

BY-LAWS

FOR

SETYON
SAVINGS AND CREDIT COOPERATIVE
SOCIETY LIMITED

1. NAME AND AREA OF OPERATION

The society shall be called SETYON Savings and Credit Co-operative Society Limited (Ltd), herein after referred to in these by laws as “The society” and its area of operation shall be Kericho, Bomet, Narok, Nandi and Nakuru Counties.

2. REGISTERED OFFICE/ POSTAL ADDRESS

The registered office of the society shall be at BROOKE CENTRE and the postal address shall be P.O. BOX 1314-20200 KERICHO.

Notice of any change of address shall be given to the Commissioner for Co-operative Development and Marketing herein after referred to as ‘the Commissioner’ and to all members of the society through their last known address as per records held at the society within 30 days of such change.

3. DEFINITIONS AND INTERPRETATIONS

3.1 In these by-laws, unless the context otherwise suggests words or phrases shall be defined and interpreted in accordance with the Co-operative Societies Act Cap 490 Laws of Kenya and the Rules made there under herein after referred to as the “Act” and “Rules” respectively.

In these by-laws save as otherwise expressly stated:

- (i) “Delegates Meeting” shall be a meeting (either “annual” or “special”) for all members duly convened by the society to conduct its business.
- (ii) “Management Committee” shall mean the members elected in a duly convened Delegates Meeting to govern the Business of the society as per these by-laws herein referred to as the “committee”.
- (iii) “Commissioner” shall mean “the Commissioner for Co-operative Development as provided for in the Act.”
- (iv) “Tribunal” shall mean the Co-operative Tribunal established under the Act to hear and determine disputes.
- (v) “SACCO” shall mean Savings and Credit Co-operative.
- (vi) “Shares” shall mean the amount represented by a member’s portion in the equity of the society as a co – owner.
- (vii) “Applicable Law” shall mean the Co-operative Societies Act, Rules and these by-laws.
- (viii) “Co-operative Society” shall mean a society registered under the Act.
- (ix) “Dividend” shall mean members share of the surplus of the society which is divided amongst its members.
- (x) “Returning officer” is a person appointed to oversee or conduct the elections of a co-operative society at a Delegates meeting.
- (xi) “Member” includes a person or a co-operative society joining in the application for the registration of a society, and a person or co-operative society admitted to membership after registration in accordance with the by-laws.
- (xii) “Deposits” shall mean a sum of money paid on terms under which it shall be repaid, with or without interest or premium, and either on demand or at a time or in circumstances agreed by or on behalf of the person making the society to receive it at the risk of the society receiving it.

- (xiii) "A nominee" means a person appointed by the member to inherit the shares, deposits and other interests in the society upon the death of that member.

3.2 In these by-laws where the masculine gender is referred to, it shall be construed to include the feminine gender.

3.3 Any questions concerning interpretation of these by-laws or any matter not provided for therein, errors and omissions shall be referred to the Commissioner.

4. OBJECTS

4.1. The objects for which the society is established are to organize and promote the welfare and economic interests of its members.

4. 2. In particular, the society shall undertake:

- 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 given to them exclusively for provident and productive purposes, at fair and reasonable rates of interest; thereby enabling them to use and control their money for their mutual benefit.
- b) To ensure personal growth through the introduction of new products and services that will promote the economic base of the members.
- c) To ensure progress of members and the society through continuous education programs on proper use of credit, reduction of poverty, human dignity and co-operation.
- d) To apply the co-operative principle of co-operation among co-operatives in order to promote members' interests. In furtherance to the objects the society shall affiliate to the relevant National Co-operative Union and the Apex society.

4.3 For the attainment of the above objects, the society may do acts and things that are permissible under the Act, rules and these By- laws including but not limited to acquire property and chattels and doing all such other things as are incidental or consequential to the economic enhancement of its members interests provided such act is approved by the members in a Delegates meeting.

5. CO-OPERATIVE PRINCIPLES AND VALUES

In order to achieve its objects the society shall act in accordance with the following Co-operative principles and relevant values.

5.1. CO-OPERATIVE PRINCIPLES

(a) *Voluntary and open membership*

The society shall always be guided by the principle of voluntary and open membership in its member recruitment drive without political, ethnic, religious, gender or social discrimination.

(b) *Democratic member control*

The society will be fully controlled by members who will have equal voting rights on the basis of one member one vote.

(c) *Economic participation by member*

Members shall contribute equitably to the capital of the society and share in the results of its operations.

(d) *Autonomy and independence*

The society shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.

(e) *Education, training and information*

The society shall foster reciprocal, on-going education programmes for members, leaders, staff and the community so that they can teach and learn from each other or

legal document, from the appropriate resource persons in understanding and carrying out their respective roles.

(f) *Co-operation among co-operatives*

In order to better serve the interests of the members and the community, the society shall actively co-operate with other co-operatives locally, regionally, nationally and internationally.

(g) *Concern for community in Delegates*

The society shall show concern to the community in which it exists and operates.

5.2 CO-OPERATIVE VALUES

The values shall be self-help, mutual responsibility, equality and equity. It shall practice honesty, openness and social responsibility in all its activities

6. MEMBERSHIP

Membership shall consist;

original members who signed the application for registration, and

new members subsequently admitted in accordance with these By-laws

7. QUALIFICATION FOR MEMBERSHIP

- I. Is within the field of membership under Section 6 above;
 - a) Original members who signed the application for registration.
 - b) Employees of Sacco Society or a subsidiary of the Society
 - c) Employees of organizations, institutions and companies registered in Kenya, capable of making regular contributions to the Society;
 - d) All persons who thereafter apply for membership;
 - e) Approved business entrepreneurs, farmers and out-growers;
 - f) (Any other member(s) approved by the board of directors and subsequently admitted in accordance with these by-laws;
 - g) New members subsequently admitted in accordance with these by - laws.
- II. Has attained the age of 18 years.
- III. Is of good character and sound mind
- IV. Pays the entrance fee and share capital as prescribed in these by-laws.
- V. Pays the entrance fee and share capital as prescribed in these by-laws
Provided that no member shall belong to more than one Sacco society.

QUALIFICATIONS FOR MEMBERSHIP BY INSTITUTIONS

Subject to compliance with the provisions of the Co-operative Societies Act and these By-laws, an institution, whether corporate or unincorporated, may be eligible for membership of the SACCO Society, if the institution -

- a) Is duly registered or incorporated under any applicable law relating to its registration or incorporation;
- b) has resolution of its governing organ to join the SACCO Society including names of members, office bearers and individuals authorized to transact on behalf of the institution;
- c) Has a written constitution, By-Laws, Memorandum and Articles of Association or any other constitutive instrument, as may be applicable to the institution; and
- d) Pays the entrance fee and subscribes to the minimum share capital of Kshs **20,000** or as may be prescribed for institutional members in these By-Laws or the Delegates Meeting

8. APPLICATION FOR MEMBERSHIP

Every applicant for membership shall complete an “application for membership” form. This form shall be drawn to show all the information required for the purpose of registration of members.

9. ADMISSION INTO MEMBERSHIP

- 9.1** An applicant shall be admitted to membership on application upon payment of an entrance fee of **KSHS. 500/=** and for such other minimum shares as shall be fixed by the Delegates meeting from time to time.
- 9.2** Upon admission the member’s name shall be entered in the membership register and a membership number issued.
- 9.3** The member shall sign or make a thumb mark in the register of members in the presence of two members of the committee to indicate his/her acceptance of the by-laws of the society.
- 9.4** Members shall be admitted by the committee subject to Confirmation by the next Delegates meeting.
- 9.5** The member shall pay for a copy of the society’s by-laws at its actual cost to the society.
- 9.6** Minimum Contents of the Members’ Register

The Members’ Register shall be maintained in accordance with regulation 21 of the Regulations, 2020 and shall at the minimum contain the following information and details for each member –

- a) the name of the member in full;
- b) the unique number assigned to the member;
- c) the national identity card number or passport number of the member or any other national identification number assigned to the member pursuant to any applicable law;
- d) the personal identification number (PIN) of the member issued by the Kenya Revenue Authority;
- e) the number of shares subscribed to by the member;
- f) the total value of the shares subscribed to by the member;
- g) the gender of the member;
- h) the date of birth of the member;
- i) the addresses of the member including postal, physical, email address or other electronic addresses;
- j) the names and addresses of the next of kin of the member; and
- k) any other information or details as the Authority may prescribe or direct

10. REFUSAL OF ADMISSION

The Committee may refuse admission to a person after assigning reasons for their decision. Such a person, if otherwise eligible for membership, shall have the right to appeal to the next Delegates Meeting through a member.

11. RIGHTS OF MEMBERS.

A member of the society shall have the right to:

- a) Attend and participate in decision making at all Delegates meetings of the society and vote;
- b) Be elected to organs of the society, subject to these by-laws;
- c) Enjoy the use of all the facilities and services of the society subject to the society's by-laws;
- d) All legitimate information relating to the society, including, internal regulations, registers, Minutes of Delegates meetings and supervisory committee's reports, annual accounts, inventories and investigation reports, at the society's registered office.

12. OBLIGATIONS OF MEMBERS

A member of the society shall have the obligation to:

- i) Observe and comply with all the society's by-laws and decisions taken by the relevant organs of the society;
- ii) Buy and pay up for shares or make any other regular payments provided for in these By-laws;
- iii) Meet the debts of the society in case of insolvency in accordance with the provisions of the Act and these by-laws.

13. LIMITATION OF MEMBER RIGHTS

The Society may limit a member's right;

- i. To be elected to a position of leadership in the Society in case of the member's failure to remit any regular savings and loan repayments for any period without valid reasons or leave of the Society; or
- ii. Of access to any of the financial services or products offered by the SACCO Society, if directed to do so by the Authority or pursuant to any written

14. MEMBER'S PERSONAL STATEMENT

The society may use "check off system", standing orders or cash for payments of members shares, deposits and loan repayments. However, when direct payments have to be made, they shall be paid directly into the society's bank account and a receipt issued by the society on submission of the bank slip.

Every member shall receive regular statements at least once every three months, which shall contain particulars of membership, shares, deposits and loan transactions with the society.

15. TERMINATION OF MEMBERSHIP

Membership in the society shall cease or deemed to have ceased in regard to any member from the date of:

- (i) Death
- (ii) Withdrawal
- (iii) Expulsion
- (iv) Being certified to be of unsound mind.

- (v) Transfer of shares to another member.
- (vi) Failure to remit share contributions and loan repayments for a continuous period of six months without valid reasons or leave of the society.
- (vii) Ceasing to hold qualification for membership as specified in these by-laws provided that members who have lost the common bond may retain their membership.

16. SUSPENSION

16.1 The committee may suspend a member subject to the decision of the Delegates meeting to expel who:

- a) fails to fulfill his/her obligations to the society whether stated in these by-laws, Delegates internal regulations, a resolution of the Delegates meeting or in contravention of any other provided such a member has been called upon to do so but has failed,
- b) Is a member of another society having similar objects,
- c) Acts in any manner prejudicial to the interests of the society.

Provided that, no member shall remain in suspension for a period of more than 12 months.

17. PROCEDURE OF SUSPENSION AND EXPULSION

- a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the committee shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defense.
- b) Upon the expiry of the 30 days and taking into consideration the member's defense if any, the committee shall initiate administrative inquiry and make a decision on its findings within 15 days. The Committee may;-
 - i. Suspend the member pending expulsion by the Delegates Meeting or
 - ii. Impose any other punishment as provided for in the applicable law.
- c) The suspended member may appeal to the Delegates meeting if not satisfied with the decision of the committee.
- d) The committee shall present their findings to the next Delegates meeting which may either lift the suspension or expel the member.
- e) A member who is expelled from the Sacco society shall have the right to appeal to the tribunal.

18. WITHDRAWAL FROM SOCIETY

A member may at any time withdraw from the society by giving at least sixty (60) days written notice to the committee.

19. PAYMENT ON CESSATION OF MEMBERSHIP

19.1 On cessation of membership, a person shall be refunded the following amounts less any outstanding obligations including any debts owed to the SACCO Society or for which the non-withdrawable deposits have been pledged as security or collateral;

- a) Any dividends or interests due to him prior to the date membership ceased and
- b) The non-withdrawable deposits
- c) Any other sums held by the society on his behalf after deduction of any sum owed to the society.

20. PARTIAL WITHDRAWAL PROHIBITED

Partial withdrawal of non-withdrawable deposits from the SACCO Society shall not be allowed under any circumstances.

21. NOMINEE

21.1 Every member shall nominate in writing one or two persons as nominee(s). The nomination shall be attested to by two witnesses who are members of the society. The names of such nominee(s) shall be entered in the nominee register.

21.2 Provided that a member shall have the right to change his/her nominee(s) in writing in the presence of two attesting witnesses who are members of the society

22. PAYMENT TO NOMINEE

The society after obtaining such documentary proof of the death of a member as it may consider necessary, shall pay to the nominee the value of the deceased member's deposits, interest and dividend after deducting monies owed to the society, if any.

23. ADMISSION OF NOMINEE

A nominee may be admitted to membership of the society if qualified. The deposits, interest and dividends due to the deceased member shall be transferred to the account of that nominee.

24. SOURCES AND APPLICATION OF FUNDS

24.1 The funds of the Society shall consist of:

- a) Entrance fee.
- b) Paid in full for at least **10** shares of ksh 500 each for individuals and at least **40** shares of kshs 500 each for corporates.
- c) Deposits from members and loans from non-members.
- d) Administration fees and penalties.
- e) Statutory reserve fund and any other reserve fund as may be kept by the society.
- f) Any surplus resulting from operations of the society.
- g) Any donations, gifts from other bodies, organizations and individuals.
- h) Funds obtained from lawful miscellaneous sources.

24.2 The funds of the society shall only be applied to the promotion of the stated objects of the society as set forth in these by laws, and shall be invested in:

- a) Such investments and securities as are authorized for the investment of trust funds,
- b) The shares of any other co-operative society,
- c) Any bank licensed under the Banking Act,
- d) 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 Delegates meeting of the society.
- e) Loans granted to members.

25. CAPITAL ADEQUACY

The SACCO Society shall at all times maintain capital adequacy requirements as prescribed in the Sacco Societies Act and Regulations.

26. HIGHER CAPITAL ADEQUACY

The SACCO Society shall however maintain a higher capital adequacy threshold if required or directed to do so by the Authority in accordance with the Sacco

Societies Act and regulation 11(2) of the Regulations, 2020.

27. SHARES

Every member shall hold at least 10 shares of KShs . 500/= each for individuals and at least 40 shares of kshs 500 for corporates as shall be fixed by the Delegates Meeting. However, no member shall hold more than one-fifth of the total shares of the society.

28. TRANSFER OF SHARES

- a) With the approval of the Committee, a member may at any time transfer shares to another member but not to any other person. Such transfers must be in writing and at nominal value
- b) All transfers of shares shall be registered with the society and no transfer shall be valid unless so registered. A fee of KShs. 2,000/= shall be payable by the transferee.

29. LIABILITY OF MEMBERS LIMITED TO SHARES HELD

- a) The liability of a member shall be limited to the nominal value of the shares held by them.
- b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members; the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

30.SHARES TO ATTRACT DIVIDENDS

The SACCO Society may –

- a) pay dividends on the shares held by its members based on financial performance for the year; subject to compliance with the regulatory requirements prescribed in the Sacco Societies Act and the Regulations 2020 and approval of the Delegates Meeting; and the shares of the SACCO Society held by any member shall attract dividends whenever declared in favour of the member –
 - (i) so long as such member's share capital remains in the SACCO Society; and
 - (ii) notwithstanding that such member may have withdrawn from membership of the SACCO Society and the member's non withdrawable deposits refunded.

31. POWER TO BORROW

- a) Loans may be obtained from non-members subject to the maximum amount and terms approved by the Delegates meeting and commissioner for co-operative development.
- b) For the securing of any loans accepted by the society under paragraph (a) above, the society may grant a charge over its assets. The authority to grant a charge shall be reserved to the Delegates Meeting. Subject to approval by the commissioner for co-operative development.
- c) The rate of interest on loans shall not exceed the current market rate.

32. RECEIPTING OF MONEY

- a) Money received on account of shares, deposits, Loans, interest's fees or fines shall be evidenced by a printed receipt in a form to be approved by the

Committee. Every member paying any money to the society shall be identified on the receipt.

- b) Should the receipt issued by the society be lost or destroyed, immediate notice of such fact shall be given to the Treasurer who may be authorized by the Committee to issue a duplicate receipt at a reasonable fee.
- c) The Committee may require the member to sign an indemnity to protect the society against any loss due to the issuance of such duplicate.

33. PAYMENT/DISBURSEMENT

Payments made by the society shall be evidenced in writing in a form approved by the committee.

34. STATUTORY RESERVE FUND

- a) The society shall pay into the Reserve Fund maintained in pursuance of the provisions of Section 47 of the Act and the Rules one fifth (1/5) of any net surplus resulting from the operations of the society during a financial year.
- b) The Reserve Fund of the society shall be invested in the manner provided for in these by-laws.
- c) The Reserve Fund shall be indivisible and no member shall be entitled to claim a specific share of it.
- d) No withdrawal shall be made from the reserve fund of the society without a resolution from the Delegates Meeting and a written approval from the Commissioner.

35. ZONAL DELEGATES MEETING

- I. Zonal Delegates Meeting shall take place annually, and shall consist of members of the Zone.
- II. The Board or two thirds of members of the zone shall have powers to convene a Zone Delegates Meeting whether special or annual.
- III. At least fifteen days' written notice shall be given to convene a Zone Annual Delegates Meeting.
- IV. A Zone Delegates Meeting shall be presided by Zone Chairman or Vice Chairman and in their absence one of the Zone delegates to be nominated by the delegates present.
- V. The Zone Secretary shall take minutes but in his absence where there are three or more delegates, one of them shall take minutes or in their absence any delegate or member nominated by the members' present

36. FUNCTIONS OF THE ZONE DELEGATES MEETING

- I. Elect zone representatives whose number shall be determined by the Board.
- II. Confirm minutes of the previous meeting.
- III. Consider reports of the Board.
- IV. Express views and make resolutions for consideration by the Board/Annual delegates meeting.
- V. Make resolutions and forward them to Annual Delegates Meeting.

37.DELEGATES MEETING

- 1.1 The supreme authority of the Sacco society shall be vested in the Delegates Meeting of members.
- 1.2 An Annual Delegates Meeting shall be convened within four months after the end of the Sacco society's financial year.
- 1.3 A special delegates meeting of the Sacco society may be held when convened by the:-
 - (i) Board.
 - (ii) Commissioner.
 - (iii) Board within 15 days of receipt of a written request by at least **2/3rd or 67** percent of the delegates whichever is less.
- 1.4 Provided the request is deposited by registered mail at the Sacco society's address or delivered to the Chief Executive Officer at the Sacco society's offices within normal working hours.
- 1.5 Members in (30.1) above, if the Committee fails to convene a meeting within fifteen days of receiving notice under the Co-operative Act. The members shall give notice to the other members of the Sacco society, stating the object and reasons for the meeting and the fact that the Committee has failed to convene the meeting.
- 1.6 Any business not completed at the annual Delegates Meeting, may be taken up at a subsequent special Delegates Meeting of the Sacco society.

38.VIRTUAL DELEGATES MEETINGS

The SACCO Society may hold its Delegates Meeting virtually or both virtually and physically, in exceptional circumstances as may be determined by the Board of Directors taking into account any prevailing socio-economic, political, health or environmental circumstances limiting physical interactions.

VIRTUAL MEETINGS TO COMPLY WITH GUIDELINES

Where the Board of Directors opts to hold a virtual or a mixed virtual and physical Delegates Meeting, then the Board of Directors of the SACCO Society shall –

- I. Take measures to ensure that the Delegates Meeting is constituted, held and conducted strictly in compliance with any circulars or guidelines or directives which may be issued by the Commissioner and/or the Authority from time to time, or any written law; and
- II. The members of the Board of Directors, the Chief Executive officer, and the Commissioner or representative shall be present within the SACCO Society's registered offices for purposes of the Delegates Meeting.

39.NOTICE OF MEETINGS

The delegates meeting shall be convened by giving at least 15 days written notice to the delegates.

The Honorary Secretary shall take all usual steps to publish the notice of the meeting in public places, on the Sacco society's notice board(s), in local newspapers or news-sheets, including the media or any other mode decided by the members.

All notices shall include a statement of the business to be dealt with.

40. QUORUM

Except when convened by the Commissioner, the presence of at least $\frac{1}{2}$ or **50%** of total number of delegates, whichever is less, shall constitute a quorum for the conduct of business at the Delegates Meeting. When a quorum is not attained the chairman shall adjourn the meeting and fix a date for another meeting within one month, which shall be advertised as prescribed in these by-laws. If a quorum is again not attained, the chairman shall declare the meeting open with those present one hour after the advertised time of the meeting.

41. DUTIES OF DELEGATES MEETINGS

41.1 The Delegates Meeting shall have the powers and duties prescribed in the Act, Regulations, Co-operative Act, Rules and these by-laws. It shall:

- a) Consider and confirm the minutes of the previous Delegates Meeting.
- b) Consider reports of committees, the Commissioner or his/her representative and the audited accounts on the Sacco society's activities during the past financial year.
- c) Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act, Regulations, Co-operative Act and Rules.
- d) Elect or remove members of the board and the Supervisory Committee, subject to the Act, Regulations and these by-laws.
- e) Fix the indemnity for the elected committee members and management staff.
- f) Consider recommendations on expulsion of members and refusal of membership by the Board.
- g) Fix the maximum liability which the Sacco society may incur in loans and deposits from members and non-members.
- h) Approve the estimates of income and expenditure for the financial year following the Delegates Meeting.
- i) Fix the honoraria, if any, for officers or employees of the Sacco society.
- j) Decide on the management structure, including the establishment of branches to facilitate efficient and cost effective delivery of services to members.
- k) Appoint bankers, auditors and advocates of the Sacco society for the ensuing year.
- l) Approve affiliation to National Co-operative Organizations for SACCO societies and the Apex society.
- m) Consider resolutions by each electoral Zone;
- n) Transact any other business of the Sacco society for which notice has been given to members in the manner prescribed in these by-laws.

41.2 All delegates have a right to attend the Delegates Meeting and participate in its deliberations; however, they may be required to identify themselves.

- a. Despite the generality of this clause decision relating to the following matters shall be exclusively discussed adopted and resolved at Delegates meeting of the entire membership and not delegates
- b. dissolution or voluntary liquidation;

- c. amalgamation or division;
- d. proposed change in the core business or objects for which the SACCO was incorporated or registered;
- e. formation of subsidiary companies; or liquidation or winding up of such companies;
- f. acquisition of majority shareholding in Companies or other entities or takeover of such companies; and
- g. any other matter as the Authority may prescribe.

42.. RECORD OF BUSINESS

All business discussed or decided at the Delegates Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other committee member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters 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 the chairman to sign and date the final record.

43.ELIGIBILITY FOR MEMBERSHIP TO THE BOARD

- 1.7 No person shall be eligible as a member of Board of Director if he/she;-
- a) Has not been a member of the Sacco Society for at least one year prior to the Annual Delegates Meeting.
 - b) Has been adversely named by the Commissioner or his/her representative in an inquiry report endorsed by an Annual or Special Delegates Meeting for mismanagement or corrupt practices whilst still a member of the Board of a co-operative society or union in the last ten years, or named in any other national inquiries where he/ she has been shown to be engaging in dishonest activities,
 - c) Has been adversely named by the Authority in an inspection report for mismanagement or corrupt practices while still a member of the board of a Sacco society
 - d) Has been charged of any offence involving dishonesty, a crime involving fraud, perjury or breach of contract of a licensed financial institution.
 - e) Hold Non-withdrawable deposits of less than Kshs 1,000,000 and share capital of less than 50,000.
 - f) Has been convicted of any offence involving dishonesty or is imprisoned for three months or more with a crime involving fraud, perjury or breach of contract of a licensed financial institution.
 - g) Is delinquent on loans with the SACCO for more than 60 days within 2 years prior to elections;
 - h) shall not have attained a minimum of "O" Level Certificate of Education or equivalent;
 - i) Is adjudged bankrupt;

- j) Is under 18 years of age;
- k) Is of unsound mind;
- l) Is a Board member of another existing Sacco society licensed under the Act;
- m) Is an official of or holds a political office at any level
- n) Does not conform to minimum qualification standards in accordance to the applicable law.
- o) Has been removed from public office on disciplinary action.
- p) Has not duly executed the Fit and Proper Test form as provided in the Regulations

44.ELECTIONS

- a. The board shall notify the delegates of the vacancies arising in both the board and the Supervisory Committee.
- b. There shall be a Nominating Committee constituted as per the Sacco Electoral Policy formulated by the board to vet and clear the prospective candidates for elections.
- c. During elections, the Returning officer shall present duly nominated candidates for the vacant positions. Each candidate must have a proposer and a seconder.
- d. At the elections, delegates shall decide, by majority vote, the method of voting. The method may be secret ballot or queuing or by show of hands.
- e. No delegate shall be entitled to vote by proxy.
- f. Irrespective of the number of shares held by him, no delegate shall have more than one vote.
- g. No defaulter will be elected either to committee or delegate.
- h. Delegates will be people of high integrity, honest, innovative and beyond reproach.
- i. No delegate will involve himself/herself in shy locking business. If proved beyond reasonable doubt such delegates will automatically lose their positions and even membership in the society.
- j. All delegates will be required to have thorough knowledge of co-operative society Act, rules and by-laws. It will be mandatory for delegates to conduct their roles diligently and in civilized manners.
- k. Women representation in the Board of Directors is encouraged.
- l. Members of staff shall only play a facilitatory role during elections.
- m. Within fourteen (14) days of the elections, the Chief Executive Officer shall forward to the Commissioner and the Authority the names and addresses of all persons elected, including their respective Fit and Proper Test Forms.
- n. A new committee elected at the Delegates Meeting shall not assume office unless they have been cleared by the Authority and satisfied the requirements of the Co-operative Act, Rules and these by-laws as to the indemnity and ethics.

45. COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors shall include the Chairman, Vice chairman, Treasurer and Honorary Secretary all of whom shall be elected by the Board of Directors from amongst the members of the Board.

46. BOARD OF DIRECTORS MEETINGS

46.1 Frequency of Meetings

Meetings of the Committee shall be held at least once a month subject to a maximum of 15 meetings in a year. At least five (5) of the total number of committee members shall form a quorum for the disposal of business.

46.2 Quorum of Board Meetings

The quorum at every meeting of the Board of Directors shall be at least two thirds (2/3rd) of the members of the Board of Directors.

46.3 Failure to Attend Meetings

If a member of the committee fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his/her duties, the position may be declared vacant and filled as provided for in these by-laws.

47. RECORD OF BUSINESS OF THE MANAGEMENT COMMITTEE

All business discussed or decided at the Board Meeting shall be recorded without erasures and corrections in a Minute Book, which within one week of the meeting, shall be signed by the Chairman of the meeting and at least one other Board member who was present at the meeting, to indicate that in their opinion the minutes are a true and complete record of all matters discussed or decided at the meeting.

48. CONFIRMATION OF PREVIOUS MINUTES

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 Chairman to sign and date the final record.

49. PRESERVATION OF MINUTES OF THE BOARD

The SACCO Society shall ensure that all proceedings of the meetings of the Board and any Committee of the Board are recorded and kept in the head office where other records are kept and shall be preserved in the same way the assets of the SACCO Society are kept and preserved.

50. DUTIES AND POWERS OF THE BOARD OF DIRECTORS

50.1 Legal Standard of Care

In the conduct of the affairs of the SACCO Society, the Board of Directors shall at all times exercise prudence and diligence of ordinary men of business and shall be held, jointly and severally liable for any loss occasioned by their actions which are contrary to the Sacco Societies Act, the Regulations, 2020, any guidelines and directives issued by the Authority, the Co-operative Societies Act, and Cooperative Societies Rules, these By-Laws, or the direction of any Delegates meeting of the SACCO Society or any other applicable law

50.2. Directing Affairs of the Sacco Society

The Board of Directors shall develop and implement a Board Charter to govern its internal operations and procedures; and shall subject to any directions from the Delegates Meeting generally –

- a) direct the affairs of the SACCO Society; and
- b) provide visionary leadership by providing strategic directions on the Sacco business without engaging in operational activities of the Sacco Society.

50.3. Specific Duties and Powers

The Board of the society shall subject to any directions from the Delegates Meeting generally direct the affairs of the society. Its procedures, powers and duties shall be as prescribed by the Act, Rules and these by-laws. In particular, it shall:

- a) Observe in all its transactions the Act, the Rules, these by-laws and prudent business practices.
- b) Act upon all applications for membership.
- c) Make provision for sufficient funds for loans.
- d) Ensure that true and accurate records and accounts of the society's money, properties, capital reserves, liabilities, income and expenditure are kept and maintained;
- e) Prepare and develop long term management plans and budgets for presentation at the Delegates Meeting;
- f) Propose to the Delegates Meeting the amount and kind of surety bond, or other security, which shall be given by the member of the committee or employee having custody of or handling funds or property of the society;
- g) Determine and recommend to the Delegates Meeting the interest rates on loans, the maximum maturities and terms of payment or amortization of loans from time to time and the maximum amount that may be loaned with or without security to any member;
- h) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of accounts to its members at the Delegates meeting;
- i) Lay before the Delegates Meeting audited accounts, together with proposals for the disposal of net surplus, if any;
- j) Recommend to the Delegates Meeting the dividend rate to be paid on shares, if any, and interest to be paid on deposits;
- k) Fill through co-option, vacancies occurring in the committee between Delegates Meetings;
- l) Recommend investments of the society;
- m) Authorize the conveyance of properties;
- n) Authorize borrowing and lending operations of the society in accordance to the Act and the Rules;
- o) Designate a depository or depositories for the funds of the society;
- p) Employ and fix the remuneration of the employees in accordance with the terms and conditions of service as approved by the Commissioner;
- q) Impose fines as provided for under these by-laws;
- r) Approve transfer of shares;

- s) Supervise the recovery and collection of loans from members and recommend to the Delegates Meeting the write off of bad debts.
- t) Perform or authorize any actions consistent with the Act, the Rules and these by-laws, unless specifically reserved for the Delegates Meeting;
- u) Provide adequate budget for education and training of members, the committee and staff; and
- v) Perform such other duties as the Delegates meeting may from time to time direct.

51. EXPENDITURE

No expenditure shall be authorized by the Board unless it is provided for in the estimates formally approved by the Delegates Meeting.

52. DELEGATION TO EMPLOYEES

- a) The Board may delegate to any employee of the society such duties as it deems fit.
- b) Nothing in (a) above shall absolve the Board from its responsibility of running the affairs of the society in a proper and businesslike manner

53. INDEMNITY

All Board Members shall each provide an indemnity of an amount approved by the Delegates Meeting. A duly completed Form V in the schedule to the Rules shall be lodged with the Commissioner within 14 days upon election to the committee.

54. DECLARATION OF WEALTH

Every Board member shall within 30 days of being elected declare wealth to the Commissioner in the prescribed manner.

55. SUSPENSION FROM THE BOARD OF DIRECTOR

- a) The Commissioner may suspend from duty any Board Member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- b) The majority of the Board Members may suspend a Board Member for;
 - (i) Failure to disclose vested interests.
 - (ii) Any other good cause, subject to ratification by the Delegates Meeting.

56. REMOVAL FROM THE BOARD OF DIRECTORS

A member of the Board shall cease to hold office if he/she:

- a) Ceases to hold qualifications of a Board Member as specified in the Act, Rules and these By-laws;
- b) Is removed by the Commissioner under the provisions of the Act;
- c) Is voted out by two-thirds majority of the society members present and voting at the Delegates Meeting.

57.COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS

57.1. Re-Imbursement to Board Members

The members of the Board of Directors may be paid reimbursements or allowances for necessary expenses incurred in the course of discharging lawful duties shall be determined at such rates as the members may approve during the Delegates meeting.

57.2. No Fixed Remuneration or Salary

A member of the Board of Directors shall not receive remuneration in the form of a salary or any fixed periodic payments in respect of services rendered to the SACCO Society.

57.3. Compensation to Be Disclosed in The Financial Statements

The Board of Directors shall disclose in the audited financial statements, any compensation, fees, travel or meeting expense or reimbursement paid to each director of a SACCO society and each member of the Supervisory Committee, and shall be presented at the Annual Delegates Meeting.

58. EXECUTIVE OFFICERS

The Chairman, the Vice-Chairman, the Treasurer and the Honorary Secretary shall be termed as the “Executive Officers of the Society” and shall be elected at a meeting of the Committee held within seven days after election at the Delegates Meeting.

59. THE CHAIRMAN

The Chairman shall:

- a) Preside at Delegates meetings, Committee meetings and joint meetings with the Supervisory Committee.
- b) Perform such other duties as directed by the Committee, not inconsistent with provisions of the Act, the Rules and these by-laws;

60. THE VICE-CHAIRMAN

The Vice-Chairman shall perform: -

- a) The duties of the Chairman during his/her absence.
- b) Such other duties as directed by the Committee.

61. HONORARY SECRETARY

The duties of the Honorary Secretary are to:

- a) Cause minutes of the Delegates Meetings, Committee meetings, and joint meetings with the Supervisory Committee to be recorded.
- b) Ensure that notices of the meetings are prepared and sent out.
- c) Ensure that the society’s correspondence is promptly and correctly attended to.
- d) Perform such other duties as may be directed by the committee.

62. TREASURER

The duties of the Treasurer shall be to:

- a) Generally, manage or cause to be managed the financial affairs of the society in a competent manner;
- b) Ensure that a proper record is kept of all monies received and paid out by the society, its assets, liabilities, capital reserve and its income and expenses;
- c) Ensure the safekeeping of the society money, securities and books of accounts;
- d) Ensure that all payments and expenditures are duly authorized;
- e) Ensure that within ten days after the closure of each month, a financial statement showing the condition of the society’s finances at the end of the preceding month is prepared and submitted to the Committee for discussion; and
- f) Ensure compliance with all directions of the Committee, the Act, the Rules and these by-laws on all financial matters.
- g) Cause to be presented, a statement of the ensuing month’s cash flow.
- h) Ensure sufficient funds are available for loans.
- i) Perform such other duties as may be directed by the committee.

63. SUB-COMMITTEES

- a) Sub-committees shall consist of persons drawn from the committee.
- b) The Committee may delegate to the sub-committee some of its duties under these by-laws as it deems fit.
- c) These sub-committees shall convene as directed by the Committee.

64. EDUCATION SUB COMMITTEE

The Education Sub-Committee shall consist of three members including the Vice-Chairman who shall serve as its Chairman. Its duties shall be to:

- a. Organize education programs for members, committee members, staff and the Delegates public.
- b. Ensure that both the Committee members and the staff are well trained and prepared for the tasks they are entrusted with at the society.
- c. Create co-operative awareness to the Delegates public.

65. TENDER SUB COMMITTEE

The tender Sub-committee shall consist of three members of the Committee and any other officer(s).

66. CREDIT SUB COMMITTEE

The credit Sub-committee shall consist of three members of the committee, none of whom shall be an Executive officer. Its duties shall be to:

- a) Hold regular meetings as the business of the society may require, but at least once a month
- b) Vet loan applicants and their guarantors and their ability to service their credit requirements.
- c) Assist members solve their financial problems.
- d) Maintain records of their deliberations on loans.
- e) Forward its loan recommendations to the committee for approval.

67. SUPERVISORY COMMITTEE

- (a) The society shall have a supervisory committee consisting of three members each elected at the Delegates Meeting for a period of three years and one member of the supervisory committee shall retire annually. No person who has been in the committee within two (2) years preceding the date of the anticipated election shall be eligible for membership of the supervisory committee.
- (b) The supervisory committee shall:
 - i. Hold quarterly meetings save for joint meetings with the committee.
 - ii. Have qualifications similar to those of committee members.
 - iii. Be required to have knowledge of accounts.
 - iv. Be removed by a resolution of the Delegates meeting.

68.DUTIES OF THE SUPERVISORY COMMITTEE

68.1 The duties of the supervisory committee shall include:

- (a) Counterchecking, the effectiveness of the society's internal control systems through: -
 - i. Carrying out investigations as may be necessary for the wellbeing of society and members in Delegates and verifying the accuracy of the transactions of the society.
 - ii. Checking if cash and bank accounts are reconciled in good time.

- iii. Establishing whether the management of the society use managerial tools i.e. budgets, trial balances, economic reports, long term plans and others and thereafter making necessary recommendations to the committee.
- (b) Preparation and presentation of periodic reports to the Committee during joint meetings.
- (c) Presentation of Annual Report to the Delegates Meeting.
- (d) Submission of its reports to the Commissioner.

68.2. The supervisory committee shall not perform the duties or exercise any of the powers of the committee.

68.3 The supervisory committee shall be held liable for any loss incurred due to their negligence in performing their duties.

69.THE CHIEF EXECUTIVE OFFICER AND STAFF OF THE SACCO SOCIETY

69.1. Appointment by Board of Director

The SACCO Society shall have a Chief Executive Officer who shall be appointed by the Board of Directors on such terms and conditions as the Board of Directors shall find; provided that prior to appointing a person to serve as the Chief Executive Officer of the SACCO Society, the Board of Directors shall submit or cause to be submitted to the Authority, the names and other particulars of the person proposed for such appointment for approval.

69.2 Appointment to Take Effect Upon Approval

No formal appointment of a person to serve as the Chief Executive Officer of the SACCO Society shall take effect unless the Authority's written approval has been granted to the SACCO Society; and the Board of Directors shall notify or cause the Authority to be notified, within fifteen (15) days of formal appointment of the Chief Executive Officer

69.3. Responsibilities of The Chief Executive Officer

The Chief Executive Officer shall be responsible to the Board of Directors for the day to day running of the affairs of the SACCO Society, including but not limited to -

- a) the implementation of and adherence to the prescribed policies, procedures and standards;
- b) ensuring that systems have been established to facilitate efficient operations and communication;
- c) ensuring that strategies are developed and employed to facilitate achievement of targets and objectives;
- d) overseeing human resource management and development;
- e) adherence and ensuring that the SACCO Society and its staff are at all time in compliance with the established Code of Conduct; the Sacco Societies Act, the Regulations,2020, any guidelines and/or directives issued by the Authority; the Co-operative Societies Act; the Co-operative Societies Rules; these By- Laws; and any other applicable laws;
- f) advice the board of directors in formulating, preparing and implementing long term policies and programs of the Society through board papers and technical reports as appropriate;
- g) any other matter concerning the operations and activities of the SACCO Society as the Authority may direct.

69.4. Presentation of Board Papers to The Board

The Chief Executive Officer Shall Ensure that the Board of Directors Is Frequently And Adequately Appraised on the Operations and Activities of the Sacco Society Through Presentation of Relevant Reports Which Shall Cover, But Not Limited to The Following –

- a) Financial Statements (Monthly, Quarterly and Annual) Indicating Current Compared With Past Period Actual Performance, The Budget Compared With The Actual Expenditure and Explanations For Any Variances
- b) showing current compared with past period actual performance, the budget compared with the actual and with explanations for any variances;
- c) capital structure and adequacy;
- d) delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning;
- e) sources and application of savings and deposits;
- f) statement of comprehensive income (monthly, quarterly and annual) including a comparison of the budget against actual;
- g) all insider lending and non-performing insider loans if any;
- h) any violation or suspected violation of the Sacco Societies Act, the Regulations, 2020, the Co-operative Societies Act, the Co-operative Societies Rules, or any other applicable law; and remedial actions taken or proposed to be taken, to comply and remedy the violation;
- i) large risk exposures including but not limited to the exposures limits or risks prescribed in the Sacco Societies Act, the Regulations, 2020, the Co operative Societies Act, the Co-operative Societies Rules, or any other applicable law;
- j) investment portfolio;
- k) any regulatory reports, and internal reports;
- l) any other relevant areas to the Sacco society's operations; and
- m) any other matter as may be directed by the Authority from time to time.

69.5. Chief Executive Officer to Attend Board Meetings

The Chief Executive Officer of the SACCO Society or any position appointed by the Board of Directors to discharge the duties and responsibilities of a Chief Executive Officer of the SACCO Society in accordance with these By-Laws, shall -

- a) attend all meetings of the Board of Directors and all Delegates Meetings of the SACCO Society, as an ex-officio member;
- b) be a signatory and the custodian to SACCO Society cheques, contracts, records and other documents as may be necessary; and
- c) perform any such other duties and responsibilities as may be assigned by the Authority or the Board of Directors.

69.6. REMOVAL FROM OFFICE OF CHIEF EXECUTIVE OFFICER

The SACCO Society shall not remove the Chief Executive Officer except with prior written notification to the Authority in accordance with regulation 64 of the Regulations 2020; which notification shall clearly state the grounds or reasons for the intended removal.

69.7. NOTIFICATION OF REMOVAL OR RESIGNATION OF A CHIEF EXECUTIVE OFFICER

The Board of Directors shall notify the Authority, within fifteen (15) days of the resignation or removal of the Chief Executive Officer and in the case of resignation or removal, the Board of Directors shall indicate the reasons for such resignation or removal.

69.8. REMOVAL OF CHIEF EXECUTIVE OFFICER BY THE AUTHORITY

Notwithstanding anything in these By-Laws or any internal policies of the SACCO Society, the Chief Executive Officer and any other officer of the SACCO Society may be removed from office by the Authority or upon the direction of the Authority in accordance with the provisions of the Sacco Societies Act and Regulations, 2020.

THE MANAGER

The Manager shall conduct the business of the society subject to overall control of the committee.

DUTIES OF THE MANAGER

The manager shall;

- (i) Advise the Committee and other Committees in formulating, preparing and implementing long term policies and programmes of the Society.
- (ii) Supervise the work of all staff and ensure that the business of the Society is conducted in a proper manner.
- (iii) Ensure that proper books of accounts, records and returns are kept and that regular financial, statistical and operational information is prepared and submitted to the Committee and other Committees and also to the Commissioner.
- (iv) Be responsible for the security of the funds and assets of the Society.
- (v) Ensure that all statutory deductions such as National Social Security Fund (NSSF), National Hospital Insurance Fund (NHIF), Pay As You Earn (P.A.Y.E.) etc. are correctly calculated and that all the amounts due and the necessary returns are submitted by the due date.
- (vi) Ensure that rent, rates, levies and debts due from and to the Society are paid by the due date.
- (vii) Recommend to the Committee the filling of any vacant position or dismissal of any staff member who is not performing his/her duties properly.
- (viii) Countersign the society's cheques, contracts and other documents.
- (ix) Attend Delegates and committee meetings as an ex-official.
- (x) Perform such other duties as may be assigned to him by the Committee.

70.CODE OF CONDUCT FOR OFFICERS

70.1. APPLICATION OF PUBLIC OFFICERS ETHICS ACT, 2003

All officers of the SACCO Society, including the Directors, members of the Supervisory Committee, Chief Executive Officer and other members of staff, shall comply with the requirements of the Public Officer Ethics Act, 2003 and the Code of Conduct made thereunder, including any Governance Guidelines as may be issued by the Ethics Commission for Co-operatives

70.2. THIRD SCHEDULE CODE OF CONDUCT FOR OFFICERS

The SACCO Society shall prepare a Code of Conduct which substantially conforms to the form set out in the *Third Schedule to the Regulations, 2020* for the approval of the Authority; and upon approval, the SACCO Society shall ensure that each and every officer thereof executes and abides by the Code of Conduct at all times.

70.3. CONFIDENTIALITY

The members of the Board of Directors and Supervisory Committee, and all other officers of the SACCO Society shall –

- a) hold in the strictest confidence all transactions of between the SACCO Society and its members; and
- b) comply with and/or cause the SACCO Society to comply with the provisions of the Data Protections Act, 2019 with regard to members' data and information.

70.4. CONFLICT OF INTERESTS

No member of the Board of Directors or Supervisory Committee or any other officer of the SACCO Society, shall in any manner participate in the deliberations and determination of any question affecting his/her financial interest. In the event of any disqualification, the remaining qualified members of the Board or Supervisory Committee or officers present at the meeting, if constituting a quorum with the disqualified person may exercise, with respect to the matter, all powers of the Board or Committee or management as the case may be.

70.5. COMPLIANCE WITH THE CODES OF CONDUCT

The SACCO Society and every officer of the SACCO Society shall at all times ensure and/or secure the compliance with the Codes of Conducts herein; including taking appropriate measures to implement any directives issued by the Authority or any other public body towards enforcing compliance with the Codes of Conduct.

71. BOOKS OF ACCOUNTS AND RECORDS

The society shall keep up to date and in a proper businesslike manner such books of accounts and records as stipulated in the Act, the Rules, and in particular: -

- a) A register of members showing in respect of each member:
 - i. Name, age, date of application for membership, address and occupation;
 - ii. Date of admission to membership;
 - iii. Date of cessations of membership,
 - iv. Name and particulars of nominees, and
 - v. Any other information as may be required by the society from time to time.
- b) Minute books giving details of proceedings of Committee, joint Management and Supervisory Committee, Supervisory Committee meetings and all other committee meetings held in accordance with these by-laws.
- c) Minute book giving details of proceedings at the Delegates Meetings.
- d) A cashbook showing the details of all monies received or paid out by the Society.
- e) A Delegates ledger containing such accounts as is necessary to reflect the business of the Society.
- f) A personal ledger for each member showing his/her transactions with the society.

- g) A register of assets and property.
- h) A register of loans showing in respect of each loan; the loan number, name of the borrower, the amount borrowed, the purpose of the loan, the due date of repayments and the date repayments are completed.
- i) Such other books and records as the committee may decide or that the Commissioner may prescribe

72. REGULATIONS

- a) The Committee may make such regulations, not inconsistent with these by-laws, as they deem necessary for the conduct of the society's business. The regulations shall be recorded in the minute book and posted on the society's notice board and shall come into force when and as determined by the committee.
- b) The society shall formulate a code of conduct for good governance.

73. AUTHORIZATION TO SIGN DOCUMENTS

- a) All documents, contracts and cheques shall be signed on behalf of the society by any three of the following:
 - i. Chairman;
 - ii. Vice Chairman;
 - iii. Secretary; and
 - iv. Treasurer
- b) The manager shall countersign all the documents.
- c) The Committee may authorize any other officer to sign the society's documents.

74. FINANCIAL YEAR

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

75. DISPOSAL OF SURPLUS FUNDS

Subject to the Act and Rules, the net surplus resulting from operations of the society during any financial year shall be disposed of as follows:

- a) 20% (1/5) shall be credited to the Reserve Fund.
- b) The balance may be disposed off as decided by the Delegates Meeting for:
 - (i) Paying dividends and interest on shares and deposits.
 - (ii) Being forwarded to Education Fund or any other fund of the society including the appropriations.
 - (iii) Paying honorarium to Committee Members.
 - (iv) In any other way approved by the Delegates Meeting.

76. LOANS

- (a) The society shall have a loan policy approved by the Delegates meeting.
- (b) All loans shall be approved by the committee.
- (c) Loans shall only be given for worthy purposes that benefit the borrower.
- (d) The rate of interest on loans shall be determined by the Delegates Meeting on recommendation by the Committee.

77. APPLICATION FOR LOANS

- (a) All loans shall be applied for on forms provided by the society.
- (b) 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 if any, and such other information as the Committee may require.

- (c) All applications for loans and reports thereon shall be filed as permanent records of the society.

78. LOAN GRANTING

- a) Loans shall be granted by the committee in respect to the credit limit approved by the Delegates meeting.
- b) No loan shall be granted except for a specified and approved purpose, for a definite period and at a fixed rate of interest.
- c) No loan shall be made to any member in excess of 5% of the society's total share capital and reserves.
- d) Loans shall be granted to Executive Officers, employees of the society who are members only if:
 - (i) The loan is in accordance with these by-laws and is not on terms more favorable than those extended to other borrowers.
 - (ii) The loan is approved by the Credit committee and thereafter by the Committee.
 - (iii) The applicant takes no part in the consideration of his application at either the Credit or Committee Meeting.

79. SECURITY FOR LOANS

The Credit Committee shall require the member to give the following securities for loans:

- a) The deposits of a member
- b) The deposits of guarantor(s)
- c) Any other collateral as it may consider necessary.
Provided that;
 - (i) The committee shall not accept as guarantor, a member who has taken a loan and has already guaranteed three loans.
 - (ii) No member of the Management and Supervisory Committee member shall act as endorser or guarantor for borrowers from the Society.
 - (iii) A borrower may apply to the Committee for change of guarantors.

80. REPAYMENT OF LOANS

- a) Loans shall be repaid according to the terms in the loan application form. However, a borrower may, on any day on which the Society is open for business, repay his loan in whole or in part prior to its maturity, subject to approval of the Committee.
- b) Any request for an extension of time in which to pay, shall be accepted by the Committee only in exceptional circumstances; provided such extension shall not result in financial losses to the society. Any extension so granted shall be treated as a new loan and an extension agreement shall be executed and signed.

81. RE-FINANCING OF LOANS

- a) Notice shall be given to all members when the society has the capacity to re-finance loans.
- b) The re-financing of loans shall be allowed by the Committee only when the society has satisfied all loan demands and has sufficient funds.
- c) The re-financed loan shall be treated as a new-loan, and subjected to the normal loan approval procedures.

82. LOANS AS AN ITEM OF THE AGENDA

- a) At every committee meeting the item “loans” shall appear on the agenda and the Credit Committee shall present a list of loans recommended for approval.
- b) In the meeting, the Treasurer will present an up-to-date list of delinquent borrowers showing; -
 - i. Name of borrower.
 - ii. Account number.
 - iii. Date of loan
 - iv. Unpaid loan balance.
 - v. Borrower’s deposit balance.
 - vi. Number of months the loan has been defaulted.
 - vii. Security and guarantor/s.
- c) The committee shall take action to collect the overdue loans as follows;
 - i. Any loan overdue for payment for more than three months shall be referred to the guarantor/guarantors provided that the society shall give notice of such intention to the borrower and guarantor/s.
 - ii. Any disputed loan shall be referred to the Tribunal provided that the society shall give a written notice to the borrower on its intention to do so.
 - iii. Submit names of defaulters to Credit Reference Bureau (CRB) upon issuance of notice of intention to do so.
- d) The Committee shall make a full report on loans to the Delegates Meeting.

82. CASH RESERVE

Except as otherwise authorized by the Delegates Meeting and approved by the Commissioner, a cash reserve shall be maintained of not less than 10% of total capital for the specific purpose of meeting requests for deposits, withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the balance in the current and savings accounts, and fixed deposits.

83. COMMON SEAL

- (a) The society shall adopt and use a common seal. The seal shall have an imprint bearing the words “seal of **SETYON SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED**” which shall be different from the ordinary name-stamp of the society
- (c) The seal shall be kept securely under key and lock by the Manager and be used only in the presence of the officers authorized to sign documents on behalf of the Society.

84. FINES AND DISPUTES

For any breach of these by-laws or lawful instructions issued by the Committee and Delegates Meeting, or his obligations on time, the member shall be fined an amount not exceeding Kshs.20, 000.00.

If any dispute concerning the business of the society arises: -

- a) Among members, past members and persons claiming through members, past members and deceased members; or
- b) Between members, past members or deceased members, and the society, its committee or any officer of the society; or
- c) Between the society and any other co-operative society;

Which cannot be determined by the Committee or Delegates Meeting, or Alternative Dispute Resolution mechanism (ADR) shall be referred to the Tribunal. Appeals shall be taken to the High Court.

85. MISCELLANEOUS

- a) No management or Supervisory Committee member shall receive from the society any payment apart from sitting allowance, and travelling and subsistence allowance, except an honorarium from the net surplus as allowed in these by-laws.
 - b) The Management and supervisory committee members, and employees of the society shall hold in the strictest confidence all transactions of the society with its members.
 - c) When any Committee member is disqualified or unable to perform his duties, the committee shall co-opt a member or members of the society to serve on the committee until the next Delegates meeting if the number falls below five.
 - d) The society shall pay an audit and supervision fee of such sums as may be required by the Commissioner.
 - e) No member of the management or supervisory committee shall in any manner participate in the deliberations and determination of any question affecting his financial interest. In the event of any disqualification, the remaining qualified committee members present at the meeting, if constituting a quorum may exercise, with respect to the matter, all powers of the committee.
 - f) A copy of these by-laws shall be furnished to every member who joins the society or on request upon payment of a fee not exceeding its actual cost to the society.
- Preposition

86. INSPECTION OF DOCUMENTS

- a) All books of accounts and other records shall at all times be available for inspection by all members of the management and supervisory committee of the society, and to the Commissioner.
- b) The by-laws of the society and the registration certificate shall at all times be available for inspection by the Commissioner and the members.
- c) A list of members excluding details of nominees and shareholdings or loans shall be available for inspection by any member and any other stakeholder upon payment of the prescribed fee.

87. DISSOLUTION

The society shall be dissolved in accordance with the procedures set forth in the Act and Rules.

88. AMENDMENT OF BY-LAWS

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

89.ACCEPTANCE

We, the undersigned Board Members of **SETYON SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED (Regulated DT-SACCO)** named herein do hereby accept these by laws for and on behalf of the SACCO Society.

TITLE	NAME	ID. NO.	SIGNATURE
CHAIRPERSON	ALFRED SOI	13008932
VICE CHAIRPERSON	BENARD SOI	21992018
HON. SECRETARY	CHRISTOPHER K.RONO	4744626
TREASURER	BRIAN SOI	37808283

OFFICIAL CERTIFICATION

I CERTIFY that the foregoing by-laws of **SETYON SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED** have been approved and duly registered.

Given under my hand at Kericho this Day of 20.....

.....

.....

COMMISSIONER FOR COOPERATIVE DEVELOPMENT