.
- (c) Any deposits or other sums held by the society on his behalf. 18.

Society Funds

The funds of the society shall consist of:-

- (a) Entrance fee
- (b) An unlimited number of shares to the value of Ksh. 20 each, and part shares; deposits of loans from members or non-members.
- (c) Deposits or loans from members or non-members;

19. **Application of Funds**

The funds of the society shall be applied to the promotion of the stated

objects and purposes of the society as set forth in these by-laws.

20. Shares and Deposits

The nominal value of each share shall be Ksh. 20.00 and every member shall hold at least 50 shares in the society, but no member shall hold more than one half of the total shares of the society. Non-members shall not hold shares but may hold deposits.

21. Purchase of Shares

Any amount may be accepted towards the purchase of shares, provided however, that the Board of Directors may fix a minimum amount

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that may be paid in by a member at any one time.

22. Transfer of Shares

With the approval of the Board of Directors, a member may at any time transfer his shares to another member but not to any other person. Such transfers must be in writing, at nominal value provided that shares shall be transferred in whole and not in part.

23. Registration of Share Transfer

All transfers of shares must be registered with the Manager and no transfers shall be valid unless so registered. The committee may require payment of a fee as it may decide for each such transfer.

24. Shareholding

(a) The Shareholding of a member who fails to complete payment of 50 shares within 5 months of his admission to membership may be absorbed by a fine upon authorization of the Board of Directors. Before such a fine is levied, such member shall be sent a written notice to his last known address which notice shall provide that, unless his share balance is increased to at least 50 shares or his shareholdings are withdrawn within 30 days of the date of the notice, his balance shall be absorbed by a fine.

(b) The liability of each member shall be limited by shares held by him.

25. Power to Borrow

(a) Loans may be obtained from members and non-members, subject to the maximum amount and terms approved by the general meeting.

(b) For the necessary securing of any loans accepted by the society under paragraph (a) of this by-law, the society may grant a charge over the assets of the society.

- (c) The authority to grant a charge shall be reserved to the Annual General Meeting subject to the provisions of the Act and the Rules.

26. Interest Rate

The rate of interest on deposits, or loans, shall not exceed the current market rates.

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27. Investment of Sacco's Funds

The Sacco may invest or deposit its funds only:-

- (a) In and upon such investments and securities as are for the time being authorized for the investment of trust funds;
- (b) In a capital formation fund which shall only be applied in projects approved by members in an Annual General Meeting;
- (c) In the shares and deposits of any other co-operative society; (d)

With any bank licensed under the Banking Act;

- (e) In the stock of any statutory body established in Kenya or in any limited liability company incorporated in Kenya or in any other manner approved by a resolution at an annual general meeting of the said society.

28. Receipting for Money

- (a) Money paid in or out on account of shares, deposits, loans, interest, fees, or fines shall be evidenced by a receipt and an entry in the Statement of Account or any other form of receipt or Statement approved by the Board of Directors. Every person receiving or paying out any money on behalf of the society shall be identified on the receipt.
- (b) Should the receipt or statement of account given to the member by the society be lost or destroyed, immediate notice of such fact shall be given by the member to the Treasurer who maybe authorized by the Board of Directors issue a duplicate receipt or statement. The Board may require the member to sign an indemnity to protect the society against any loss due to the issuance of such duplicate. The committee may also require payment to the society of a reasonable charge to cover the cost of issuing the duplicate receipt or statement.

29. Reserve Fund

The Society shall maintain a Statutory Reserve Fund which shall be invested in the manner specified in by-law 27.

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30. General Meeting

The Supreme Authority shall be vested in the general meeting of members. Such meetings shall be held as follows:-

(a) The Annual General Meeting shall be held within 120 days of the close of the financial year and within one month of the date of receipt of the report on the audit of accounts to hold elections and to undertake such other business as is laid down in these by-laws.

(b) Any business not completed at the Annual General Meetings, may be taken up at a subsequent Special General Meeting, or at the next Annual General Meeting.

(c) The Annual General Meeting of the Society shall be attended by members of the society. The Board of Directors shall also give a minimum of 15 days' notice of holding an annual general meeting to all members of the society.

(i) The agenda of the Annual General Meeting;

(ii) The venue, date and time of the meeting;

(iii) Details of refundable expenses for the participating members.

(d) A special general meeting shall be held:-

(i) When convened by the Board of Directors; or

(ii) The Commissioner or his representative or;

(iii) Within 14 days of receipt of a written request from not less than 10% of the members.

31. Notice of General Meeting

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Except as noted in above by-law 30(d)(ii) and(iii) at least fifteen clear days of written notice of the resolution and of the meeting shall be given in the case of annual general meeting or a special general meeting. The Secretary shall take all possible and usual steps, such as announcements at public meetings, posting a notice on the society's notice board, or boards, an advertisement in the local newspapers or news sheet, announcement at local churches or

mosques, etc to inform all members of the date and main business of the meeting. All written notices shall include a statement of the business to be dealt with.

32. Request for a Special General Meeting

For a special general meeting requested by the members, the requesters must state the object of the meeting being called, and be signed or thumb marked by the requesting members. The request shall be deposited in the registered office of the society. Where the Special General Meeting has been convened by the Commissioner or his representative, the Commissioner shall direct what matters shall be discussed in the meeting and the members present in the meeting shall be deemed to constitute a quorum.

33. Quorum

The presence of not less than ½ of the total number of members shall constitute a quorum for the conduct of business at a general meeting. When a quorum is not present, the Chairperson shall adjourn the meeting and shall fix a date within one month for the adjourned meeting, which shall be advertised as prescribed in by-law 31.

If at such a meeting, a quorum is again not present, the Chairperson shall declare the meeting open with those present, one-half hour after the advertised time of the meeting.

34. Role of the Chairperson at a General Meeting

The Chairperson, or in his absence, the Vice Chairperson shall preside at every general meeting. In their absence any member of the Board of Directors present shall preside.

35. Identification of Members

Before they attend or vote at a general meeting, members may be required to produce their membership card as evidence of membership.

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36. Representation Procedure at General Meeting

The Board of Directors of the Society may recommend to annual general meeting a special procedure that is not inconsistent with the Rules for giving representation at the general meeting from various regions of the country in line with provisions of by-law 30(c).

37. Powers and Duties of the Annual General Meeting

The General meeting shall be conducted, and shall have the powers and duties prescribed in the Co-operative Societies Act, Rules and these by laws. The annual general meeting shall:-

- (a) Confirm the minutes of the previous meetings,
- (b) Consider the statements of account, the auditor's report, and the reports of the Committee regarding the activities of the society during the past financial year.
- (c) Subject to by-law 29, decide on the disposal of the net surplus resulting from the operations of the society during the past financial year;
- (d) Confirm or otherwise, actions taken by the committees, and give direction to the new committees where necessary;
- (e) Consider appeals of members against the expulsion and refusals of membership by the Board of Directors.
- (f) Elect, suspend, or remove members of the Board of Directors, or the Supervisory Committee.
- (g) Fix the maximum liability which the society may incur in loans or deposits whether from members or non-members;
- (h) Approve the estimate of expenditure for the next financial year following the annual general meeting;
- (i) Fix the honoraria, bonuses and other allowances if any, for the committee members or the employees
- (j) Appoint the Society's bankers and Auditors.
- (k) Elect the delegates to represent the society in a Co-operative Union or other apex society of which the society is a member.

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- (l) Transact any other general business of the society of which notice has been given to members in the manner prescribed in these by laws.

38. Assumption of Office

The new board may not take office until items (a) to (l) under by-law 37 have been dealt with.

39. **Minutes**

All business discussed or decided at a general meeting shall be recorded in a Minute Book which, within one week of the meeting, shall be signed by the Chairperson of the meeting, the Secretary and the Manager who were present at the meeting to certify that in their opinion the minutes are a true and complete record of all-important matters which were discussed or decided at the meeting.

At the next meeting after approving any alterations or variations which shall be written immediately below the above signatures, and not as alterations to the original record, the meeting shall, by resolution, authorize its Chairperson to sign and date the final record.

40. **Board of Directors**

The Board of Directors shall be elected from the membership and shall consist of nine members. The board shall include the Chairperson, Vice Chairperson, Treasurer and Secretary all of whom shall be elected by the board from amongst the members of the board.

41. **Term of Office**

Members of the Board of Directors shall be elected for a term of three years. No member of the committee shall serve for more than two consecutive terms.

42. **Board Meetings**

(a) Meetings of the board shall be held regularly at least once

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each month and at other times when necessary. At least one-half of the total members of the board shall form a quorum for the disposal of business.

(b) If a member of the board fails to attend three consecutive meetings without being excused therefrom, or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided in these by-laws.

(c) Leave of absence for any committee member shall be applicable for a period not exceeding six (6) months.

43. **Eligibility for Membership of the Board**

No person shall be eligible for membership of a boarder of the co-operative society or remain a member of such Board if:-

- (a) He is not a member of the society;
 - (b) He is below 21 years of age.
 - (c) He receives any remuneration, salary, or other payment from the society save in accordance with the Act;
 - (d) He has a record of lending money to members on his own account; (e) Be seen to compete with the society;
 - (f) He is an undischarged bankrupt or is of unsound mind;
 - (g) He has been adversely named by the Commissioner or his representative in an inquiry report endorsed by an annual or special general meeting for mismanagement or corrupt practices whilst still a member of the Board of Directors of a co-operative society or union in the last ten years, or named in any other national inquiries where he has been shown to be engaging in dishonest activities.
 - (h) He has been convicted of any offence involving dishonesty or is imprisoned for three months or more;
 - (i) He has been convicted of any offence under the Act or rules made thereunder;
 - (j) He has any uncleared debt owing to the co-operative society at the end of the society's financial year other than in respect of a loan under the provision of Rule 41 or by-law 81.
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- (k) Is not an active member of the society and whose monthly savings and loan repayments have not been contributed to the society for a good period of three consecutive months.
 - (l) Is not able to read, write and understand English language.

44. Duties and Responsibilities of Board of Directors

The Board of Directors shall be the Governing Authority and subject to any directions from the Annual General Meeting, it shall direct the affairs of the Society. Its procedure, powers and duties shall be as prescribed in the Acts and Rules, and in particular, it shall:-

- (a) Observe in all its activities the Act, the Rules and these by-laws;
- (b) Generally direct and monitor the affairs of the society;
- (d) Act upon all applications for membership;
- (e) Decide and recommend to Annual General Meeting for approval the amount

and kind of surety bond, or other security, which shall be required by the Board of Directors, Supervisory committee and the staff having the custody of, or handling funds or property of the society.

- (f) Determine from time to time the interest rates on loans, the maximum maturities and terms of payment or amortization of loans to members and the maximum amounts that may be loaned with security to any member and present these recommendations to Annual General Meeting.
- (g) Lay before the Annual General Meeting a balance sheet and final accounts and budget for the following year.
- (h) Recommend to the Annual General Meeting proposals for disposals of the surplus, if any.
- (i) Recommend to the Annual General Meeting the dividend rate to be paid on shares and the interest refund (if any) to be paid to borrowers;
- (j) Prepare and lay before the Annual General Meeting for adoption, the estimate of expenditure for the next financial year following the Annual General Meeting and incomes to be earned by the society sufficient to cover all liabilities and obligations both outstanding and

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anticipated for the next year following the Annual General Meeting. The society will in particular, provide adequate budget for education and training of members, committee and staff.

- (k) Fill vacancies occurring in the Board of Directors and the sub-committees between Annual General Meetings;
- (l) Authorize investments of the Society.
- (m) Authorize the conveyance of property.
- (n) Authorize borrowing and lending operations of the society in accordance with the Act and Rules;
- (o) Designate a depository, or depositories, for the funds of the society;
- (p) Employ, dismiss and fix compensation of a Manager and such other employees as may be necessary to carry on the business of the society;
- (q) Impose fines (under by-law 92);
- (r) Approve transfers of shares between members;
- (s) Determine the interest rates which shall be paid on deposits and on borrowed money;
- (t) Supervise the collection of loans to members and authorize the write-off of

uncollectible accounts;

- (u) Affiliate the society to any national or international Co-operative Union of Savings and Credit Societies subject to approval of the general meeting.
- (v) Recommend to the Annual General Meeting the names of auditors for appointment; and
- (w) Perform or authorize any actions consistent with the Act, Rules and these by-laws, unless specifically reserved for the general meeting;
- (x) Perform such other duties as the members may direct from time to time at the ADM.

45. **Legal Standard of Care**

In the conduct of the affairs of the society the members of the committee shall exercise the prudence and diligence of ordinary men of business and

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shall be held, jointly and severally liable for any losses sustained through any of their acts which are contrary to the Act, Rules and the by-laws of the society or the directions of any general meetings.

46. **Delegation of Duties**

The Board of Directors may delegate in writing to an officer or employee of the society such of its duties as it deems necessary.

47. **Expenditure Authorisation**

No expenditure shall be authorized by the Board of Directors unless it is approved by the annual general meeting. However, the board may incur reasonable unforeseen essential expenditure not estimated for and seek ratification by the next annual general meeting subject to the by law 45.

48. **Records of Board Meetings**

All business discussed or decided at board meetings shall be recorded in a minute book which, within one week of the meeting, shall be signed by the Chairperson of the meeting, and at least one other committee member who was present at the meeting to verify that in their opinion, the minutes are a true and complete record of all-important matters which were discussed or decided at the meeting.

At the next meeting, after approving any alterations or variations, which shall be written immediately below the above signatures, and not alterations to the original record, the meeting shall authorize the Chairman to sign and date the final record.

49. **Sub-committees**

The Board of Directors may appoint such number of sub committees as it deems necessary or approved by members in a general meeting. The sub-committee shall consist of members drawn from the Board of Directors except the supervisory committee.

50. **Delegation to Sub-committee**

The Board of Directors may delegate to the sub-committee such of

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its powers and duties under these by-laws as it deems fit and proper.

51. **Vacation of Office by Sub-Committee**

A member of the Board of Directors, or of any other sub-committee, shall cease to hold office if he ceases to be a member of the society.

52. **Meetings of the Sub-committees**

The sub-committees shall hold such meetings as the business of the society may require but not less frequently than once in every three months.

53. **Executive Officers**

The Chairman, Vice Chairman, Treasurer and Honorary Secretary shall be termed "Executive Officers". The executive officers shall be elected at a meeting of the Board of Directors within 7 days after each annual delegates meeting, in accordance with by-law 40 for a term of three years.

54. **Supervisory Committee**

There shall be a Supervisory Committee that shall be elected by the Annual General Meeting from amongst the members of the society. It shall consist of three members whose qualification shall be as set in by law 43 and provided that at least one of them has in addition an accounting background. Their terms of office and their remuneration will be similar to that of the Board of Directors.

55. **Duties of the Supervisory Committee**

The duties of the Supervisory Committee will be among others, the following:-

- (a) To generally countercheck the effectiveness of the society's internal financial control system by:
 - (i) ensuring that standardized accounting system and procedures are implemented;
 - (ii) carrying out investigations and audits as deemed necessary for the interest of the Sacco and the members.
 - (iii) Confirm cash and bank accounts regularly and reconcile with records and make necessary recommendations to the Board of Directors.
- (b) To generally countercheck the effectiveness of implementation of credit policy and ensure compliance through:-
 - (i) checking loan applications and note exceptions;
 - (ii) checking delinquent loans among Board of Directors and sacco members.
- (c) To prepare periodic reports and present them to the management committee and an annual report to the general meeting.
- (d) Generally, assist in interpretation of loan policies, the Act, the Rules, general meeting resolutions and Board of Directors policies with a view to create understanding and harmonious working relationship between the members and the management committee.
- (e) Listen to members' complaints and assist them to find a solution.
- (f) Co-opt any member if one of the members leaves in between the general meetings.

56. Chairperson and Vice Chairperson

The powers and duties of the Chairperson shall be to:-

- (a) Convene all meetings of the sacco, prepare or cause to be prepared the agenda of society meetings.
- (b) Preside at all general meetings and meetings of the management committee and ensure that all resolutions and directives of the general meeting and that of the committee are carried out.
- (c) Directs the affairs of the society in conjunction with other elected officials.
- (d) Perform such other duties as may be directed by the management committee in accordance with the provisions of the Act, the Rules and

these by-laws.

- (e) The Vice Chairperson shall perform all duties of the Chairperson during his absence and such other duties as may from time to time be assigned to him by the committee.

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- (f) In the absence of the Chairperson and the Vice Chairperson, the committee shall elect from amongst themselves an acting Chairperson to chair the meeting.

57. Treasurer

The powers and duties of the Treasurer shall be:-

- (a) Generally, to manage, or cause to be managed, the financial affairs of the society in a competent and efficient manner.
- (b) Cause to be maintained full and complete records of all assets, liabilities, income and expenses of the society.
- (c) To ensure the safe-keeping of the society's money, securities, and books of account.
- (d) To ensure that all payments and expenditures are duly authorized;
- (e) To ensure compliance with all directives of the Board of Directors.

Within 15 days after the close of each month, the Treasurer shall cause to be prepared and submit to the Board of Directors a financial statement showing the condition of the society's finances at the end of such month, and shall promptly post a copy of such monthly financial statement in a conspicuous place for the information of the members.

58. Secretary

The power and duties of the Secretary are:-

- (a) To ensure the proper record of minutes of the Board of Directors and General Meeting.
- (b) To ensure that the society's correspondence is promptly and correctly attended to;
- (c) To ensure the communication of notices of meetings by the Manager.
- (d) To liaise with and assist the Treasurer and Manager in managing the society.

59. **Sacco Employees**

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The committee shall have the powers to appoint one or more paid servants. They shall carry out such duties as may be required by the board.

The board shall require all employees of the society to provide security for the employment in such sum as the committee may deem necessary.

60. **The General Manager**

The society shall appoint a qualified person to be the General Manager of the Society who shall be the C. E. O of the society. His powers and duties shall be as assigned to him by the Board of Directors and in particular shall be:-

- (a) To record the minutes of the board and general meetings in the absence of the Secretary.
- (b) To ensure that society's correspondence is correctly attended to;
- (c) To ensure that correct and adequate records are kept of savings and shares received from members, loans made to them and repayment thereof
- (d) To arrange in consultation with the Secretary the calling of meetings as and when necessary.
- (e) Generally, to manage and cause to be managed the affairs of the society as may be directed by the Board.

61. **Books and Records**

The society shall keep up-to-date and in a proper manner such accounts and such books as the Act and Rules may require from time to time. The following books shall be kept by the society:-

- (a) A register of members showing in respect of each member:-
 - (1) The name, age, date of application for membership, address and occupation;
 - (2) The date on which he ceased to be a member
 - (3) The name of his nominees, if any.
- (b) Minute book giving details of proceedings at the general meetings.

- (c) A Minute book giving details of proceedings of Board of Directors, and other sub-committees as may be constituted by the society.
- (d) A cash book, showing the details of all monies received and monies expended all monies received and all monies expended or paid out by the Society.
- (e) A Ledger containing such accounts as are necessary to properly record the transactions of the business of the society.
- (f) A personal ledger for each member showing his transactions with the society.
- (g) An assets (property) register.
- (h) A register of loans to members showing in respect of each loan, the loan number, name of the borrower, amount applied for, the amount borrowed, the purpose of the loan, the due date of repayment, and the date repayments were completed and names of guarantors.
- (i) Such other books and records as the Board of Directors may decide.

62. Financial Year

The financial year of the society shall be 1st January to 31st December.

63. Conduct of Business

The Board of Directors may make such rules, not inconsistent with these by-laws, as they deem necessary for the conduct of the society's business. Any such rules shall be recorded in the minute file and shall be posted on the society's notice board; and shall come into force when and as determined by the committee and approved by the annual general meeting.

64. Elections

- (a) The Board of Directors shall each year nominate an external presiding officer considered impartial to all potential participating parties in the society election to conduct the election of the Board of Directors or supervisory committee members.

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- (b) The Presiding Officer shall call for nomination of potential candidates from the floor. All the members thus nominated shall be voted upon, except if a nominee declines.

65. All elections shall be by a show of members' hands unless a secret ballot is

specifically requested by a majority of the members present.

66. No member shall be entitled to vote by proxy.

67. Irrespective of the number of shares held by him, no member shall have more than one vote.

68. Authorization to Sign Documents

Unless decided otherwise by the General Meeting, all documents, contracts, and cheques shall be signed on behalf of the society by any three of the following:-

- Chairperson
- Vice-Chairperson
- Treasurer,
- Secretary
- Manager.

69. Disposal of Surplus

Subject to the Act, the Rules and these by-laws, and approval by the general meeting, the net surplus resulting from operations of the society during any financial year shall be disposed of as follows:-

(a) 20% shall be credited to the Statutory Reserve Fund;

(b) The balance may be disposed of as decided by the General Meeting; for

(i) paying dividend on shares at a rate to be decided from time to time;

(ii) paying an interest refund to members on record at the close of the financial year in proportion to the interest paid by them during the financial year;

(iii) being carried to any other fund or funds of the society as

may be approved by the general meeting;

(iv) paying a gratuity or honorarium to elected committee members or employees of the society;

(v) in any other way approved by the general meeting;

(vi) in case there is a deficit it should be brought forward to the following year

70. **Loan to Members**

There shall be a loaning policy and procedures which shall be prepared by the Board of Directors and approved by the annual general meeting. The policy will be reviewed from time to time as need arises.

71. **Loans approval**

All loans to members shall be approved by the loans approval committee which shall be chaired by the Chair of the Credit Committee.

72. **Rate of Interest on Loans**

Except when otherwise determined by the general meeting, the rate of interest on loans shall be fixed by the Board of Directors and approved by the annual general meeting on declining balances, inclusive of all charges incidental to making the loan.

73. **Loan Applications**

All loans shall be applied for on the forms provided by the society for the purpose. The loan application in each case shall set forth the amount applied for, the purpose for which the loan is desired, the terms of repayment, the security, and such other information as the credit committee or Board of Directors may require. All applications for loans and the reports of the credit committee thereon shall be filed as permanent records of the society.

74. Loans shall be given only to worthy purposes that will benefit the borrower.

75. Loans applications shall be considered by the credit committee in the order in which application is made, unless the loan is deemed by the committee an "emergency loan". Whenever there are more applications for loans pending than there are funds available, preference shall be given

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in all cases to applicants for smaller loans, if the need and credit standing of the applicants are nearly equal.

76. The credit committee may require an applicant to appear before it personally to be interviewed in respect of his application for a loan.

77. **Loan Repayment**

(a) The loan repayment form shall clearly state the amount of the loan, the rate of interest, the terms of repayment, and the security.

(b) It is the responsibility of the borrower to ensure that he has understood the terms of the loan form before signing it.

78. No loan shall be made to any member in excess of 5% of the society's total deposits and reserves.

79. Loans may be granted to executive officers, committee members, and employees of the society who are members only if:-

(a) The loan complies with the by-laws and is not on terms more favourable than those extended to other borrowers;

(b) The loan is approved by the approval committee;

(c) The applicant takes no part in the consideration of his application and does not attend the credit or Board of Directors meeting when his application is being considered.

80. **Security for Loans**

The credit committee or Board of Directors shall ask for such security to loans as it may consider necessary. The shares and deposits of a member are taken as security.

81. **Refusal of a Guarantor**

The committee may refuse to accept as a guarantor a person who is himself in receipt of a loan, and may decline to grant a loan subsequently to a member while he remains liable as a guarantor.

82. **Restriction on loans to Board members**

No executive officer or member of the Board of Directors or any subcommittee or employee shall act as an endorser, or guarantor, for

borrowers from the society.

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83. **Change of Guarantors**

A borrower or guarantor may apply to the credit committee for a change of guarantors.

84. **Loans to members outside Common bond**

Members without common bond may take loans equivalent to their shares and deposits.

85. **Repayment of Loans**

A borrower may, on any days on which the society is open for business, repay his loan in whole or in part prior to maturity.

86. Loan Refinancing

The refinancing of a loan balance, or any request for an extension of time in which to pay, shall be agreed to by the loan approval committee only in the most exceptional circumstance. Any extension so granted must be approved by guarantors and shall be treated as though it were a new loan and an extension agreement shall be executed and signed.

87. Loan default

Any loan more than three months overdue may be referred to the guarantors with a demand notice for them to clear all outstanding loan guaranteed by them provided that the society shall first give written notice of this intention to the borrower before so acting.

88. Cash Reserve

A cash reserve shall be maintained based on one percent the total share capital for the specific purpose of meeting requests for share withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the current account, the society's savings account, and any fixed deposits.

89. Common Seal

The society may adopt and use a common seal. The seal may be a rubber stamp bearing the words "**Seal of the CUEA Savings and Credit Co-operative Society Limited**", and shall be different from the

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ordinary name stamp of the society. The seal shall be kept securely under lock and key by the Treasurer or the Manager and shall be used only by, and in the presence of, the officers authorized to sign on behalf of the society.

90. Fines

For any breach of these by-laws, or instructions issued by the Board of Directors, or for failure of a member to pay his obligations on time, the defaulting member may be fined an amount to be determined by the Board of Directors provided that no person shall be fined an amount exceeding Ksh. 5,000.00 unless approval thereof is obtained from members at a general meeting.

91. Disputes

Any dispute arising out of these by-laws or concerning the business of the society which cannot be settled amicably by the Board of Directors or the

general meeting shall be referred to the Co-operative Tribunal. Appeals against the award of the Tribunal shall be to the High Court whose decision shall be final.

92. **Miscellaneous**

- a) Board of Directors members or sub-committees of the society shall receive from the society such payments as sitting allowance, the actual cost of traveling and subsistence while working on the society's business, and honorarium from the net surplus as provided in by-law 70 (b)(iv).
- b) The executive officers, members of committees, and employees of the society shall hold in the strictest confidence all transactions of the society with its members, and all information respecting their personal affairs, except to the extent deemed necessary by the Board of Directors in connection with the making of loans and the collection thereof.
- c) When any committee member is absent, disqualified or otherwise unable to perform his duties, the Board of Directors may designate another member or members of the society to act and serve on the committee concerned when necessary in order to form a quorum.
- d) No executive officer, committee member or employee of the society shall in any manner participate in the deliberations upon, or determination of, any question affecting his own financial interest. In the event of disqualification of any such executive officer, committee member or employee, he shall withdraw from such deliberation or determination and the remaining qualified committee members present at the meeting, if constituting a quorum with the

disqualified person, may exercise with respect to the matter, all the powers of the committee.

93. **Books and Records**

All books of accounts and other records shall at all times be available to all committee members of the society and to the Commissioner. A copy of the Co-operative Societies Act, the Society's Registration Certificate, its by-laws and list of members excluding details of nominees and shareholdings or loans shall be available for inspection by any member.

94. **By-laws**

A copy of the by-laws shall be furnished to every member who requests upon payment of a fee not exceeding its actual cost to the society.

95. **Amendment of By-laws**

These by-laws may be amended in accordance with the Co-operative Societies Act and the Rules, but no amendment shall become effective until it is approved and registered by the Commissioner.

96. **Dissolution**

The Society may be dissolved in accordance with the procedures set forth in the Co-operative Societies Act.

Acceptance

We, the undersigned Executive Committee of the CUEA Savings and Credit Co-operative Society Limited named herein accept and adopt these by-laws for and on behalf of the Society, together with any changes or alterations that have been initiated or signed by us.

Chairman -

Vice Chairman -

Treasurer -

Secretary -

Manager -

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CERTIFIED that the foregoing by-laws of the CUEA Savings and Credit Co-operative Limited have been approved by me and duly registered. **GIVEN** under my hand at Nairobi thisday of2021.

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

