

MUCST SAVING AND CREDIT CO-OPERATIVE SOCIETY LTD

Society by-laws

1) NAME AND AREA OF OPERATION:

The society shall be called **MUCST (MERU UNIVERSITY COLLEGE OF SCIENCE AND TECHNOLOGY) SAVING AND CREDIT CO-OPERATIVE SOCIETY LIMITED** hereinafter referred to in these by-laws as the society.

2) REGISTERED OFFICE AND POSTAL ADDRESS

The registered office of the society shall be situated at **MERU UNIVERSITY** and postal address shall be **P.O BOX 972-60200 MERU-TIGANIA WEST**.

Notice of any change of the address of the society shall be given to the commissioner for co-operative development (hereinafter referred to as the “commissioner “and to all the members of the society through the last known address of such members in the society records.

3) DEFINITIONS AND INTERPRETATIONS

In these by-laws, unless the context otherwise suggests, words or phrases shall be defined/interpreted in accordance with the co-operative society act, no.12 of 1997 &no.2 of 2004, and the co-operative society rules made there under, hereinafter referred to as the act and the rules respectively. In these by laws except where the context otherwise requires, general meeting means a meeting of members registered in the society register. The management committee means the governing authority of the society and elected by the society membership.

OBJECTS

4.1 The object for which the society is established is to organize and promote the economic interest of its members in accordance with the following co-operative principles and values.

4.2 VALUES: co-operative are based on the values of self help, mutual responsibility; equality and equity. They practice honesty, openness and social responsibility in all their activities.

4.3 PRINCIPLES: Co-operative reflect these values by applying the following principles and general guideline in their activities.

Voluntary and open membership the primary purpose of co-operative 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.

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.

Economic participation by members: members contribute equitably to the capital of their co-operative and share in the result of its operation. Usually, at least a portion of a co-operative's capital is owned collectively, intended to further a long term purpose for which the co-operative exist. Co-operatives may pay a competitive rate of interest on capital; that compensate employees fairly, according to the standards of the society in which they exist. Members allocate surpluses for any of all 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 further development of the co-operative movement.

Education training and information: co-operatives foster reciprocal, on going 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-operative has a responsibility to inform the general public, particularly young people and opinion leaders, about the nature and benefit of the co-operative movement.

Co-operations among co-operatives: in order to best serve the interest of their members and their communities, co-operatives actively co-operates in every practical way in other co-operatives locally, nationally, and internationally.

Autonomy and independence: co-operatives are autonomous, mutual-help organizations controlled by their members.

If they enter into agreement with government and other organizations that do so freely, on mutually acceptable terms that ensure their autonomy.

Concern for community: co-operatives are concerned about the communities which they exist. While focusing in members needs, they strive for the sustainable development of those communities through policies that are respective of the environment and acceptable to the membership:

4.4 SPECIFIC OBJECTS OF THE SOCIETY.

- a) to encourage, promote and further all measures designed to spread the spirit and practice of thrift among the members by affording them an opportunity for accumulating their savings and deposit to create their by source of funds from which loans can be made available to them for purposes of providence or for production of agricultural produce.
- b) To assist the society members to undertake income generating activities through provision of credit facilities.
- c) To provide an opportunity for each of its members to improve his/her respective economic and social conditions through promotion of mutual help and self-help among its members.
- d) To offer the members complementary savings and credit services and other financial services as may be required by members form time to time.
- e) To raise or negotiate loans from financial institution or other sources in furtherance of any or all objects contained herein.
- f) To ensure safety and soundness of the members funds through risk management programme or any other appropriate insurance scheme.
- g) To ensure progress of the society through provision of education, training and information of the members elected officials and the employees.
- h) To perform all those functions and exercise powers designated for Sacco societies under the applicable role for the benefit of the members.
- i) To co-operate with other co-operatives in order to promote members interest and in furtherance of this object the society may affiliate national co-operative organization and the apex society.
- j) 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 and encourage any or all of the foregoing purposes and objects provide that such acts, deeds and things are approved by the general meeting.

MEMBERSHIP ELIGIBILITY

5. Members shall consist of:

- a) Original members who signed application for the organization of the society and

b) New members subsequently admitted in accordance with these by-laws and whose names are entered in the register of members.

6) A person of either sex shall be eligible for membership who possesses all of the following qualifications:

- a) Is not less than 18 yrs of age;
- b) Is of good character and is of sound mind,
- c) Is resident within the republic of Kenya
- d) Is in employment within Meru University College and other affiliated institutions approved by the Society through the general meeting.
- e) Is member of the immediate family of the primary member.

7) Every applicant for membership shall complete an application for membership form. This may be drawn so as to show all the information required for a register of members.

8) Applicant shall be admitted to membership on being accepted by majority of the managing committee in their meeting but shall not qualify for the rights and privileges of a co-operative members until he/she has paid entrance fee of Kshs 500 and paid in full of at least 50 shares of Ksh.20 each. The rights and privileges referred to here above are getting loans or other services offered by the society. The level of such benefit as loans and services are determined by the amount of deposit and the ability to pay based on the pay slip.

9) The managing committee may refuse membership to any person by giving him/her varied reasons in writing; provided that, the person whose membership has been refused, if otherwise eligible for membership, shall have the right to appeal to society's general meeting. Any such appeal must be supported by at least ten society members.

10) Membership rights

Subject to these by-laws, policies, standards, values and procedures, all members shall have the rights to use the society services and exercise the rights established by the acts, the rules and the by-laws. The members are entitled but not limited to:

- a) Receive, periodically and regularly, or upon request, and at least once a year, a statement of accounts containing the individualized record of her/his credit and debit transaction.
- b) Attend and participate at a general meeting. Each member shall have one vote irrespectively of the member total share holding.

- c) Elect or be elected as a member of the society unless otherwise prohibited by any other law or these by laws.
- d) Use the society services according to the policies and procedures approved by the management committee.
- e) Submit project or initiatives to the management committee, for improvement of the society services.
- f) All other rights are prescribed by the Act and the rules.

11. MEMBERS OBLIGATIONS

In compliance With the act, members of the society are obliged to:

- 1) Attend meeting and take part in decision making.
- 2) Show good co-operative spirit.
- 3) Inform non- members and encourage them to join the society.
- 4) Bring out problems affecting the society and look for solutions.
- 5) Participate in society projects both financially and physically.
- 6) Attend education meetings and seminars organized by the society and other organizations approved by the management committee.
- 7) Make use of the services of the society as stated in the object of the society.
- 8) Comply with these by-laws, the co-operative society act, the rules and the general meeting resolutions.

1.2 SOCIETY OBLIGATIONS

12 a) Every member shall receive a membership card, which shall contain full particulars as to his/her membership. A membership card signed by fully authorized officer shall be conclusive evident that the person named therein is a member of the society unless it is proved otherwise.

b) If the membership card is lost issuance of a duplicate may be authorized by the managing committee upon payment of such a fee as may be decided by management committee.

1.3 NOMINEES

13. Every member upon admission to membership shall nominate in writing one or more persons to whom, on his/her death, his/ her share deposit, or any other interest shall be transferred. Appointment of nominee by a member shall be in writing and signed by the member in presence of two attesting witnesses. A member shall have the right to change his/her nominee(s), but any such change or alteration must be in writing and signed by the members in presence of the two attesting witnesses. Any change of nominees shall supersede the earlier one(s).

14. a) On notification to the society on the death of the member by an offer of the administration/employer, the beneficiary/ the nominees shall be paid the full value of the deceased members deposit or interest less any sums due by the latter to the society where applicable, as soon as possible to the nominees and in accordance with the act.

However in case of dispute as to the beneficiaries/ nominees, the matter shall be referred to the public trustee.

b) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his /her guardian shall be sufficient discharge of the society.

c) Payment to nominees shall be made within one year of the death of the member.

1.4 CESSATION OF MEMBERSHIP

a) Membership in the society shall cease with effect from the date of a member:

b) Dying

c) Being expelled from membership

d) Ceasing to hold the qualifications stated in by- laws 6.

e) becoming incurably insane.

f) On transfer on his/her shares.

g) Becomes inactive in society business activities for 12 consecutive months without reasonable course.

16. a) A member may at any time wish to withdraw from the society by giving a minimum written notice of 60 days provided that deposit shall not be withdrawn in part but in a whole. The society shall however levy a withdrawal charge of 10% of total deposit held by the withdrawing member or a maximum processing charge of kshs 500/=, whichever is less.

17. The managing committee or the general meeting may expel a member who:
- a) Fails or refuses to comply with the societies by laws, policies and contracts and persist in such refusal or failure.
 - b) Is convicted in a court of law of a criminal offense in involving dishonesty.
 - c) Willfully default in payment of loans for a period exceeding six months.
 - d) Acts in any way prejudicial to the interest of the society.
18. 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.

1.5 PAYMENTS RESULTING FROM WITHDRAWAL, TERMINATION OR EXPULSION FROM MEMBERSHIP

19. A member who withdraws or is expelled shall be repaid the following amounts after deductions of any debts owned by him/her to the society as a borrower, endorser or guarantor or otherwise:-

- a) The value of his/her deposit provided however that the managing committee may require a maximum of 60 days written notice of the intention to withdrawal deposits.
- b) Any dividends or interest due to him/her up to the last accounting period.
- c) Any other deposits or other sums held on the society on his/her behalf.

1.6 FUNDS

20. The funds of the society shall consist of:
- a) Membership entrance fee of **kshs of 500.**
 - b) An unlimited number of shares to the value of **kshs.20 each.**
 - c) Deposits or loans from members or non-members
 - d) Such reserve funds as required by the acts and rules, capital formation funds, and such other funds as may be kept by the society.
 - e) Any surplus resulting from operations of the society;

- f) Any donations, grants and gifts from any other bodies, organizations and individuals.
- g) Deposits protection fund.
- h) Funds obtained from other lawful miscellaneous sources.

21. The funds of the society shall only be applied to the promotion of the stated objects and purposes of the society as set forth in these by-laws and as determined and approved by the general meeting and by the commissioner.

1.7 SHARES AND DEPOSITS

22. The nominal value of each share shall be Kshs. 20 and each member shall hold at least 50 unwithdrawable shares in the society but no member shall hold more than one fifth of the total shares of the society. Non-member shall not hold share but shall hold deposits.

23. The members minimum deposit contribution per month shall be **Ksh. 500**. However, the SACCOs general meeting has the mandate to vary the minimum monthly contribution

24. With the approval of the managing committee, a member may at any time transfer his/her shares/deposits to another member but not to any other person. Such transfer must be in writing and at nominal value provided that shares/deposits shall be transferred in whole and not in parts.

25. a) All transfers of shares/deposits must be registered with the secretary, and no transfer shall be valid unless so registered. The committee may require payment of Kshs 1000 or as it may decide from time to time for each such transfer.

b) The society may not buy back any shares due to a member who want to transfer or resign the membership but may do so if it has shares transfer funds.

26. a) The society shall keep separate accounts for member's shares and deposits.

b) The liability of each member shall be limited to the nominal value of the number of shares held by him/her.

1.8 POWER TO BORROW

- 27 a) loans may be obtained from members and non-members, subject to the maximum amount and terms approved by the general meeting and the commissioner.
- 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.
The authority to grant a charge shall be made through a special resolution of general meeting.
- c) The rate of interest on the deposits, or loans shall be determined by the management committee.

1.9 INVESTMENT OF SOCIETY'S FUND

28. The society may invest or deposit its funds only:-

- a) In and upon investments and securities as for the time being authorized for the investment of trust funds;
- b) In a capital formation fund which shall be only applied in project approved by members in a general meeting and the commissioner.
- c) In the shares and deposits of any other co-operative society.
- d) With any banking license 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 a general meeting of the said society.
29. Money paid in or out on account of shares, deposits loans, interest fees or fine shall be evidenced by a receipt and an entry in the statement of account or any other forms of receipt or statement approved by the management committee. Every person receiving or paying out any money on behalf of the society shall be identified on the receipt.
- b) Should the receipt or the statement of account given to the members by the society be lost/destroyed, immediate notice of such fact shall be given by the member to the treasurer/manager who may be authorized by the management committee to issue a duplicate receipt or statement. The committee may require the member to sign an indemnity to protect the society against any lose to the issuance of such duplicate. The committee may also require payment to the society of a reasonable amount to cover the cost of issuing the duplicate receipt or statement.

RESERVE FUND

30. The society shall maintain a statutory reserve fund which shall be invested in the manner specified in by-law 28 above.

ANNUAL GENERAL MEETING

31. The supreme authority of the society shall be vested in the general meetings and shall be held as follows:-

- a) The annual general meeting shall be convened each year by the management committee, the commissioner or his representative within four months after the close of the financial year.
- b) Any businesses not completed at the annual general meeting may be taken up at a subsequent general meeting.
- c) A special general meeting shall be held:
 - i. when convened by the managing committee, or
 - ii. the commissioner or his representative or
 - iii. Within 14 days of receipt of a written request from at least two thirds of the members.

32. Except as noted in above by-laws 2 (c) ii) and iii) at least 15 days clear of written notice shall be given in the case of annual general meeting or a special general meeting. Secretary shall take all possible and usual steps, such as announcement and posting a notice on the society's notice board, or boards, and newspapers or new-sheet announcements or local churches or mosque: etc to inform all the members of the date and main business of the meeting. All written notice shall be included as a statement of the business to be dealt with.

33. For a special general meeting requisitioned by the members, the requester must state the object of the meeting being called and be signed or thumb marked by the requesting members. The requisition shall be deposited in the registered office of the society. Where the special general meeting has been convened by the commissioners or his representative, the commissioner shall direct what matters shall be discussed in the meeting and members present shall be deemed to constitute a quorum.

34. The presence of at least 50% of the total number active members shall constitute a quorum to conduct of business at a general meeting. When quorum is not present, the chair person shall adjourn the meeting and shall fix a date within one month for the adjourned meeting, if at such meeting, a quorum is not present, the chairperson shall declare the meeting open with those present, one half hour after the notified time of the meeting.

35. a) In the absence of the chairperson the vice-chair person shall preside over the general meeting. In their absence any member of the management committee elected by majority of those present shall preside failure of which any person elected by a majority member present shall preside.

b) Before they attend or vote at a general meeting, members may be required to produce their membership card and/ national identity card as evidence of the membership.

POWERS OF GENERAL MEETING

36. General meeting shall be conducted, and shall have the powers and duties prescribed in the act, rules and these by-laws.

The general meeting shall

- a) confirm the minute of the previous meeting
- b) Consider the statements of accounts, the auditors reports, the inspection note of the commissioner, and the reports of the committees on the activities of the society, during the past financial year.
- c) Subject to by-laws 30 decide on the disposal of the net surplus resulting from the operation of the society during the past financial year.
- d) Confirm or otherwise, the action taken by the committee where necessary;
- e) Consider appeals against the expulsions of the members and refusals of the membership by the managing committee and acceptance of new members.
- f) Elect, suspend or remove members of the managing committee or supervisory committee.
- g) Fix the maximum liability which the society may incur on loans or deposits whether from members or from non-members; subject to approval by the commissioner.
- i) Fix the honoraria/ bonus if any for committee members and employees of the society.
- h) Appoint an auditor for the society from a list of auditors approved for the commissioner for the ensuing year.
- i) Transact any other general business of the society which notice has been given to members in the manner prescribed to these by-laws.

37. All business discussed or decided at a general meeting shall be recorded in a minute file which, within one week of the meeting, shall be signed by the chairperson of the meeting and general manager who were present at the meeting to certify that in their opinion the minutes are true and complete record for all important matters which were discussed or decided at the meeting.

MANAGEMENT COMMITTEE

38. The management committee shall be elected by and from the members and shall consist of seven (7) members. There shall be an executive committee which include the chairperson, vice-chairperson, treasurer, and honorary secretary, all of whom shall be elected by the managing committee.

One third of the management committee will be retiring annually and those retiring will be eligible for reelection.

40. a) meetings of the committee shall be held regularly but at least once each months and at other times when necessary. At least five of the total members of the committee shall form a quorum for the disposal of business.
- b) If a member of the committee fails to attend 3 consecutive meetings without being excused there from or without reasonable cause, or otherwise fail to perform his duties, his position may be suspended pending the decision of the general meeting and the vacancy filled as provided in these by-laws.

41. ELIGIBILITY FOR MEMBERSHIP TO MANAGEMENT COMMITTEE/SUPERVISORY COMMITTEE

No person shall be eligible for the membership of the management committee or remain member of such committee if:-

- a) He/she is not a member of the society.
- b) He/she is under 18 years of age.
- c) He/ she receive any remuneration, salary or other payments from the society save in accordance with the act, the rules and the by-laws.
- d) He/she has a record of lending money to members on his/her own account; be seen to complete with the society in business.
- e) He/she is under discharge bankrupt or is of unsound mind.
- f) He/she shall be adversary named by the commissioner or his/ her representative in a an inquiry report adopted by an annual or special general meeting for mismanagement or corrupt practices while still a member of the committee
- g) He/she has been convicted of any offence involving dishonesty or has been imprisoned for three months or more.
- h) He/she has been convicted of any offence under the act or rules made there under; he/she has any un clear 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 these by-laws.

- i) Is not an active member/ customer of the BOSA and FOSA respectively
- j) Is not able to read and write.
- k) Is a committee member in two other societies?
- l) If a committee member retires from the profession he will be allowed to complete his/her term but will not be eligible for reelection. He/she may continue with the society membership under the retirees programme. The same applies to the supervisory committee.

42. DUTIES AND THE RESPONSIBILITIES OF THE MANAGING COMMITTEE.

The committee shall be the governing authority of the society and subject to any directions from a general meeting; it shall direct the affairs of the society. Its procedures, powers and duties shall be as prescribed in the act, rules and these by-laws and in particular it shall:-

- a) Observe in all its transaction the act, the rules and the by laws ad prudent business practices.
- b) Generally directs the affairs of the society;
- c) Act upon all application of the membership;
- d) Ensure that true and accurate records and accounts are kept of the society's Money and its properties, capital reserves, liabilities and income and expenses.
- e) Decide and recommend to the annual general meeting for approval the amount and kind of surety bond, or other security, which shall be required by the management committee, and the staff having the custody of, or handling funds or property of the society.
- f) Recommend from time to time the interests rates of loans, the maximum maturities and terms of payments or amortizations of loans to members; and the maximum amounts that may be loaned with the security to any member and present these recommendations to annual general meetings.
- g) i) Lay before the annual general meeting a balance sheet and final account.
ii) File with commissioner an annual return together with certified true copy of balance sheet and annual accounts.

- h) Recommend to the annual general meeting proposal for disposal of the surplus (if any).
- i) Recommend to the annual general meeting the divided and bonuses to be paid on shares and the interest refund if any to be paid to borrowers.
- j) Prepare and lay before the general meeting for adoption, the estimate of income and expenditure for the next financial year following the annual general meetings.
- k) Fill vacancies where the number falls below five occurring in the management committee between the general meetings.
- l) Fix commission payable by members /customers.
- m) Determine prices of all merchandise bought and sold to society members or non members.
- n) Regulate matters regarding products marketed by the society including setting rules relating to quality standards.
- o) Implement investments of the society.
- p) Execute a conveyance of the property.
- q) Carry out borrowing and lending operations of the society in accordance with the acts and rules.
- r) Designate depositories, for the funds of the society.
- s) Employ, dismiss and fix the compensation of a general manager and such other employees with accordance with terms and conditions of employment as approved by the commissioner.
- t) Impose fines under (by-law 78)
- u) Approve transfer of shares/deposits within members.
- v) Determine the interest rates, which shall be paid on deposits and on borrowed money.
- w) Supervise the collection of loans to members and recommend the write off of uncorrected accounts;
- x) Affiliate the society to national and international co-operative union of saving and credit societies subject to the approval of the general meeting.

- y) To obtain insurance cover of the loans given by the society.
- z) a) Recommend to the annual general meeting the name of auditors for appointment from list of auditors approved by the commissioner.
b) Perform or authorize any actions consistent with the act. Rules and these by-laws, unless specifically reserved for the general meeting.
c) Perform such other duties that the general meeting may from time to time direct.

43. in the conduct of the affairs of the society, the members of the committee shall exercise the prudence and diligence of ordinary men/women of business and shall be held individually and severally responsible for any losses which are sustained through any of their acts or failure to act which are contrary to the Act, the Rules and these by-laws, or the directions of any general meeting.

44. The managing committee may delegate to any members of the committee or employee of the society such of its powers, as it deems necessary.

45. No expenditure shall be authorized by the managing committee unless it is provided for in the estimates formally approved by the general meeting.

46. All business discussed at committee meeting shall be recorded in a minute file, which, shall be signed by the chair person of the meeting and general manager who were present at the meeting to verify that, in their opinion, the minute are 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 variation which shall be written immediately below the above signatures, and not as alterations to the original record, the meeting shall authorize its chair person to sign and date the final record.

SUB-COMMITTEE

47. The managing committee may appoint sub committees, such as education committee, FOSA, investment committee etc, as may be deemed necessary or approved by members in a general meeting. Sub committees shall consist of person drawn from the managing committee except the supervisory committee.

48. The managing committee may delegate to the sub committee such of its powers and duties under these by-laws as it deems fit.

49. A member of the managing committee or other sub-committee, shall cease to hold office if he/she ceases to be a member of the society.

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

SUPERVISORY COMMITTEE

51. There shall be a supervisory committee of the society that shall be elected by the annual general meeting from amongst members of the society. It shall consist of three members whose qualifications shall be set in by-laws 41. In accordance with the Cooperative Rule 2004, one committee member shall be retiring every year and he/she will be eligible for reelection.

However a member of the supervisory committee wishing to contest for a management committee position will have to relinquish his/her position as a supervisory committee and stay for two years or more before being eligible for election as a member of the management committee of the society.

52. The duties of the supervisory committee will be among the following:

To generally countercheck the effectiveness of the society's internal financial control system by:

- a) Ensuring that standardized accounting systems and procedures are implemented.
- b) Carrying out investigations and audits as deemed necessary for the interest of the society and the members.
- c) Confirm cash and bank accounts regularly and reconcile with records and make necessary recommendation to the managing committee and the commissioner.
- d) To generally countercheck the effectiveness of implementations of credit policy and other products/services provided to members.
- e) Checking loan applications and ensure that they are in conformity with the loan policy.
- f) Checking delinquent loans among management committee and society members.
- g) To prepare reports and present them to the management committee, the annual general meeting and the commissioner.
- h) The supervisory committee shall not perform the duties or exercise the powers of the managing committee.

CHAIR PERSON AND VICE-CHAIR PERSON OF MANAGEMENT COMMITTEE

53. i) The powers and duties of the chair person shall be to:
- a) Convene all meeting of the society, prepare or cause to be prepared the agenda of society meeting.
 - b) Preside at all general meeting and meetings of the management committee and ensure that all resolutions and directives of the annual general meetings and the committee are carried out.
 - c) Directs the affairs of the society in conjunctions with other elected officials.
 - d) Perform such other duties as may be directed by the management committee with accordance with the provisions of the act, the rules and these by-laws.
 - e) The vice chair person shall perform all duties pf the chairperson during his/her absence and such other duties as may from time to time assigned to him/ her by the committee.
 - 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.
 - g) To supervise the compliance of the front office (FOSA) if any with the rules.

SACCO EMPLOYEES

54. The committee shall have the powers to appoint one or more paid employees to carry out such duties as may be required by the committee in accordance with the terms and conditions of employment as approved by the commissioner. The committee shall require all employees of the society to provide security for the employment in such sum as committee may deem necessary.

THE GENERAL MANAGER

55. The management committee shall appoint a general manager who shall be the chief executive of the society. The duties and responsibilities of the society general manager shall be as follows:

- a. To generally advise the management committee and implement it policies and decisions.

- b. To ensure the society's correspondence is correctly attended to.
- c. To supervise the work of all staff and ensure that the business is conducted in a proper manner.
- d. To record minutes of the committee and general meeting.
- e. To ensure that proper and accurate books of account, records and returns are prepared and kept in safe custody and that regular financial statistical and operational information are prepared and submitted to the management committee and he/she shall be responsible for ensuring the accuracy of that information and have custody of the same.
- f. To be responsible for the security of funds and assets of the society.
- g. To arrange in consultation with chairperson the calling of meeting as and when necessary.
- h. To ensure that all rents, rates, levies and debts due from and to the society are paid by the due dates.
- i. To ensure that all statutory contributions/ deductions such as NSSF and PAYE are correctly calculated and that all amounts due and necessary returns are submitted by the due dates.
- j. To generally manage and cause to be managed by the affairs of the society and perform any other task as may from time to time be directed by the management committee.
- k. To ensure filing of annual returns, audited accounts, indemnity forms and declaration of wealth by the committee.

CREDIT SUB COMMITTEE

56. There shall be a credit committee that consists of three members of the management committee non-of whom shall be members of the executive committee. The credit committee shall be chosen at a meeting of the managing committee within seven days after election of the management committee.

FUNCTION OF THE CREDIT SUB COMMITTEE

57. The credit committee shall hold such meetings as business of the society may require, but not less frequently than once a month.

58. The credit committee shall inquire carefully into the character and financial conditions of each applicant for a loan, and of his guarantors, if any, so as:

i) To ascertain his ability to repay fully and promptly the obligations incurred by him.

ii) To determine whether the loan is for a worthy purpose and will be probable benefit to the borrower.

iii) The credit committee shall Endeavour diligently to assist members to solve their financial problems.

59. The credit committee shall make such reports to the management committee as it may require.

THE EDUCATION SUB COMMITTEE

60. There shall be an education committee that shall be elected from the members of the management committee for a term of three years and shall consist of three members. The board shall elect the chairman and the secretary from the committee. The duties and the responsibilities of the committee shall be as follows:-

a) Draw up seminar and training programmes for management committee, members, and staff of the society.

b) Organize education programmes for the members.

c) Prepare budget proposal for education activities and present to the management committee for inclusion in the society budget.

d) Perform marketing of the society products among members and potential members.

THE FOSA SUB COMMITTEE

61. There shall be a FOSA committee that shall be elected from the members of the management committee for a term of three years and shall consist of 5 members. The FOSA committee shall be chosen at a meeting of the management committee within seven days after election of managing committee.

The FOSA facility shall be established as need arise

FUNCTIONS OF THE FOSA COMMITTEE

62. a) The FOSA committee shall hold such meeting as the business of the society may require but not less frequently than once a month.
- b) The FOSA committee shall inquire carefully into financial soundness of the FOSA in respect to the maintenance of the required liquidity levels, customer care, security, general operations etc.
- c) The FOSA committee shall formulate various products in the consultation with the managing committee.

BOOKS OF RECORDS

63. The society shall keep up-to-date and in proper business like manner such accounts and maybe such books as the Act, Cooperative Rules and the Commissioner may from time to time direct and in particular ought to keep the following books of accounts:

- 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 he/she was admitted to membership
 - 3) The date of which he/she ceased to be a member
 - 4) Nominee information which shall be confidential
- b) A minute book giving details of proceedings at the general meetings
- c) Minute book giving details of proceedings of management committee, and other sub-committees as may be constituted by the society.
- d) A cashbook, showing the details of the monies received and monies expended or paid out by the society.
- e) A general ledger containing such accounts as is necessary to reflect properly the business of the society.
- f) A personal ledger for each member in the society, showing his/her 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 repayments were completed and names of the guarantors.

- i) Maintain a register of charges.
- j) Such other books and records as the managing committee may decide or that the Commissioner may prescribe.

FINANCIAL YEAR

64. The financial year of the society shall run from 1st January to 31st December.

CONDUCT OF BUSINESS

65. The managing committee 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 book and shall be posted on the society's notice board and shall come into force at such time determined by the committee and approved by the general meeting.

ELECTIONS

- 66
- a) Election shall be by a show of members' hands, or secret ballot or queuing as may be specifically requested by the majority of the members present.
 - b) No member shall be entitled to vote by proxy.
 - c) Irrespective of the number of shares/deposits held by him/her, no member shall have more than one vote.

67. Within seven days after their election, the members of the management committee in question shall elect from their number a chairperson, vice chairperson, treasurer and secretary. Within 10 days after the elections, the general manager shall forward the names and the addresses of all persons elected to office to the Commissioner.

AUTHORISATIONS TO SIGN DOCUMENTS

68. All documents, contracts and cheques shall be signed on behalf of the society by any three of the following:

- Secretary
- Chairperson
- Vice-chairperson
- Treasurer

DISPOSAL OF SURPLUS

69. Subject to the Act, the Rules and by-laws, and approval by the general meeting, the surplus resulting from the operations of the society during any financial year shall be disposed 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 a close of the financial year.
 - iii. Being carried forward to an education fund, shares refund account or to any other funds of the society as may be approved by the general meeting from time to time.
 - iv. Paying a gratuity or honorarium/bonuses to elected management/supervisory committee members and 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. LOANS TO MEMBERS

- a) There shall be a loaning policy and procedures which shall be prepared by the management committee. The policy will be reviewed from time to time.
- b) All loans to members shall be approved by the credit committee and shall be restricted to society members only.
- c) All members shall have to disclose their financial status when applying for a loan. Loans received by members from other sources and incomes from other sources (not through the society) should be disclosed;
- d) All applicants for a loan shall be checked to certify that the information stated is correct and that the members are able to repay the loan.
- e) All loans shall be guaranteed by a minimum of three society members.
- f) It shall not be obligatory on the society to grant any loan and it shall be entitled to call for such security as it may consider suitable under the circumstances of each case.

- g) Where a member is granted a loan, he/she shall be obliged to repay the loan and interest. Thereof to the full.
- h) The rate of interest charged upon such loans shall be in accordance with the credit policy.
- i) The society shall not make loans or allow overdraft facilities to any non member;
- j) No loan shall be granted except for a specified and approved purpose;
- k) The loans agreement shall be signed and stamped on behalf of the society by duly authorized officers of the society.
- l) The society shall maintain a loan register containing the name of the borrower, the amount borrowed, and the rate of interest, the date of the loan, the amount of agreed installment and the final date of the repayment.
- m) All loans shall be applied for on the forms provided by the society for the purpose. The loan application form shall set out 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 management committee may require. All applicants for loans and the reports of the credit committee thereon shall be filled as permanent records of the society.
- n) 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 to be an “emergency loan”.
- o) It is the responsibility of the borrower to ensure that he/she has understood the terms of the loans from before signing it.
- p) No loans shall be made to any member in excess of 5 % of the society’s total deposits and reserves.

SECURITY FOR LOANS

- 71.**
- a) The credit committee or management committee shall ask for such security of loans as it may consider necessary. The shares and deposits of a member are taken as a security.
 - b) 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.

- c) No executive officer or member for the managing committee or any sub-committee or employee shall act as an endorser, or guarantor, for borrowers from the society.
- d) A borrower or guarantor may apply to the credit committee for a change of guarantors.
- e) No member can guarantee more than 10 loans.

REPAYMENT OF LOANS

72. A) a borrower may, on any day on which the society is open for business, repay his loan in whole or in part prior to maturity.
- b) any loan more than three months overdue may be referred to guarantors with a demand notice for them to clear all outstanding loans guaranteed by them provided that the society shall first give written notice of this intention to the borrower before so acting.

73. COMMISSIONS

The society may charge a commission (s) on all products advanced by the society and may charge for other services rendered. The rate of commissions and other charges shall be decided by the committee and published on the society's notice board and recorded in the minutes of the society, provided that such rates are confirmed by the general meeting.

PROVISION OF PRODUCTS

74. a) the society shall provide such types of products as shall be approved by management committee and confirmed by general meeting.
- b) The committee shall issue rules and procedures as they find it fit regarding the kinds of products.

BINDING RULES

75. Where a society has exercised its powers under by-laws 4.4 (b) and also entered into a contract with the members under the act for the purpose of the obligations arising under the contracts with any other company, Society or person. If the member acts inconsistently with the said contract, he/she shall pay to the society a sum estimated by the committee as the loss arising from the breach of the contract. Payment of such damages shall in no way preclude the imposition of a fine under by-law 78.

CASH RESERVE

76. A cash reserve shall be maintained based on not less than 10% of the total share/deposit capital for the specific purpose of the meeting request for deposit withdrawals. The cash reserve may consist of cash in hand, the current account, the society's saving account, and any fixed deposits.

COMMON SEAL

77. The society shall adopt and use common seal bearing the words seal of the **MERU UNIVERSITY SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LTD** and shall be different from the ordinary name- stamp of the society. The seal shall be kept secure under lock and key by the management or its designate and shall be used only by, and in the presence of, the officers authorized to sign on behalf of the society.

FINES

78. For any breach of these by-laws, or instructions issued by the General Meeting, or for failure of a member to pay his/her obligations on time, the defaulting member may be fined an amount to be determined by the management committee provided that no person shall be fined an amount exceeding Kshs. 20,000/=.

DISPUTES

79. Any dispute arising out of the by-laws or concerning the business of the society, which cannot be settled by the Managing Committee or the General Meeting shall be referred to the co-operative tribunal.

MISCELLANEOUS

80. Management/supervisory committee member or sub committees of the society may receive from the society such payment as sitting allowance, the actual cost of traveling and subsistence while working on the society's business, and an honorarium from the net surplus allowed in by-law 69 (IV) .

81. The management/supervisory committee members, executive officers, and all other 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 managing committee in connection with the making of loans and the collection thereof.

82. No executive officer, committee members or employee of the society shall in any manner participate in the deliberations upon or determination of, any question affecting his/her own financial interest. In the event of disqualification of any such executive officer, committee members or employee, he/she shall withdraw from such deliberations 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.

83. All books of accounts and other records shall at all times be available to all management/supervisory committee members of the society and to the commissioner. A copy of the cooperative societies act, the laws, and a list of members excluding details of nominees and shareholding and loans shall be available for inspections by any member.

84. A copy of the By-laws shall be furnished to every member who request membership upon payment of a fee that will be decided by the management committee.

85. DISSOLUTION

The society may be dissolved in accordance with the procedures set forth in the Cooperative Societies Act.

86. AMENDMENT OF BY-LAWS

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

ACCEPTANCE

We the undersigned Executive Officers of *Meru University Saving and Credit Cooperative Society Limited* named herein do 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.

<u>POSITION</u>	<u>NAME</u>	<u>ID NO.</u>	<u>SIGNATURE</u>
CHAIRMAN.....
VICE CHAIRMAN.....
SECRETARY.....
MANAGER/TREASURER.....

CERTIFIED that the foregoing By-laws of **Meru University Savings and Credit Cooperative Society Limited** have been approved by me and duly registered.

Given under my hand at Nairobi thisday of201...

.....

COMMISSIONER FOR COOPERATIVE DEVELOPMENT AND MARKETING