

**BY-LAWS OF THE HUMAN RIGHTS SAVINGS
AND CREDIT
CO-OPERATIVES SOCIETY LIMITED
(HURI SACCO)**

**HURI SACCO LTD.
P.O BOX: 41079 00 100
NAIROBI, KENYA
YEAR OF REGISTRATION: 2001**

BY-LAWS (2001) REVISED 2011

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1. NAME AND AREA OF OPERATION:

This Society shall be called HURI CO-OPERATIVE SOCIETY LIMITED: hereinafter referred to in these by-laws as “The Society”, and its area of operation shall be in Nairobi.

2. REGISTERED OFFICE:

The registered office of The Society shall be at the Kenya Human Rights Commission, on Gitanga Road, opposite Valley Arcade Shopping Centre, and its postal address shall be P.O Box 41079 00 100, Nairobi.

Notice of any change shall be given to The Commissioner for Co-operative Development hereafter referred to as “The Commissioner” and to all members of The Society

3. DEFINITIONS/INTEPRETATIONS:

- (a) “Applicable law”-unless the context otherwise suggests, words or phrases shall be defined/interpreted in accordance with The Co-operative Societies Act (Cap 490) of 2005, and the Co-operative Societies’ Rules (2004) made thereunder and hereinafter both referred to as “the Act and the Rules” respectively.
- (b) Any questions concerning interpretation of these by-laws or any matters not provided for therein, errors and omissions should be referred to the Tribunal.
- (c) “Tribunal”, means the Co-operative Tribunal establishment to hear and determine disputes under the Act.
- (d) “Member in good standing” means a member who is current on the repayment of loan payments due to The Society and who is current on making the required contributions and has not in any way acted in a manner which is potentially damaging to The Society and has fully complied with the policies set by The Society.

4. OBJECTS:

The objects for which The Society is established are:-

- (a) To promote financial thrift among its members by affording them an opportunity for accumulating their savings and to create thereby a source of funds from which loans can be made accessible to them excursively for provident and productive purposes, at fair and reasonable rate of interest ;thereby enabling them to use and control their money for their mutual benefit.
- (b) To carry out investments which should:-

- (i) Increase the volume of output of The Society;
- (ii) Improve and maintain a health liquidity position;
- (iii) Increase the level of surplus to The Society; and,
- (iv) Benefit members and their families.

(c) To perform such other functions that may be reasonably performed by a Savings and Credit Society.

5. (A) COOPERATIVE PRINCIPLES:

The Society shall act in accordance with the following cooperative principles, namely:

- (i) Voluntary and open membership;
- (ii) Democratic member control;
- (iii) Economic participation by membership;
- (iv) Autonomy and independence;
- (v) Education, training and information;
- (vi) Cooperation among cooperatives; and,
- (vii) Concern for the community in general.

5. (B) PRIVILEGES OF HURI SACCO:

The Society is a body corporate by the name under which it is registered with perpetual succession and a common seal and with power to hold property of every description, to enter into contracts, to sue and be sued and to do all things necessary for the purpose of, or in accordance with its by-laws

6. MEMBERSHIP:

Membership shall consist of:-

- (a) Original members who signed the application for registration, are: Beatrice Kuria, Vincent Musebe, James Nduko and the Late Maximilla Wekesa; (the latter ceased to be a member in 2010);
- (b) New members subsequently admitted in accordance with these by-laws and whose names are entered in the register of membership.

7. QUALIFICATION FOR MEMBERSHIP:

A member of The Society must be and will otherwise be disqualified unless that member:-

- (a) is an ordinary resident of Kenya

- (b) is not less than 18 years of age
- (c) has not been convicted of a criminal offence involving fraud or dishonesty
- (d) is not a member of any similar Savings and Credit Co-operative Society during the tenure of membership in The Society
- (e) is within the field of employment, occupation or profession that falls within the category of description for which The Society is formed. [See Section 14(b) of the Act]

8. APPLICATION FOR MEMBERSHIP:

Every applicant for membership shall complete an 'Application for Membership' form. This form shall be drawn so as to show all the information required for purpose of registration of members.

9. ADMISSION INTO MEMBERSHIP:

An applicant shall be admitted into membership on application and payment of an entrance of Kshs. 500 or purchased at least 25 shares of Kshs. 20.each or such other minimum shares as shall be fixed by the Annual General Meeting from time to time.

10. REFUSAL OF ADMISSION:

The Management Committee may refuse admission to a person after assigning reasons for their decision. Such a person shall have the right to appeal to the next Annual General Meeting as provided in the Act.

11. MEMBER'S PERSONAL STATEMENTS:

Every member shall receive regular statements at least once every year, which shall contain particulars of members', shares, deposit and loan transactions with The Society.

12. NOMINEES:

Every member shall nominate one or more persons in writing as the nominees to whom upon the member's death, shares, deposits or other interest shall be vested and such nominations shall be attested by two witnesses who are members of The Society and thereafter the names of such nominees shall be entered in the member's nominee register provided that a member shall have the right to change the nominees in writing and signed by the member in the presence of two attesting witnesses who are members of The Society.

13. PAYMENT OF NOMINEE:

In the event of death of a member, The Society after satisfying itself and 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 shares, deposits, interest and dividend after deducting such as may be due by the member to The Society, as soon as possible

14. DISCHARGE OF NOMINEE:

After paying the nominee(s) the value of the deceased members shares, deposits or interest, less any sums due to the letter to The Society, the nominee's obligations by The Society shall be discharged.

15. CESSATION OF MEMBERSHIP:

Membership of The Society shall cease with effect from the date of a member's:-

- (a) Death;
- (b) Withdrawal;
- (c) Expulsion from society;
- (d) Becoming certifiably insane;
- (e) Transfer of shares;
- (f) Being declared bankrupt in a court of law.

16. WITHDRAWAL FROM SOCIETY:

- (a) A member may at any time withdraw from The Society by giving a written notice to the Management Committee;
- (b) Such a member shall be paid all their dues within four (4) months from the date of receipt of the written notice.

17. EXPULSION:

Subject to the grounds of expulsion contained in the Act, a member may be expelled on the following grounds:-

- (a) Where a member's activities are detrimental to The Society's interest particularly if such a member makes consciously untrue statements to the Management Committee; the Supervisory Committee or the Credit Committee or the Annual General meeting.

- (b) Where a member fails to fulfill any of the obligations to The Society as required by the applicable law;
- (c) If the member is convicted in a court of law of a criminal offence involving dishonesty or fraud or is imprisoned for a period of three months or more;
- (d) If the member is discovered to be a member of a similar Savings and Credit Co-operative Society; or,
- (e) Acts in manner prejudicial or detrimental to the interest of The Society.

18. APPEAL AGAINST EXPULSION:

Any member who is expelled from The Society shall have the right to appeal against such expulsion to the next Annual General Meeting convened in accordance with these by-laws.

19. PAYMENT TO EXPELLED MEMBER:

Any member who is expelled from The Society shall be repaid the following amounts after deductions of any debts owed by him/her to The Society as borrower endorser or otherwise.

- (a) The nominal or book value of the member's shares whichever is less, provided that the Management Committee may require a maximum of sixty (60) days written notice of the intention to withdraw shares.
- (b) Any dividends or interest due to the member on the date membership ceased.
- (c) Any deposits or other sums held by The Society on behalf the member.

20. FUNDS:

The funds of this society shall consist of;

- (a) Entrance fee of Kshs. 500;
- (b) An unlimited number of shares of value of Kshs. 20 each;
- (c) Deposits or loans from members;
- (d) A Reserve Fund as required by law and such other reserves as may be established with approval of the Annual General Meeting;
- (e) Any surplus resulting from operations of The Society;
- (f) Any donations, grants and/gifts from other bodies and individuals; and,
- (g) Funds obtained from lawful miscellaneous sources.

21. SHARES:

Every member of The Society shall hold at least 250 shares of Kshs 20 each or such other minimum shares as shall be fixed by the Annual General Meeting from time to time.

22. PURCHASE OF SHARES:

Any amount may be accepted towards the purchase of shares, provided however that the Management Committee may fix the minimum amount that may be paid by the member at any time subject to approval by the Annual General Meeting

23. TRANSFER OF SHARES:

- (a) With approval of the Management Committee, a member may at any time transfer their 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 must be registered with the Secretary and no transfer shall be valid unless so registered.
- (c) A fee of Kshs. 500. will be charged for such transfer of shares.

24. NOTICE OF INTENTION TO WITHDRAW:

The Management Committee shall have the right at any time, to require members to give sixty (60) days written notice of intention to withdraw shares.

25. LIABILITY:

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

26. POWER TO BORROW:

- (a) Loans may be obtained from members and non-members subject to the maximum approved by the Annual General Meeting.

- (b) For the security 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 Annual General Meeting.

27. INTEREST RATES:

The rate of interest on deposits and loans shall be recommended by the Management Committee, provided it does not exceed prevailing market rate, subject to approval of the Annual General Meeting.

28. RECEIPTING OF MONEY:

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

29. RESERVE FUND:

- (a) The Society, in pursuance of the provision of Section 47 of the Act, shall maintain a Reserve Fund derived from the surplus resulting from the transactions of The Society during a financial year.
- (b) The Reserve Fund of The Society shall be invested in the manner provided for in Section 45 of the Act.
- (c) No withdrawals shall be made from the Reserve Fund of The Society without the consent in writing of The Commissioner and any such withdrawals shall be made good from the net available funds accruing to The Society if the Annual General Meeting so direct.

30. GENERAL MEETINGS:

- a) The supreme authority of The Society shall be vested in the General Meetings at which members shall have the right to attend, participate and vote on all matters.
- b) The General Meetings shall be as follows:
 - (i) First General Meeting
 - (ii) Annual General Meeting
 - (iii) Special General Meeting

30. (A) FIRST GENERAL MEETING:

The First General Meeting of members shall be held not later than one month after receipt of the certificate of registration of The Society and during such meeting the members shall:-

- (a) Elect The Society's office bearers for the ensuing year;
- (b) Determine the maximum borrowing powers of The Society;
- (c) Consider and approve estimates of income and expenditure for the ensuing financial year or part thereof;
- (d) Appoint The Society's bankers and auditors; and
- (e) Receive reports and decide upon such other matters as may be necessary for the conduct of The Society's business.

30. (B) ANNUAL GENERAL MEETING:

- (a) The Society shall hold its Annual General Meeting within four months after the end of each financial year..
- (b) The Annual General Meeting shall hold elections and undertake such other business as is laid down in these by-laws
- (d) Any other business not completed at the Annual General Meeting such as acting upon the Auditors report (if not received by the time of the meeting) disposal of the net surplus ,etc may be taken by a subsequent Special General Meeting or at the next Annual General Meeting.

30. (C) SPECIAL GENERAL MEETING:

- (a) A Special General Meeting of The Society may be convened:-

- (i) by the Management Committee for the purpose of approving annual estimates or discussing any urgent matter which in the Management Committee's opinion is in the interest of The Society;
 - (ii) on receipt of a written notice for such meeting signed by one-quarters (1/4) of members of The Society and stating the objects and reasons for calling the meeting
- (b) If the Management Committee fails to convene a meeting within fifteen (15) days of receipt of the request in (a)(ii) above, the members demanding the meeting may themselves convene the meeting by giving notice to the other members of The Society, stating the objects and reasons for the meeting and the fact that the Management Committee has failed to convene the meeting;
- (c) The Chairperson or in the absence of the Chairperson, the Vice-Chairperson or such other member (in case of (b) above or (d) below) of The Society shall be preside at such a meeting;
- (d) The Commissioner (or a representative) may convene a Special General Meeting of The Society, at which The Commissioner may direct the matters to be discussed, but shall not be entitled to vote.

31. NOTICE OF MEETINGS:

Except as noted above, at least fifteen clear days notice shall in the case of an Annual General Meeting or Special General Meeting. The Secretary shall take all possible and usual steps, such as announcements at public meetings, posting a notice on The Society's notice board or boards, an advertisement in the local newspaper or news-letter and inform all members of the date and main business of the meeting. All written notices shall include a statement of the business to be dealt with.

32. QUORUM FOR GENERAL MEETINGS:

- (a) Except when convened by The Commissioner, the presence of at least one-third (1/3) of the total number of members shall constitute a quorum for the conduct of business at any General Meeting
- (b) When a quorum is not attained, the Chairperson shall adjourn the meeting which shall be advertised as prescribed in by-law 31.
- (c) If at such a meeting a quorum is again not attained, the Chairperson shall declare the meeting open with those present one hour after the advertised time of the meeting.

33: VOTING DURING GENERAL MEETINGS

- (a) Unless otherwise provided for in these by-laws, any question referred to members present at a meeting shall be decided by majority of votes;
- (b) The Chairperson shall declare whether every resolution put to the vote has been carried or lost and shall cause an entry to that effect to be made in the minute book of the society, which when signed by the Chairperson shall be conclusive evidence of anything contained therein;
- (c) The Chairperson shall have one vote only and no casting vote;
- (d) A resolution on which the voting is equal shall be postponed to a subsequent meeting; and,
- (e) No member shall be entitled to vote by proxy.

34. ROLE OF CHAIRPERSON AT AN ANNUAL GENERAL MEETING:

The Chairperson or in the absence of the Chairperson, the Vice Chairperson shall preside at every General Meeting. In their absence, any member elected by majority of those present shall preside, or in case of by-law 32, The Commissioner, may preside .

35. MEMBER IDENTIFICATION:

Before they may attend or vote at general meeting, members may be required to provide evidence of their membership.

36. FUNCTIONS OF THE ANNUAL GENERAL MEETING:

At the Annual General Meeting of The Society, the members shall:-

- (a) Consider and confirm the minutes of the last general meeting and consider matters arising therefrom.
- (b) Consider any reports of the Management Committee or The Commissioner;
- (c) Consider and adopt audited accounts;
- (d) Determine the manner in which any available surplus is to be distributed or invested;
- (e) Elect The Society's office bearers for the ensuing year;.
- (f) Determine, where necessary, the maximum borrowing power of The Society;
- (g) Appoint an auditor for the ensuing year;
- (h) Consider appeals against the expulsion of members and refusal of membership by the Management Committee;

- (i) Approve the estimated expenditure/budget by the Management Committee for the ensuing year; and,
- (j) Transact any other general business of The Society in which notice has been given to members in the manner prescribed in these by-laws.

37. MINUTES:

- (a) All business discussed or decided at the General Meetings shall be recorded in a minutes book which within one week of the meeting shall be signed by the Chairperson of the meeting and at least one other member of the Management Committee who was present at the meeting to verify that in their opinion, the minutes are a true and complete record of all important matters which were discussed or decided at the meeting.
- (b) At the next meeting, after approving any alteration or variation, which shall be written immediately below the above signatures and not as alteration to the original record the meeting shall by resolution, authorize and not as alteration to sign and date the final record.

38. MANAGEMENT COMMITTEE:

- (a) The Management Committee shall be elected by and from the members at the Annual General Meeting and shall consist of a minimum of five (5) and not more than nine (9) members.
- (b) To be eligible for election into this Management Committee, a member of The Society must be in good standing .
- (c) The Management Committee shall include the Chairperson, vice-Chairperson, Treasurer and Secretary all of whom shall be elected by the Management Committee from amongst the members of the Management Committee.
- (d) One-third of the members of the Management Committee shall retire every year in rotation and retiring members shall be eligible for re-election.
- (e) The Management Committee shall sign an indemnity to protect The Society against any loss (as provided for in Form V of the Rules) due to non-performance of its duties, as seen hereunder in by-law 41.

39. QUORUM FOR THE MANAGEMENT COMMITTEE:

At least one-half (1/2) of the total number of members of the Management Committee shall form a quorum for the business.

- a) Meetings of the Management Committee shall be regularly at least once each quarter of the year and at other times when deemed necessary by the members of the Management Committee.
- b) If a member of the Committee fails to attend three consecutive meetings without being excused therefrom or otherwise fails to perform assigned duties by the Management Committee, the position may be declared vacant and the vacancy filled as provided in these by-laws.

40. DUTIES OF THE MANAGEMENT COMMITTEE:

The Management Committee shall be the governing body of The Society and shall, subject to direction from a General Meeting or these by-laws, direct the affairs of The Society, with powers to: -

- (a) Enter into contracts;
- (b) Institute and defend suits and other legal proceedings brought in the name of or against The Society;
- (c) Undertake functions/ duties necessary to achieve the objects of The Society, as laid out in these by-laws, the Act and the Rules; and,
- (d) Perform such other duties as the General Meetings from time to time may direct

The Management Committee may appoint committees such as Education Committee, or sub-committees such as budget sub-committee, loan collection sub-committee and such other committees or sub-committees for the execution of its functions/duties as provided for in these by-laws. Such sub-committees shall consist of persons drawn from the Management Committee.

41. LEGAL STANDARD OF CARE:

In the conduct of the affairs of The Society, the members of the Management Committee shall exercise the prudence and diligence of ordinary businesspersons and may be held individually responsible, jointly and severally liable, for any losses sustained through any of their acts and on failure to act, which are contrary to the Act, the Rules, these by-laws or the directions of the General Meetings.

42. DELEGATION OF OFFICERS:

The Management Committee may delegate to any officer or employee of The Society such of its powers as it deems necessary provided that the Management Committee shall be responsible for any of their acts/actions which are not done with diligence of ordinary businesspersons.

43. EXPENDITURES:

No expenditure shall be authorized by the Management Committee unless it is provided for in the estimates formally approved by the Annual General Meeting.

44. RECORD OF BUSINESS:

- (a) All business discussed or decided upon at the meetings of the Management Committee shall be recorded in a minutes book which, within one week of the meeting, shall be signed by the Chairperson of the meeting and at least one other member of the Management Committee who was present at the meeting to verify that, in their opinion, the minutes are a true and complete record of all important matters which were discussed or decided at the meeting .
- (b) 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 authorize the Chairperson to sign and date the final record.

45. CESSATION/VACANCY OF COMMITTEE OFFICE BEARERS:

- (a) A member of the Management Committee or any other Committee established hereunder, shall cease to hold office if that person ceases to be a member of The Society.
- (b) The Commissioner may suspend from duty any member of the Management Committee or any other Committee established hereunder, charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter.
- (c) The majority of the Management Committee, or any other Committee established herein, may for good cause suspend a member of the Committee subject to ratification by a General Meeting;
- (d) If during the term of office of the Management Committee, or any other Committee established hereunder, a vacancy occurs, the Committee shall if the number of members

drops below five (5), co-opt a member of The Society to serve on the Committee until the next General Meeting of The Society;

- (e) Elected members of the Management Committee, or any other Committee established hereunder, shall be removed only by a two-thirds majority of members of The Society present and voting at a General Meeting;
- (f) If a General Meeting removes a member of the Management Committee, or any other Committee established hereunder, it shall forthwith elect a new member who shall hold office for the remainder of the term of the member so removed; and,
- (g) Where the entire the Management Committee, or any other Committee established hereunder, is removed from office, the General Meeting may decide to elect or fix a day for the election of an interim committee of not less than three (3) and not more than five (5) members to hold office for a period not exceeding ninety (90) days.

46. OFFICE BEARERS:

The Chairperson, the Vice-Chairperson, the Treasurer and the Secretary shall be termed executive officers of The Society and shall be elected at a meeting of the Management Committee within seven days of the Annual General Meeting to be determined by the rotational retiring system.

47. (I) CHAIRPERSON:

- a) The Chairperson shall preside at meetings of the members and meetings of the Management Committee and shall perform such other duties as he may be directed to perform by the Management Committee, but not inconsistent with provisions of the Act, the Rules and these by-laws.
- b) The Chairperson shall prepare or cause to be prepared the agenda of meetings of The Society.
- c) No person shall serve in the post of Chairperson for more than two consecutive terms
- d) No person who has held the Chairperson's office for two consecutive terms shall be eligible for re-election as a Chairperson for a period of three years from the date of vacating office without the authority of the Annual General Meeting.

48. (II) VICE CHAIRPERSON:

- a) The Vice-Chairperson shall perform the duties of the Chairperson during the latter's absence and shall perform such other duties as may be directed to perform by the Management Committee.
- b) The Vice-Chairperson shall be the Chairperson of Educational Committee and shall ensure that members of Management Committee and members of The Society have been trained on matters pertinent to Savings and Credit Cooperative Societies at least once every year.

49. HONORARY SECRETARY:

The duties of the Secretary include:-

- (a) To record minutes of the Management Committee meetings and the Annual General Meeting;
- (b) To prepare and send notices of meetings;
- (c) To ensure that The Society's correspondence is promptly and correctly attended to;
- (d) To arrange in consultation with the Chairperson the notice for meetings as and when necessary;
- (e) To liaise with and assist the Treasurer in managing The Society; and,
- (f) To ensure that correct and adequate records are kept of savings and shares received from members, loans paid to them and repayment thereof.

50. TREASURER:

The duties of Treasurer shall include:-

- (a) To manage generally or cause to manage the financial affairs of The Society in a competent manner;
- (b) To ensure the safe keeping of The Society's money, securities and books of accounts;
- (c) To ensure that the proper record is kept of all monies, received and paid out by The Society, its assets, liabilities, capital reserve and its income and expenses;
- (d) To ensure that all payment and expenditure are duly authorized; and,
- (e) To ensure compliance with all directives of the Management Committee and The Commissioner.

51. (I) CREDIT COMMITTEE:

- (a) The Credit Committee shall consist of three members of the Management Committee none of whom shall be executive officers.
- (b) The Credit Committee shall be appointed at the meeting of the Management Committee held within seven days after Annual General Meeting held within seven days; for a term of one year.
- (c) The Credit Committee shall hold such meeting as the business of The Society may require but not less frequently than once a month
- (d) The Credit Committee shall inquire carefully into the character and financial conditions of each applicant for a loan, the potential guarantors, if any, to ascertain the member's ability to repay fully and promptly the obligations incurred by the member, and determine whether the loan is for a worthy purpose and will be of probable benefit to the borrower
- (e) The Credit Committee shall endeavor diligently to assist members solve their financial obligations.
- (f) The Management Committee may delegate the approval of emergency loans the executive committee under very special circumstances and fix the ceiling thereto
- (g) The Committee shall make such reports to the Management Committee as they may require and shall make an annual report to the Annual General Meeting.

51. (II) THE EDUCATION COMMITTEE:

- (a) The Education Committee shall consist of three members of the Management Committee with the Vice-Chairperson as the Chairperson of the Education Committee
- (b) The Education Committee shall be chosen at the Management Committee held within seven days after each Annual General Meeting for a term of one year.
- (c) The Education Committee shall be responsible for educational tours, seminars and training of members of the Management Committee and the members of The Society.

52. (A) ELECTION OF SUPERVISORY COMMITTEE:

- (a) The Supervisory Committee shall be elected by and from the members of the Annual General Meeting and shall consist of three members.
- (b) No member of the Management Committee may be elected to the Supervisory Committee
- (c) One third of the members of the Supervisory Committee shall retire every year in rotation and shall be eligible for re-election

- (d) The Supervisory Committee members are jointly and severally liable to the members of The Society for the non-performance of duties, whether resulting from the lack of supervision or negligence in noting illegal transaction and unsound fraudulent acts.
- (e) The Annual General Meeting shall set the minimum qualification standards for the members of the Supervisory Committee provided one of them shall have basic accounting knowledge.

52. (B): FUNCTIONS OF THE SUPERVISORY COMMITTEE

The duties of the Supervisory Committee include:-

- (a) Verification of all transactions of The Society;
- (b) Writing periodic reports of its findings to be tabled at the meetings of the Management Committee;
- (c) Submission of its reports to The Commissioner;
- (d) Presenting its reports to the General Meeting;
- (e) To, from time to time and not less frequently than once in every three months, cause the statements of account of all members to be compared with the records of The Society and be confirmed to the members; and,
- (f) To perform such other duties relevant to executing the functions above..

53. BOOKS AND RECORDS:

The Society shall keep up to date and in a proper business like manner such accounts and such books as the rules and The Commissioner may from time to time direct, and in particular shall keep the following books or accounts:-

- (a) register of members showing in respect of each member:-
 - (i) The name, age, date of application for membership, address and occupation;
 - (ii) The date of admission as a member to The Society, and
 - (iii) The date of cessation of membership.
- (b) a minutes book giving details of proceeding at the Annual General Meeting
- (c) a minutes book giving details of proceeding of the meetings of the Management Committee
- (d) a cash book showing the details of all monies received and all monies expended or paid out by The Society.

- (e) a general ledger containing such accounts as are necessary to reflect properly the business of The Society
- (f) a personnel ledger for each member showing his transactions with The Society
- (g) an asset (property) register
- (h) a register of loans to members showing in respect of each loan the loan number of the borrower, the due date of repayments and the date repayments were completed
- (i) such other books and records as the Management Committee may decide or that The Commissioner may prescribe.

54. FINANCIAL YEAR:

The financial year of The Society shall be the same as the calendar year, meaning from January 01 of each year ending on December 31 of that year.

55. CONDUCT OF BUSINESS:

- (a) The Management Committee may make such rules, but not inconsistent with these by-laws, as they deem necessary for the conduct of The Society's business.
- (b) Any rules shall be recorded in The Society's minutes book and shall be posted on The Society's notice board, and shall come into force when and as determined by the Management Committee.

56. ELECTIONS:

All elections shall be by a show of members hands, unless, a secret ballot is specifically requested by a majority of the present.

57. SHARE HOLDING:

Irrespective of the number of shares held by a member of The Society, no member shall have more than one vote.

58. NAMES OF ELECTED PERSONS:

Within ten days after the elections, the names and addresses of all persons to office shall be forwarded by the Secretary to The Commissioner.

59. AUTHORIZATION TO SIGN DOCUMENTS:

Unless declared otherwise by the Annual General Meeting , all documents, contracts and cheques shall be signed on behalf of The Society by any of three executive officers and such other member of The Society as the Management Committee may elect.

60. DISPOSAL OF SURPLUS:

Subject to the Act, the Rules and approval of the Annual General Meeting, the net surplus resulting from the financial year shall be disposed of as follows:-

- (a) Not less than 25 % shall be credited to the Reserve Fund:
- (b) The balance may be disposed of as decided by the Annual General Meeting for:-
 - (i) Paying a dividend on shares at a rate decided by the Annual General Meeting
 - (ii) Paying interest on refund to members on record at the close of the financial year in proportion to the interest paid by them during the financial year
 - (iii) Being carried forward to an education fund or any other fund or funds of employees of The Society
 - (iv) Paying a gratuity or honorarium to retiring officers or bonuses to employees of The Society
 - (v) After making the required a location as to the Reserve Fund, applying an amount not exceeding 10% of the remaining net balance to any reputable charity purpose.

61. LOANS TO MEMBERS:

All loans shall, except in very exceptional emergency cases approved by the executive officers, be approved by the Credit Committee and shall be restricted to members of The Society..

62. INTEREST ON LOANS:

The rate of interest rates on loans shall be recommended by the Management Committee provide it does not exceed prevailing market rate, subject to approval of the Annual General Meeting

63. APPLICATION FOR LOANS:

- (a) All loans shall be applied for in forms provided by The Society for the purpose.

- (b) The loan application in each case shall set forth the amount applied for, the purpose for which loan is desired, the terms of repayment, the security, if any and such other information as the Credit Committee may require.
- (c) All the applications for loans and reports thereon shall be given only for worthy purposes that will benefit the borrower and shall be filed as permanent records of The Society.

64. LOAN GRANTING:

- (a) Loan applications shall be considered in the order in which application is made, unless the loan is deemed by the Credit Committee, or the executive officers in accordance with by-law 61, to be an 'emergency loan'.
- (b) Whenever there are more applications for loans pending than there are funds available, reference shall be given in cases to applicants with small loans, if need and credit standing of the applicant are nearly equal.

65. PURPOSE OF LOAN:

- (a) Loans shall be given only for worthy purposes that will benefit the borrower
- (b) The Credit Committee may require an applicant to appear before it personally to be interviewed in respect for the application or a loan
- (c) No loan shall be made to a member in excess of 5% of The Society's total share capital and reserves nor for a period exceeding three years, provided however, that the loans for capital expenditure may be granted for a period not exceeding three years
- (d) Loans may be granted to executive officers, members of respective Committees established in these by-laws, and members of The Society who are members only if:-
 - (i) The loan is in accordance with the by-laws and is not on terms more favourable than those extended to other borrowers
 - (ii) The loan is approved by the Credit Committee and thereafter by the Management Committee
 - (iii) The applicant shall not take any part in the consideration of loan applied for.

66. SECURITY FOR LOANS:

- (a) The Credit Committee shall ask for such security to loans it may consider necessary.
- (b) The Credit Committee shall not accept a guarantor of a member who has taken a loan and has already guaranteed three loans.

(c) At least one-thirds ($1/3^{\text{rd}}$) of the loan by a borrower shall be guaranteed by members of The Society.

(d) A borrower or guarantor may apply to the Management Committee for change of guarantors, except the guarantors contemplated in Clause (c) above.

67. REPAYMENT OF LOANS:

A borrower may, on any day on which The Society is open for business, repay the loan in whole or in part prior to maturity

68. RE-FINANCING

The re-financing of a loan balance or any request for an extension of time in which to pay shall be agreed by the Management Committee only in the most exceptional circumstances. Any such extension agreement shall be executed and signed.

69. LOANS:

At every regular meeting of the Management Committee the item LOANS shall appear on the agenda. At the meeting, the Treasurer shall present an up-to-date listing of delinquent borrowers showing:-

- ❖ Name of borrower
- ❖ Account number
- ❖ Date of loan
- ❖ Date of last payment
- ❖ Unpaid balance of loan
- ❖ Number of months delinquent
- ❖ Borrowers share balance
- ❖ Security or guarantors, if any,

The Management Committee shall thereupon take action to collect the overdue accounts

70. OVERDUE LOANS

Any loan three months overdue may be referred to the guarantor(s) to make good

71. CASH RESERVE:

- (a) Except as otherwise authorized by The Commissioner, a cash reserve must be maintained of not less than 20% of the total share capital for the specific purpose of meeting requests for share withdrawal and other emergency pay-outs; and,.
- (b) The cash reserve may consist of cash in hand ,the current account, The Society's savings account and any fixed deposits.

72. COMMON SEAL:

- (a) The Society may adopt and use a common seal .The seal may be a rubber stamp bearing the word **“seal of the HURI Saving and Credits Co-operative Society Ltd.”** and shall be different from the ordinary name-stamp of The Society.
- (b) The seal shall be kept securely under lock-and-key by the Treasurer and shall be used only by, and in the presence of, the executive officers or other members of the Management Committee authorized to sign document(s) on behalf of The Society

73. FINE(S) FOR BREACH:

For any lawful instructions issued by the Management Committee or for failure of a member to pay obligations on time defaulting member may be fined an amount not exceeding Kshs. five thousand (5,000) for each offence

74. DISPUTES:

Any disputes arising out of these by-laws or concerning the business of The Society, which cannot be settled amicably by the Management Committee or the Annual General Meeting shall be referred to the Tribunal, as established by the Act.

75. MISCELLANEOUS:

- (a) No member of the Management Committee or any other Committee established in these by-laws, shall receive from The Society any payment, apart from the actual costs of traveling and subsistence, sitting allowance or honorarium, while working on The Society's business.
- (b) The members of the Management Committee, or any other Committee established in these by-laws, shall hold in the strictest confidence all transactions of The Society with its members and all information respecting their personal affairs except to the deemed

necessary by the Management Committee with the making of loans and collection thereof.

- (c) When any committee member is absent, disqualified or otherwise unable to perform his duties, the Management Committee may designate another member or members of The Society to act and serve on the committee concerned when necessary in order to form a quorum until the next Annual General Meeting which confirm or otherwise such as co-option.
- (d) No member of the Management Committee, or any other Committee established in these by-laws, shall in any manner participate in the deliberations upon or determination of any question affecting personal financial interest.
- (e) In the event of disqualification of any such committee member, that member shall withdraw from such deliberation or determination and the remaining qualified members of the respective Committee present at the meeting, if constituting a quorum with the disqualified person, may exercise with respect to the matter, all the power of the respective Committee.

76. BOOKS AND RECORDS:

- (a) All books and other records shall at all times be available to all members of the respective Committees established herein, members of The Society, the auditor and The Commissioner, or the authorized representative, as provided for in the Act.
- (b) A copy of the Act, the Rules The Society's registration certificate, these by-laws and a list of members excluding details of nominees and shareholdings or loans shall be available for inspection by any member of The Society.

77. BY-LAWS:

A copy of the by-laws shall be furnished to every member on member on request on payment of a fee not exceeding its actual cost to The Society.

78. DISSOLUTION:

The Society may be dissolved in accordance with the procedures set forth in the Act.

79: AMENDMENT OF BY-LAWS:

- (a) These by-laws shall not be amended except by a General Meeting of The Society in accordance with Section 8 of the Act as amended from time to time.
- (b) No amendment shall become effective until it is registered by The Commissioner.

80: ACCEPTANCE:

We, the undersigned executive officers of **HURI Savings and Credit Cooperative Society Ltd.** do hereby accept and adopt these by-laws (2001), as revised in 2011, for and on behalf of The Society, on this 29th day of March 2012, together with any changes or alterations that have been initialed or signed by us.

CHAIRPERSON: _____ SIGN: _____

VICE-CHAIRPERSON: _____ SIGN: _____

HONORARY SECRETARY: _____ SIGN: _____

TREASURER: _____ SIGN: _____

CERTIFIED that the foregoing by-laws (2001), as revised in 2011, of **HURI Savings and Credit Cooperative Society Ltd.**, have been duly registered.

Given under my hand this _____ day of _____ two thousand and twelve

THE COMMISSIONER FOR COOPERATIVE DEVELOPMENT