



WANUNUZI SAVINGS AND CREDIT CO-OPERATIVE SOCIETY

HEAD OFFICE

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Dear Member,

RE: ISSUANCE OF LOANS

We are pleased to announce that we are ready to start issuing loans from this month of May to qualified members

During the recently concluded AGM, members approved the Wanunuzi Sacco Loans Policy which gives guidelines on issuance of loans. Qualified members who are willing to apply for loans should email us through admins@wanunuzisacco.or.ke. Additional information on the loan products and the application form is available on our website www.wanunuzisacco.co.ke

Below is a summary of the Policy guideline:

GENERAL LENDING REQUIREMENTS

- 1) Must be a member who has paid minimum share capital, has saved for six months continuously minimum total of ksh.6000 as monthly deposit cumulatively.
- 2) A member who withdraws from the Society and rejoins later will be treated as a new member.
- 3) A person who transfers his membership from another Sacco will become eligible for WANUNUZI Sacco loan if, he transfers his deposits to WANUNUZI Sacco from his former Society and shall be deemed to have joined WANUNUZI Sacco from the time he became a member of his former Society. A loan shall be granted to such a

member after two months, if the person was a member of the former Society for at least six months.

- 4) Holders of dormant accounts shall not qualify for loans. Such a member must save consistently for three (3) months to qualify for a loan
- 5) A member with an existing loan shall be allowed a loan top up after a continuous re-payment and have paid **50%** of the borrowed loan.
- 6) A member may be required under some credit products to save a certain minimum amount monthly for a specific period in order to qualify for the product.
- 7) Contributions paid outside the normal monthly contributions by new members (dumping) for the purpose of securing a loan from the society can be considered only if such money remains in the society for three months as may be decided by the Board otherwise if the member wishes to secure a loan before the 3 months are over, they will be charged a fee (Dumping fee) of 3.5% per month for the forfeited waiting period.
- 8) A member should undertake pledge of his salary/ future earnings from any source of income towards repayment of any loans granted by the society.
- 9) Must be a person of high integrity honest and trustworthy and not listed by CRB.
- 10) A member must have subscribed and committed to contribute towards share capital.
- 11) All loan must be fully secured
- 12) Loans shall be granted subject to individual product's terms and conditions as per this policy
- 13) The maximum borrowing by a member shall not exceed 10% of the society 's total core capital
- 14) The loan application must be accompanied by all the required documents.
- 15) Loans will be granted according to the applicant's qualifications based on character, ability to repay and specific compliance with requirements and specifications.
- 16) A member who has ceased working and does not have a source of income is eligible for a loan but such loan shall not exceed 90% his/her deposits.
- 17) Self-guaranteed loans shall be considered up to 90% of the deposits.
- 18) A member who is on check off who has been interdicted will not be eligible for a

loan under this policy.

- 19) Dormant account holders shall not qualify for a credit facility.
- 20) Boosting of deposits outside the minimum subscribed shall mature for a loan immediately provided that such cash deposit is Ksh. 100,000 or 50% of whichever is lower, otherwise wait for 3 months to qualify for loan consideration.
- 21) False information on loan application form shall lead to automatic disqualification.
- 22) Mode of loan repayment shall be check off for salaried applicants. Non check off members can repay through standing orders.
- 23) The society reserves the right to grant or deny a loan despite the eligibility.

LOAN APPLICATION

- a) All applications for loans shall be made on prescribed forms provided.
- b) Every loan application must have the requisite supporting documentation. The documents are but not limited to,
 - i) Latest Original 3 months' Salary Pay slips,
 - ii) Recent passport photo,
 - iii) Copy of Identity Card,
 - iv) Copy of KRA pin certificate,
 - v) Registration certificate/certificate of incorporation for group/company,
 - vi) Certified Six Months Bank statements where and as applicable,
 - vii) Current CRB report.
 - viii) Any other proof of income approved by the management committee.
 - ix) Client visit form/sketch map to the residence/ business where applicable
- c) Where tangible security is provided, the applicant must at his own cost undertake valuation of the security and charge the security in favor of the society to the extent required by the specific loan product where applicable.
- d) The loan application form must be fully completed without any alterations and

must be fully guaranteed.

- e) It shall be an offence for a loan applicant to give false information.

TYPES OF LOANS/LOAN PRODUCTS

The Society shall give loans and advances often of up to 36 months.

The amount granted to any one individual will range from **Ksh. 6,000** or as may be determined by the board of directors from time to time.

The following loans are available but their names and attributes are subject to review by the Board of Directors in accordance with the provisions of this policy.

1, Normal/Main/Development loan.

Normal loans shall be granted for productive purposes. To qualify for a loan, an applicant must have

- a) completed six months' membership.
- b) Applicant may be required to attach supporting document as proof of project viability
- c) Applicant must attach three month most recent original pay slips or other documents as proof of ability to repay the loan.
- d) Loans will be repaid from members' salary or from other incomes and no member will be subjected to deductions in excess of two thirds (2/3) his/her monthly basic salary or income. Where total deductions exceed two thirds of member's salary, the loan shall be reduced accordingly.
- e) The total of all outstanding deposit – based loans, including emergency must not exceed three times an applicant's deposit.
- f) Only one Normal loan shall be granted at a time.
- g) Every loan must be fully secured.
- h) Other securities such as land, cars, shares and share certificates may be pledged as security subject to approval by the Board of Management (BOM).
- i) The BOM reserve the right to accept or reject any security pledged.

- j) Repayment period for the Normal loan shall not exceed 36 months.
- k) The interest rate shall be 1% per month on reducing balance or as may be determined by the BOM from time to time.
- l) Insurance of ksh.1 per Ksh. 1,000 shall be charged on the loan balance.
- m) Appraise fees of 0.5% shall be charged on the approved loan or as may be proposed and approved by the board from time to time.
- n) Turn around is within two weeks after approval.

2. Emergency Loan

Emergencies are unforeseen contingencies they include sudden hospitalization, funeral expenses, court fines, and other unforeseen circumstances beyond a members' control, but shall not include house rent dues or other loans covered under this policy.

- a) Repayment period shall be 12 months.
- b) The applicant must have completed at least 6 months' membership and can only qualify 2 times their deposit.
- c) The interest rate shall be 1 % per month on reducing balance or as may be determined by the BOM from time to time.
- d) The amount granted shall depend on applicant's ability to pay; maximum amount being Ksh 100,000. The amount may be reviewed by BOM from time to time.
- e) Only one emergency loan shall be granted at a time.
- f) Evidence of the emergency shall be required as part of the documents during application for the loan.
- g) A member can qualify for an Emergency loan while he is still servicing a Normal loan.
- h) A member shall be granted up to his/her entitlement i.e. total loan shall not be more than 'total deposits subject to the two third rule.

- i) Insurance of ksh1 per ksh1,000 shall be charged on the loan balance.
- j) Appraisal fees of 0.5% shall be charged on the approval loan as may be proposed and approved by the board from time to time.
- k) Turnaround is within 48 hours after approval.

3. Investment Loan

Features;

- a) maximum repayment period of 48 months,
- b) interest rate of 1 percent p.m. reducing balance,
- c) maximum loan of up to 3 times member deposits and must not exceed the value of the property being bought,
- d) deposits committed on the loan shall not be withdrawable during the period of the loan,
- e) Collateral security must be provided for self-guarantor
- f) Monthly deposit to be increased by 0.25%
- g) 1% fee on loan amount applied
- h) Turnaround shall be within two weeks.

LOAN APPRAISAL PROCESS

- Upon receipt of the loan application form, the credit officer shall confirm the completeness of the form and the supporting documents. If incomplete, the credit officer shall send a short message or email to the applicant requesting them to submit the remaining information.
- The credit officer shall consider the following when appraising the loans
 - Character
 - Ability
 - Purpose

- Amount-maximum per individual -5%of core capital
 - Repayment period
 - Security
 - Confirm CRB report of the borrower
 - The credit officer shall key in the following details into the system to determine the repayment ability and loan security;
 - The pay slip details/income details
 - The guarantors detail
 - Other collaterals provided
- a) All loan application forms shall be submitted with the relevant attachments including;
- i) Copy of the Identity Card,
 - ii) Three months most recent certified original pay slips,
 - iii) support emergency cases as necessary and,
 - iv) any other documents required as stated
- The repayment ability shall be determined by: the maximum loan entitlement for all Wanunuzi loans to any member at any time shall not exceed three (3) times) the member's deposits, taking into account deposits boosting. The members are capital shall not be considered for loan qualification
 - Total remittance to the Sacco (loan repayment, principle, interest, deposit contribution, risk fund, etc.) must not exceed two thirds of the member's basic salary and permanent allowance.
 - Income ability for self-employed members who are not in formal employment will be determined by one third (1/3) of the average monthly deposits to the society for the last 12 months multiplied by one (1)
 - Income ability for business members who are in formal employment will be determined by their slip so long as their employers pledge to remit the deduction through check off system. The clause on two third (2/3) rule of net salary will apply.
 - The maximum loan repayment period shall be determined by the loan and the period

remaining to end of employment contract or retirement.

- Upon completion of the appraisal, the credit shall print the loan appraisal and loan repayment schedule and forward to the credit committee.

GUARANTEE

- I. Unless the loan applied for is equal to or less than a member's deposits it must be secured by a guarantor(s). The total deposits of the borrower and those of the guarantor(s) must be equal to or more than the loan applied for.
- II. No member shall be allowed to guarantee more than **four** loans. All guarantors must be members of the Society.
- III. Only free deposits can be pledged as security for a loan.
- IV. The obligations of the previous guarantors shall cease upon change of guarantors but subject to new guarantors being accepted by the Society. The obligation of the guarantors shall also cease when loans guaranteed have been reduced to or less than the member's deposits.
- V. The Sacco shall maintain a record of all guarantors to every loan in
- VI. A borrower or a guarantor may apply to the Credit Committee for a change of guarantor provided.
- VII. The Credit Committee may for good cause demand a change or increase of guarantor.
- VIII. In the event of default for three months, the Credit Committee may recall the whole loan.
- IX. Where there is after ninety days, continued delinquency, the Credit Committee may off-set the loan balances against the deposits of the loanee and that of the guarantor.

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

LOAN APPROVAL

- a. Loan applications shall be considered in the order in which they are received provided that whenever there are more applications for loans than there are funds available;

preference will be given, in all cases to smaller loans. However, where amounts applied for are approximately the same, preference shall be given in the following order: -

- i) Members who has never had loan
- ii) New members who have qualified for loans
- ii) Members who have cleared their first loan and have applied for fresh loans

We sincerely thank you for walking with us this journey and hope that all qualified members will apply for this inaugural loan.

Please send all enquiries to admin@wanunuzisacco.or.ke

Yours sincerely,



Dr. Harley Mutisya

CHAIRMAN