



HAZINA SACCO SOCIETY LTD

PART A

2018 ANNUAL DELEGATES MEETING RESOLUTIONS

The following is the summary of resolutions made at the Annual Delegates Meeting held on 7th April, 2018.

1. SURPLUS DISTRIBUTION

The Society's distributable surplus for 2017 was approved as follows:-

- i) **Dividends** to be distributed at **the rate of 18% on the paid up share capital** as at **31st December 2017**.
- ii) Interest refund to be made to members at the rate of **10.5%** on the deposits held as at **31st December 2017 on pro-rata basis**.
-Payment of dividends and interest rebates on shares and deposits will be made **through FOSA accounts latest by 30th April, 2018**.
- iii) Approved Honorarium to the Directors of the Board, Supervisory Committee members and Branch/Sub-Branch officials was **Kshs.7,180,983.00**.

2. DIVIDEND AND INTEREST REFUND CAPITALIZATION

- ✓ Bonus to be paid to members who opt to capitalize their dividends/ interest refund on deposits at **10%** on the amount payable.
- ✓ Request to capitalize dividends and interest refund should be received by the Society within two months after surplus distribution has been declared.
- ✓ Amounts capitalized will be eligible for loaning purposes immediately.

3. ADVANCE INTEREST REFUND ON DEPOSITS

Members may apply for advance interest on deposits as may be approved by the Board of Directors. Such payments will be reviewed and be made between **September** and **February** from the previous October to February. The amount payable will not exceed half of the interest on deposits earned as at **30th June** of the previous financial year and will attract a **10% interest**.

4. CONSIDERATION FOR INTEREST REFUND ON DEPOSITS

For a member to be considered for interest refund on deposits, he/she should have remained a member up to 30th June of the financial year.

5. SHARE CAPITAL

The minimum share capital per member stood at **Kshs. 12,000.00 by 31st December, 2017.** Subsequently every member will contribute **Kshs. 1,000.00** annually. This amount will be transferred from each member's Deposits (savings) account and credited to the Shares account. New members will be expected to achieve the required minimum within the first 12 months of membership.

Note: No member shall hold more than 1/5 of the total shares of the Society.

6. ENTRANCE FEES

Entrance fees for new members to be increased from Kshs. 600.00 to Kshs. 1000.00 **with effect from June 2018.**

7. NEW MEMBERS RECRUITMENT TOKEN

- i) **A token of Kshs. 300.00 to be given for each new member recruited with effect from June 2018.**
- ii) The token will be awarded at the end of the financial year and after receiving remittances from the new member(s).
- iii) Persons recruited must qualify to join the Society and must have paid enrolment fees.

8. NEW MEMBERS AND REJOINING MEMBERS WAITING PERIOD BEFORE GETTING LOAN

Both new and rejoining members will be required to contribute for 4 months before they can be loaned. Re-joining fees to remain at Kshs. **2,000.00**

Note: There is no waiting period before re-joining.

9. BENEVOLENT (WELFARE) FUND

-Benevolent (welfare) fund contribution to be **increased to Kshs. 150.00 per month** from Kshs. 100.00 per **month effective from June 2018.** Claims will include **Biological Parents** and payment made as follows:-

- i) Member - **Kshs. 100,000/-**
- ii) Spouse (only one) - **Kshs. 75,000/-** per year per member.
- iii) Child (Maximum 2) - **Kshs. 50,000/-** per year per member.
- iv) **Biological Parent - Kshs. 30,000/- (Effective September 2018)**

Note:

- i) Each member to be considered independently in cases where member and spouse are members.
- ii) Children are considered from the date of **notification of birth to 25 years of age.**
- iii) Death certificate(s) should follow **within one month** after death notification, failure to which, the payment will be deducted from the member's deposits or salary.
- iv) A member becomes eligible to this benefit after **6 months' contribution.**
- v) If a member is found to have defrauded the Sacco on any welfare claim, the amount paid will be deducted from the member's deposits or any other payment due. The member will in addition be required to pay a penalty of Kshs. 20,000.00

- vi) **50% of** amount contributed to welfare fund will be refunded to a member who has never claimed welfare benefit. Refund will be made at the time of withdrawal from the Sacco. Each member is expected to forward **names and supporting documents** of the beneficiaries (**spouse, children and Biological parents**) to the office for record purposes, and should be updated as/when necessary.

10. WITHDRAWAL CHARGES FOR MEMBERS NOT WILLING TO WAIT

Withdrawing members not willing to wait for 60 days be charged 2.5% of the deposits instead of 2% effective June 2018.

11. QUALIFICATION FOR A BRANCH OFFICIAL

A delegate who wants to become a branch official should have **deposits of not less than Kshs. 200,000.00** and must have been a **member for at least 3 years** with **good loan repayment history**.

12. LENDING POLICY

FOSA CURRENT RESOLUTIONS

- i) **The charge on remaining interest on Karibu loan upon clearance of principal amount be reviewed from 13% to 11% effective September 2018.**
- ii) **Maximum Karibu loan to remain Kshs. 4 million. Repayment period for Karibu loan to remain at 48 months. Interest on Karibu loan to be reduced from 1.25% to 1.2% per month on reducing loan balance with effect from September, 2018.**
- iii) **Maximum HSF Okoa Advance to remain Kshs. 250,000.00. Repayment period to remain at 12 months. Interest to reduce from 1.15% to 1.1% p.m. on reducing loan balance effective September 2018.**
- iv) **Maximum HSF Special Advance to remain Kshs. 500,000.00. Repayment period to remain at 24 months. Interest on Hazina Special Loan to be reduced from 1.2%p.m. to 1.15% p.m. on reducing loan balance effective September 2018.**

PART B

OTHER POLICY MATTERS THAT REMAIN AS RESOLVED IN PREVIOUS YEARS

1. MAXIMUM NORMAL LOAN

Maximum loan to remain at Kshs. 30 million for individual members.

Maximum loan for Chamas and Corporates to remain at Kshs. 30 million and Kshs. 40 million respectively. Chamas and Corporates remain to only qualify for one loan at a time and will be payable within 18 months.

2. CASH PAYMENTS TO DEPOSITS ACCOUNT

Cash boosting to deposits (savings) account, for members on the check-off system, will not be eligible for loan purpose unless it has been in the Sacco for **four (4) months** (previously **six (6) months**).

However, members who wish to utilize deposits that have not qualified for loan purpose as explained above will be required to pay an interest of **13% on the total amount deposited**. This interest may be paid in cash or be deducted from the loan advanced. (Cash boosting means payments outside payroll and contribution more than a third (1/3) of basic salary).

3. EDUCATION TO MEMBERS

Education to members to be conducted **once every three years** to sensitize members and delegates on matters of the Sacco, unless need arises. **Next delegates' education forum to be held on the day before 2019 ADM.**

4. The Society's maximum borrowing power to be pegged at **10% of total members' deposits** (previously Kshs. 100 million).

5. Members to be issued with share certificates for shareholding as at 31st December, 2016. Thereafter, certificates to be issued on demand where applicable.

6. ADM to adhere strictly to agenda as outlined in the Notice of Meeting. Any delegate who has an item to be discussed in the ADM must **notify the Hon. Secretary 10 days before the date of ADM** to be listed as A.O.B.

7. Lending terms for FOSA products to be reviewed from time to time by the Board and communicated to members. Any variation will however not affect running loans.

8. Token of Appreciation to Board, Supervisory Committee and Branch officials

A token of appreciation to be given to members of the Board, Supervisory Committee members and Branch officials who cease to hold office, after serving for at least one term of three (3) years and who observed all Sacco regulations during their tenure.

9. DELEGATES REPRESENTATION

Delegates' representation to remain as follows:

- i) Branches in arid areas to have at least **10** members to qualify for a delegate. However for arid areas with many members in a branch, one delegate will represent 30 members.
- ii) Nairobi area — one delegate to represent **60** members
- iii) All other areas — one delegate to represent **50** members

10. DELEGATES TENURE OF OFFICE

Delegate's tenure of office to be **three (3) years** with effect from 2016.

Note:

- i) Delegates' representation will be continuously reviewed except where there are major changes because of such factors as transfers, natural attrition, etc.
- ii) Rotation for branch officials to apply so as to avoid vacuum.

11. ELIGIBILITY TO BE A BOARD MEMBER.

A member should have been in the Sacco for at least 2 years with accumulated deposits of not less than **Kshs. 500,000.00** in order to qualify to be nominated to vie for a Board position.

12. The Society to continue investing its Surplus funds in a sound financial institution or in any other low risk institutions whichever has higher returns.

13. LENDING POLICY

a) NORMAL LOANS

- i) Lending rate for Normal and Top-Up loans to remain at 4 **times for all** members on deposits held.
- ii) Repayment period for Normal loans to remain at 72 months. The Board to decide on variation in case of difficulty with the lending period.

b) TOP- UP NORMAL LOANS

- i) **Interest** to continue to be charged to any member who requires a Normal loan but is not able to clear the outstanding loan in cash.
- ii) The interest to be reduced from **10% to 8% of the total** loans outstanding, payable only once.
- iii) The outstanding loan(s) and interest will be deducted from the total loan requested.
- iv) The request must be done in writing.

c) TOP-UP LOAN AFTER TOP-UP

A member will be required to have repaid the top-up loan for **eight months or** must have repaid 11% of the previous top-up loan granted before being advanced another top-up loan.

d) LOAN GUARANTORSHIP

Private members to use their deposits for guarantorship up to **95% of own** deposit contributions.

e) LOAN PROCESSING BY WAY OF EFT.

Any loan processed through EFT to attract a charge of **Kshs. 100.**

f) NORMAL LOAN AFTER CASH PAYMENT

Members who clear their outstanding **Normal loans** by cash and apply for a **new Normal loan** before the stipulated waiting period of 1 **month (previously 3 months)** will be required to pay a 5% interest on outstanding **Normal loan** balance cleared in cash.

Note: Interest due on (b) and (d) above may be paid in cash or deducted from the loan requested according to the member's wish.

- g) Members **clearing loans using other financial institutions** to be charged **3% of the amount being** cleared.

h) EMERGENCY LOANS

There are four categories of emergency loans; -

i) NURSERY TO SECONDARY SCHOOL FEES

- ✓ Maximum amount to remain at Kshs. 200,000.00
- ✓ Repayment period for Nursery and Secondary School fees loan to remain at **12 months**.
- ✓ Members to qualify for additional loans provided total for the 12 months (from the date the loan is granted) does not exceed Kshs. 200,000.00

ii) COLLEGE AND UNIVERSITY FEES

- ✓ Maximum amount to remain at Kshs. 500,000.00
- ✓ Repayment period to remain at 12 months.
- ✓ Members to qualify for additional loans provided total for the 12 months (from the date the loan is granted) does not exceed Kshs. 500,000.00

iii) GENERAL EMERGENCIES

- ✓ These are loans granted for all other purposes
- ✓ All general emergency loans will be granted subject to member's ability to pay and the deposit limits shown above.
- ✓ Repayment period for general emergency loans to remain at **12 months**.

iv) TOP UP ON EMERGENCY LOANS

- ✓ These are loans granted for the purpose of **clearing other existing emergency loans** or any **one of the existing emergency loan** and the loan is to **be repaid within 12 months**.
- ✓ **Interest on emergency loan top up shall be 5% on the total amount being cleared.**
- ✓ The Emergency top up loans will be granted subject to member's ability to pay.
- ✓ The **maximum loan** for Emergency top up is based on the **maximum amount that the payslip can pay provided the deposit multiplier is also adhered to.**
- ✓ No documentary support **is required for all Emergency Loans**.

Note:-

- i) Interest on all BOSA loans will be charged monthly at 1% of the loan outstanding on a reducing balance basis except for the Super Loan.
- ii) **Maximum of total loans** should not exceed **4 times for both old** and new member's deposits at any time.
- iii) Penalty to continue to be charged on accumulated interest for members who default payment of their loans. **Penalty to remain at 50%** on the interest arrears. Attachment of loans defaulted will be done immediately after notification of loan default.
- iv) **Loan is considered defaulted if not paid when due.**

v) *Every loan defaulted for three months and above to have same recovered from deposits and any balance attached to guarantors.*

i). **Super loan to be advanced at 4 times members' deposits with a repayment period of 84 months at an interest rate of 1.2% per month on amortized repayment method.**

NB: The Board to vary lending terms (repayment period and amount) in case of constraints on liquidity.

j. INSURANCE FOR LOANS

An interest of **0.5%** to continue to be charged on the amount approved to supplement insurance cost. The interest will be deducted upfront from the loan granted.

k. MONTHLY DEPOSITS

Minimum monthly deposits to remain at **Kshs. 1,000.00 or 5%** of member's basic salary, whichever is higher.

1. PRIVATE DEPOSITS

Deposits for private members: - Any contribution **above Kshs. 30,000.00** when requesting for loan, will be considered as boosting of deposits unless there is proof of consistent deposits of amounts greater than Kshs. 30,000.00 over a period of four **(4) months**.

14. FOSA RESOLUTIONS

1. Hazina Sacco payments to members will be through their FOSA accounts.
2. HSF Salary in Advance is limited to member's net pay. Advance is recoverable within the month. Interest charged is 10% of amount advanced.
3. **Hisa loan:** - The Fosa to continue to issue Hisa loan to members who wish to boost their deposit for the purpose of obtaining loan from the **Bosa**. Total interest payable on Hisa loan to remain at 5%. Member must apply for BOSA loan and be confirmed to qualify for the same subject to the Hisa Loan being credited to his/her deposit account.

Note: Hisa loan credited to member's deposits will be considered as **deposit boosting** in the **BOSA** and will be liable to interest at **13% down from 15%**.



PETER O. BWOMBUNA
NATIONAL CHAIRMAN



DICKSON H. OKUNGU
CHIEF EXECUTIVE OFFICER