

BY- LAWS

OF

MOTO STAFF SAVINGS

& CREDIT CO-OPERATIVE

SOCIETY LTD CS 4798

These By- Laws conform to the Provisions of the Co-operative Societies Act No. 12 of 1997 and No.2 of 2004 and the Co-operative Societies Rules (2004).

BY- LAWS REVISED 2005.

PREAMBLE

" These By- Laws of Moto Staff Sacco Society Ltd, shall, when registered, bind the Co-operative Society and its members thereof to the same extent as if they were signed by each member and contained covenants on the part of each member for himself/herself and his/her personal representatives to observe all the provisions contained therein.

Ref: Co-operative Societies Act No. 12 of 1997 & No. 2 of 2004.

**THE CO-OPERATIVE SOCIETIES ACT
LAWS OF KENYA**

**BY- LAWS
OF**

CS 4798. MOTO STAFF SACCO LIMITED

NAME / AREA OF OPERATION

1. The society shall be called **MOTO STAFF SACCO SOCIETY LIMITED**; hereinafter referred to in these By-laws as 'the society' and its area of operation shall be **NAIROBI PROVINCE**

REGISTERED OFFICE / POSTAL ADDRESS

2. The registered office of the society shall be at the premises of Orbit Chemical Industries Ltd, Mombasa Road, and its Postal Address shall be P.O Box 48870 Nairobi. Notice of any change of either physical or Postal Address of the Society shall be given to the Commissioner of Co-operative Societies, hereinafter referred to in these By- laws as "The Commissioner" through his appointed Representative, and to all members through the best information medium.

DEFINITION / INTERPRETATION

3. In these By-laws unless the context otherwise suggests, words or phrases shall be defined/interpreted in accordance with the Co-operatives Societies Act, No. 12 of 1997 and No. 2 of 2004 and the Co-operative Societies Rules made hereunder and these By-laws; hereinafter referred to as "the act" and "the rules" respectively. "Minor" means a person below 18 years. "Share" means the amount represented by a member's position in the equity of a society as a co-owner. "Deposit" means a sum of money paid on terms under which it shall be repaid, or with or without interest or premium, and either on demand or at any time or in circumstances agreed by and on behalf of the person making the society to receive it at the risk of the society receiving it.

4. Any question concerning interpretation of these by-laws or any other matters not provided for therein, errors and omissions shall be referred to the Co-operative Tribunal whose decision thereon shall be final and conclusive.

MISSION STATEMENT

5. The main mission of Moto Staff Sacco Society Ltd is;

To promote Co-operative thrift, facilitate mobilization of savings, provide loans and such other quality financial and related services to its members at fair and reasonable rates in order to improve economic and social development of the members and the country at large, with the help of dedicated officials and enlightened general membership.

VISION

6. Moto Staff SACCO Society Limited's vision for posterity shall be;

To be the most efficient and effective SACCO offering high quality and diversified financial products and exceptional Services to its members based on the Co-operative Principles, Values and Ethics duly guided by the Role of "accountability and transparency" through the economic empowerment and active popular participation by members.

OBJECTS

7. The objects of the Society shall be as laid down in these By-laws and is generally meant to promote the socio-economic interests of the members in line with the Co-operative Values and Principles thereby enabling them to improve. their standards of living.

More specifically the aims of the society shall be as detailed hereunder:-

- a) To promote thrift among its members by affording them an opportunity for accumulating their savings, and to create thereby a source of fund from which loans can be made to them exclusively for provident and productive purposes; at fair and reasonable rates of interest thereby enabling the members to use and control their money for their mutual benefit.
- b) To invest funds in Banking or Financial Institutions or real estates with the approval of the general members provided that such investments will enhance object 7 (a) above.
- c) To provide an opportunity for each of its members to improve his/her respective economic and social status.
- d) Offer members complementary Savings and Credit and other financial products such as front office service or withdrawable savings/deposits accounts when/and if required by members.
- e) Ensure safety and security of members' funds through risk management programme or any other appropriate Insurance Scheme.
- f) Educate members on proper methods of credit administration.

- g) Perform all those functions and exercise all those powers designated for Savings and Credit Co-operative Societies under the relevant law for the benefit of members.
- h) Co-operate with other Co-operatives and be affiliated to apex Co-operative bodies like KUSCCO and KNFC.
- i) Perform within the relevant law (the Act, the Rules and these By-laws) all those acts, deeds and things necessary to further enhance, promote or encourage any or all of the foregoing purposes and objects subject to the approval of the Annual General Meeting.

CO-OPERATIVE PRINCIPLES

8. In order to achieve the objects for which it is established as detailed in By-law 7, the Society shall act in accordance with the seven internationally accepted Cooperative Principles, namely:

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i. Voluntary and open membership

The society aims at serving its members as well as non-members, (where applicable), in a prudent and effective manner. As such, admission to membership is done on voluntary basis without gender, racial, religious, status or any other form of discrimination to all who can contribute to, and benefit from its activities.

ii. Democratic member control

The Society shall be a democratic and participatory organization actively controlled by its members. This encompasses equal voting rights, on a one member, one vote basis. Administration of the Society's affairs shall be conducted and controlled in a suitable democratic manner. The same democracy shall be applied in decision-making and policy formulation.

iii. Economic participation by members

Members contribute jointly to the Capital of their Society and share in the results of its expansions. The society thereby pays a competitive rate of interest on Capital and remunerate its employees, if any, fairly, according to its financial status. Members may resolve to distribute the surplus on any or all of the following purposes:-

- a) Developing or diversifying the business of the Society.
- b) Paying dividends in proportion to their share contribution to the Society.
- c) Payment of interest on deposits, bonus and /or honoraria as decided by the General Meeting.
- d) Encouraging further development of the Co-operative Movement.

iv. Autonomy and independence

The Society shall be an autonomous, mutual-help organization controlled by its members. Any contract with the Government and other relevant organizations shall basically be facilitative and shall be done freely, on mutually acceptable terms that uphold the principles of autonomy.

v. Education, training and information

The Society shall foster reciprocal, continuous education programmes for its members, Management Committee and Staff, so that they can interchange ideas, understand and carry out their respective roles efficiently. The Society shall also have the responsibility to inform the public about the nature and benefits of the Co-operative Movement.

vi. Co-operation among Co-operatives

In order to advance the interest of its members and their communities, the Society shall interact with other Co-operatives in every practical way to attain universal systems of operations either locally, nationally or internationally.

vii. Concern for Community in general.

It is from defined communities that Co-operative Societies thrive. While focusing on its members needs, the Society shall strive to achieve sustainable development of those communities through policies that are environmentally friendly, minimal in social costs, devoid of social decay, and acceptable to the Community at large.

MEMBERSHIP

9. Members shall consist of:-
 - a) Original members who signed the application for registration.
 - b) New members subsequently admitted in accordance with these Bylaws.
10. A person who possesses the following qualifications shall be eligible for membership: -
 - a) Good character and is of sound mind
 - b) Not less than 18 years of age.
 - c)
 - i) Is an employee (permanent or contract) of Orbit Chemical Industries Ltd. Or any other organization aligned to the mother company and employees of this society.
 - ii) Is a casual employee of Orbit Chemical Industries Ltd. For this case, credit will be advanced to such members in line with the law on casuals.

- d) Has not applied to be adjudicated as insolvent or is not an un-discharged insolvent or has not been convicted for any criminal offence involving dishonesty or fraud and jailed for a period of three months or more within the last five years, and is in employment or in business within the society's area of operation
 - e) Is not a member of any other SACCO.
11. A member admitted in the society as per By-law 10 may continue with his/her membership in the society even on ceasing to be in the common bond so long as he/she **continues being an active participant** in the activities and undertakings of the society
12. Members shall be admitted by the Management Committee subject to confirmation by the next General Meeting. On being accepted by the Management Committee, a member shall sign his name or make his thumb print in the register of members in the presence of two members of the Management Committee to indicate his acceptance of the by-laws of the society.
- 13 Every applicant for membership shall complete an "Application for Membership" form which will indicate the name, age, address, occupation and his / her nominee.
14. An applicant shall be admitted to membership on being accepted by the Management Committee, but shall not qualify for the rights and privileges of membership until he / she has paid an entrance fee of KShs.500/- and paid in full at least 150 shares of Kshs.20/= each worth KShs.3,000/- within a period of six months. Those amounts may vary from time to time under a resolution of a general meeting.
15. The Management Committee shall be entitled to refuse membership to any person without giving a reason thereof. However, a member whose admission to membership has been so rejected shall have a right to appeal at a General Meeting. Such an appeal shall be supported by at least 20 active members.

NOMINEE

16. a) Every member shall nominate in writing one or more persons to whom, on his / her death, his shares or interest shall be transferred. The member shall have the power to change the name(s) of the nominee(s). The name(s) of the nominee(s) shall be entered in the register of members or recorded in a sealed envelope to be securely kept by the society and any alterations thereon shall be signed by the member. The nominee shall be paid the value of the shares or assets less any sum due from the deceased member to the society. Such payment shall be made within one year of the death of the member.
- b) Where a member appoints more than one person as a nominee he/she shall be required to specify the percentage of his/her shares, deposits, or any

By-Laws of Moto Staff Sacco Ltd

other interests payable to each nominee(s) in the event of death or incapacitation.

- c) Where any money is paid to a nominee who is a minor, receipt given either by the minor or by his/her guardian shall be sufficient to discharge the society of any liability.
- d) Where a member dies before appointing a nominee, the society may pay any money due to the deceased member to the personal representative or recognized heirs of the deceased member.

17. Membership of the society shall cease with effect from the date of the member:-

- a) Dying;
- b) Ceasing to hold the qualifications for membership as specified in these Bylaws, the Rules or the Act;
- c) Being expelled from the society;
- d) Voluntarily withdrawing from the society in accordance with By-law No. 18;
- e) Ceasing to hold shares in the society in accordance with the provisions of By-law No. 14.
- f) Becoming of unsound mind.

18. A member may withdraw from the society at any time, provided that he/she shall have given 60 days notice in writing of his intention to withdraw from the society or transfer to another society. The Management Committee of both Societies must approve such transfer.

EXPULSION OF A MEMBER FROM THE SOCIETY

19. The General Meeting may expel a member whom:-

- a) Is convicted in a Court of Law of a criminal offence involving dishonesty or imprisoned for a period of three months or more.
- b) Acts in a manner prejudicial to the interests of the society in respect to the provisions of the Act, the Rules and these By-laws.
- c) Contravenes the provisions of these By-laws

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

- a) The nominal or book value of his shares whichever is less; provided however, that the Management Committee may require a written notice of 90 days of intention to withdraw from the society.

- b) Any bonus, dividend or interest due to him / her at the date on which membership ceases.
- c) Any deposit or sum held by the society on his / her behalf [no penalty for rejoining unless it is passed as an AGM Resolution.]

MEMBERS' RIGHTS

21. Each and every member of this Society shall have the right to:-
- a) Attend and participate in decisions taken at all Annual General and Special Meetings.
 - b) Be elected to organs of the society subject to the provisions of these Bylaws.
 - c) Enjoy the use of all facilities and services of the society subject to these By-laws.
 - d) Access all legitimate information relating to the operations of this society.

MEMBERS' OBLIGATIONS

22. A member of this Society shall have the obligation to:-
- a) Observe and comply with all the provisions of these By-laws and decisions taken by the relevant organs of the Society in accordance with these Bylaws.
 - b) Buy and pay up for shares, deposits and loans and pay for charges provided for in these by-laws.
 - c) Meet the debts of this Society in case of bankruptcy in accordance with the provisions of the Act and these By-laws.

SOCIETY FUNDS

23. The funds of the Society shall consist of:-
- a) An Entrance fee of shillings 500/- payable at the time of admission, which however may be reviewed by the Annual General Meeting.
 - b) An undetermined number of shares of the value of KShs.20/-. The minimum qualifying shares shall be 150 shares worth KShs.3,000/-.
 - c) Regular contributions of minimum KShs.700/- per month, which may be reviewed periodically by a General Meeting.
 - d) A Statutory Reserve Fund and any other fund established and approved by the General Meeting.
 - e) Surplus Funds resulting from the operations of the Society.

By-Laws of Moto Staff Sacco Ltd

- f) Deposits or loans from members or non-members.
 - g) Funds obtained from any source like Grants from Non-Governmental Organizations or loans from any financial institution.
 - h) Funds obtained from miscellaneous sources like:
 - i. Sale of the By-laws and Policy guidelines of the Society.
 - ii. Any other penalty imposed in accordance with these by-laws.
 - iii. Investment returns
24. The funds of the Society shall only be applied to the promotion of the stated objects and purposes of the Society as set forth in these By-laws.

SHARES AND DEPOSITS

25. The nominal value of each share shall be KShs.20/-, whereby the minimum qualifying shares shall be 150 shares valued at KShs.3,000/-. No member shall hold more than one fifth of the shares of the society in accordance with Section 15 of the Act.
26. The Shareholding of a member who fails to complete the payment of the minimum qualifying shares of KShs.3,000/- within six months of his/her admission to membership may be absorbed as a fine by the society upon authorization by the Management Committee. Before such a fine is levied, a written notice shall be served to the member which shall provide that, unless his/her share balance is increased to at least 150 shares or his / her shareholdings are not withdrawn within 30 days of service of notice, his/her balance shall be forfeited to the Society as a fine.
27. With the approval of the Management Committee, a member may at any time transfer his shares to another member but not to a non-member. Such transfer must be in writing and at nominal value.
28. All transfer of shares must be registered with the Secretary and no transfer shall be valid unless so registered. The Management Committee shall require payment of a fee of KShs.500/= for each such transfer, from the transferee, which may be reviewed from time to time by the Annual General Meeting.

LIABILITY OF A MEMBER

29. a) The liability of a member shall be limited to the nominal value of the shares held by him unless the General Meeting accepts additional liability in respect of a specified sum on specific terms.
- b) The rate of interest on deposits or loans shall be determined by the Annual General Meeting but such rate shall not exceed the prevailing market rates for deposits and loans.
- c) 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

By-Laws of Moto Staff Sacco Ltd

distributed on pro rata basis among the shareholders according to the number of shares held by each member.

30. a) No member shall be allowed to reduce his/her shareholding by part withdrawal of shares; neither shall shareholding be used to offset an outstanding loan balance unless a member is leaving the common bond.
- b) Where funds are available, and the member bears no liability to the Society either as a loanee, guarantor, endorser or otherwise, the share refund shall be effected within 60 days of receipt of a written notice of withdrawal. However, where funds are insufficient to effect share refunds within the said 60 days the Committee shall put in writing to the member a time frame within which the refund shall be effected, but such period shall not exceed six months from the date of withdrawal notice.

POWER TO BORROW

31. a) Loans shall be obtained from members and non-members subject to the terms endorsed by the General Meeting and duly approved by the members.
- b) For the better securing of any loan accepted by the society under paragraph (a) of this by-law, the society may grant a charge over its assets and over the shares held in financial institutions or buildings owned by the society on behalf of the members in accordance with these by-laws. The authority to grant such a charge shall be reserved to the Annual General Meeting, provided that the charge so granted shall be registered with the Commissioner.

INVESTMENT OF SOCIETY'S FUNDS

32. The society may invest or deposit its funds only in:-
- a) Any established Financial Institution registered in the country
 - b) Such investments and Securities, which are legal and have high marginal returns to the Society.
 - c) A capital formation fund, which shall only be applied in projects approved by an Annual General Meeting.
 - d) Shares and deposits of any other Co-operative organization
 - e) The stock of any statutory body established in Kenya or in any limited liability Company incorporated in Kenya.
 - f) Any other purpose approved by a resolution at a General Meeting where a quorum is present.

COMMISSION

33. The society may render services on behalf of the members and charge a commission for the services rendered. The rate of commission and other charges shall be decided by the Management Committee and published on the society's Notice Board, and recorded in the Minutes provided that such rates are confirmed by the General Meeting.

RESERVE FUND

34. The society shall maintain a 20% Reserve as provided for in Section 47 of the Act and Rules. Such funds shall be debited from the net surplus of each financial year. The society shall maintain a reserve account equivalent to 20% of Statutory Reserve Fund and not use it except when granted in writing by the Commissioner.

GENERAL MEETING

35. The supreme authority of the society shall be vested in the General Meeting of members. Such meetings shall be held as follows:-
- a) The Annual General Meeting (AGM) shall be held anytime and not later than the first four months of every year within two weeks of receiving final accounts from the auditors duly registered by the Commissioner of Cooperative Societies; to hold elections and to undertake such business as laid down in the Act and these by-laws.
 - b) Any business not completed at the Annual General Meeting, such as elections, budget e.t.c. may be taken up at a subsequent Special General Meeting.
 - c) A Special General Meeting shall be held:-
 - i. When convened by the Management Committee, the Commissioner or his representatives.
 - ii. Within 15 days of receipt of a written demand from at least 50% of all registered members.
 - iii. At least 15 days before a general meeting, the Honorary Secretary shall take all possible and usual steps such as announcement at public meetings, posting of a notice on the society's Notice Board or an advertisement in the local newspaper to inform all members of the date and main business of the meeting. All written notices of the meeting shall include a statement of business/agenda to be dealt with.
36. Except when convened by the Commissioner, at least 15 clear days notice shall be given in the case of an Annual General Meeting or a General Meeting. The presence of at least 50 members or one quarter of the active members whichever is less shall constitute a quorum for the conduct of business at any General Meeting be it an annual General Meeting.

37. When a quorum is not present within an hour from the time set for the commencement of the meeting, the chairman shall adjourn the meeting and shall fix a date within one month of the adjourned meeting, which shall be duly advertised. If at such a meeting, a quorum is again not present, the Chairman shall declare the meeting open and proceed with the business of the meeting with those present, one-half hour after the advertised time of the meeting.

DUTIES OF ANNUAL GENERAL MEETING

38. General Meeting shall be conducted and shall have the powers and duties as prescribed in the Co-operative Societies Rules and these by-laws and in particular the ordinary business of the Annual General Meeting shall be:-
- a) Consider and confirm the minutes of the previous General Meeting and/or any other intervening general meeting.
 - b) Consider the auditors report on accounts and balance sheet, the inspection reports of the Commissioner and the reports of the committee on the business of the society during the previous financial year.
 - c) Appoint the auditors for the ensuing financial year of the society.
 - d) Subject to these By-laws, decide on the disposal of the net surplus resulting from the operations of the society during the past financial year.
 - e) Confirm or otherwise, action taken by the Management Committee.
 - f) Consider appeals against the expulsion of members and refusals of membership by the Management Committee.
 - g) Elect officers for the ensuing year and suspend or remove members of the Management Committee.
 - h) Fix the maximum borrowing powers/liability, which the society may incur in loans and deposits, whether from members or non-members (financial institutions)
 - i) Approve the income and expenditure estimates/budget for the ensuing financial year following the Annual General Meeting.
 - j) Fix and approve the Honorarium, if any for current and the retiring officers or bonus for employees of the society.
 - k) Consider the rate of commission or interest to be charged by the Society on its activities or loans to members
 - l) Amend the by-laws or enact new by-laws as prescribed by Rule 8. and create or amend better investment rules
 - m) Transact any other general business of the society of which notice has been given to members in the manner prescribed in these By-laws.

By-Laws of Moto Staff Sacco Ltd

39. All business discussed or decided at a General Meeting shall be recorded in a Minute Book which within a 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 verify that in their opinion the minutes are a true and complete record of matters which were discussed or decided at the meeting. At the next meeting, after approving any alternations or variations to the original record, the meeting shall by resolution authorize its Chairman to sign and date the final record.

40. Every member of the society present at a General Meeting shall have only one vote on any resolution put to vote. Such resolution shall be decided by a simple majority vote.

41. The Chairman of a General Meeting shall declare whether a resolution put to vote has been carried or lost and shall cause an entry to that effect to be made in the Minute Book of the society and such entry when signed by him, shall be conclusive evidence of the resolution of the vote.

42. In the event of votes on any resolution being equal, it shall be deferred to the next General Meeting at which it will be put to vote again to the members present at such meeting.

43. The Chairman of a meeting shall be eligible to vote in any resolution passed.

MANAGEMENT COMMITTEE

44. The Management Committee shall consist of not less than five and not more than nine members. The Committee shall include the Chairman, Vice Chairman, Treasurer and Honorary Secretary, all of whom shall be elected by the committee from amongst the members of the committee.

45. Members of the Management Committee shall originally be elected for a period of three years; No person shall be eligible for re-election into the management after serving for 2 terms of 3 years each. in case of replacements before end of term, the incoming member(s) shall serve on the committee for the remaining term of whoever he/she has replaced.

46. a) Notwithstanding the provisions of by-law No. 45 above, a duly convened General Meeting may, by a two thirds majority of the members .present, if constituting a quorum, vote out the entire Committee which shall thereupon vacate office.

b) If a general meeting removes a member of a Committee, it shall forthwith_ elect a new member who shall hold office for the remainder of the term of the member so removed and where the entire committee is removed from office, the general meeting may decide to elect or fix a day for an interim committee of not more than five members to hold office for a period not exceeding ninety days.

47. If a member of the Management Committee fails to attend three consecutive meetings without any apology or otherwise fails to perform his duties, his 17.

position may be declared vacant and the vacancy filled as provided for in By-law 48.

48. If during its term of office, a vacancy occurs in the Management Committee it may, and if the number of the members of the committee is thereby reduced below five, co-opt any member to fill such a vacancy. Such co-opted member(s) shall serve in the Management Committee until the next General Meeting at which they shall be confirmed as duly elected, or decide otherwise.
49. If a member of the committee is removed by a resolution of the General Meeting, that meeting shall forthwith elect another qualified member of society to fill the vacancy and such a member shall hold office until the next Annual General Meeting at which he will be confirmed as elected or be eligible for re- election.
50. Meetings of the Management Committee shall be held regularly, at least once every month and at any other times when necessary. Presence of a simple majority of Management Committee shall form a quorum for disposal of business.
51. The Chairman shall preside at all meetings of the committee. If the Chairman is absent or in case he declines to preside, the Vice Chairman will preside. If neither the Chairman nor the Vice Chairman is present to preside, the members of the Management Committee shall elect one of them to preside at that meeting.
52. The Management Committee may delegate to an officer or employee of the society such of its powers, as it deems necessary.
53. No expenditure shall be authorized by the Management Committee unless it is provided for in the estimates formally approved by the Annual General Meeting. Authority to incur excess or unprovided expenses shall be sought for from the General Meeting.
54. The Management Committee may appoint other sub-committees such as Education Committee, Credit Committee, Investment Committee etc. and delegate to them such of its powers and duties under these by-laws as it deems fit. Membership in such sub-committees shall be drawn from the Management Committee and no member of the Executive shall be elected into the credit Sub-Committee.

LEGAL STANDARDS OF CARE

55. In the conduct of the affairs of the society, the members of the committee shall exercise the prudence and diligence of ordinary men/women of business and shall be held individually and severally responsible for any losses sustained through any of their acts or failure to act in the manner contrary to the Act, Rules, these By-Laws or the directions of any General Meeting.

INDEMNITY

56 In pursuance of By-Law 55 and in accordance with Rule 35 subject to Section 27 sub-section (6) of the Co-op Societies Act. No. 12 of 1997, every committee member shall provide an indemnity of Shs.100,000/- as determined by the annual general meeting. The general meeting may review the amount from time to time.

57. All business discussed or decided at the Management Committee meetings shall be recorded in a Minute Book which, in the next meeting shall be signed by the chairman of the meeting, and at least one other committee member present at the meeting to verify that the matters discussed are a true and complete record of the proceedings thereof.

58. At the next meeting, after approving any alternations or variations which shall be written immediately below the above signatures and not as alterations to the original records, the meeting shall authorize the Chairman to sign and date the final record.

59. A member of the Managing Committee, or any other sub-committees, shall cease to hold office if he ceases to be a member of the society.

ELIGIBILITY FOR MEMBERSHIP OF COMMITTEE

60. No person shall be eligible for membership in the Management Committee or remain a member of such committee if:-

- a) If he/she is less than 18 years old.
- b) He 1 she is an employee of the Society receiving any remuneration, salary or other payments.
- c) He/She is an undischarged bankrupt or is of unsound mind.
- d) He lends money on his own account contrary to the loan policy.
- e) He has any uncleared debt owing to the society at the end of the society's financial year other than in respect of a loan granted under the provisions of these By-laws and the loan policy.
- f) Has less than minimum share contribution of Shs.50,000/- (subject to review at Annual General Meeting).
- 9) He/She has been adversely named by the Commissioner or his representative in an inquiry report endorsed by any General Meeting for mismanagement or corrupt practices whilst still a member of the Management Committee of a Co-operative Society or Union within the last ten years.
- h) He/She has been convicted of any offence involving dishonesty or is imprisoned for a period of three months or more.

By-Laws of Moto Staff Sacco Ltd

- i) He / She has been convicted of any offence under the Act or the Rules made thereunder.
- j) Is not an active member of the Society or whose monthly Savings and loans have not been received by the Society for a period of two months.
- k) Is not able to read, write and understand English language
- l) He/She is unreasonably overloaned in contravention to the loan policy.
- m) Must have at least Form Four standard of education and above.

DUTIES OF THE MANAGEMENT COMMITTEE

61. The Management Committee shall be the governing authority and subject to any directions from a General Meeting or a Commissioner or his representative in accordance with the Act, the Rules or the By-laws, it shall direct the affairs of the Society. Its procedures, power and duties shall be as prescribed in the Rules, and in particular, it shall:-

- a) Observe in all activities the Act, the Rules, these By-laws and undertake prudent business practices in the management of the Sacco.
- b) Generally manage the affairs of the society and authorize borrowing and lending operations of the society in accordance with the Act and the Rules.
- c) Act upon all applications for membership.
- d) Ensure that true and accurate records and accounts are kept of the Society's money, and its properties, capital, reserves, liabilities and income and expenses.
- e) Lay before the Annual General Meeting a balance sheet and final accounts together with the proposals for the disposal of the net surplus, if any.
- f) Recommend to the Annual General Meeting the rate of Dividend, interest on deposit or Honorarium to be paid to the members, the committee and staff.
- g) Fill the vacancies occurring in the Management Committee and other sub-committees between annual General Meetings.
- h) Designate a depository for the funds of the society.
- i) Impose fines under these by-laws.
- j) Issue new shares and approve transfer of shares between members.
- k) Determine the interest rates, which shall be paid on deposits and borrowed money.

By-Laws of Moto Staff Sacco Ltd

- l) Appoint, suspend, punish or dismiss any paid employee of the society and supervise their work subject to their requirements and provisions of the Act.
- m) Regulate matters regarding investing in shares and real estate.
- n) Apply on instructions of the General Meeting for affiliation to a co-operative union and take the necessary action to become affiliated.
- o) Consider application for loans, suggestions for investment and act in accordance with these By-laws.
- p) Perform such duties as the General Meeting may from time to time direct which are consistent with the Act, Rules and these By-laws.
- q) Represent the Society in all legal proceedings for or against it.

AGENTS

62. The Management Committee may appoint an employee (s) or agent (5) to carry out any of its function under these By-laws on such terms and conditions as it may from time to time determine.

EXECUTIVE OFFICERS

63. The Chairman, Vice-Chairman, Treasurer and Honorary Secretary shall be termed "Executive Officers". The Executive Officers shall be elected either on the same day of the Annual General Meeting 1 Special General Meeting or at a meeting of the management Committee held within seven (7) days after the Annual General Meeting.

CHAIRMAN AND VICE CHAIRMAN

64. a) The Chairman shall preside at all the general and Management Committee meetings. He shall perform such other duties as he may be directed to by, the Management Committee, not inconsistent with the provision of the Act, Rules and these By-laws.
- b) No person shall serve in the committee for more than two consecutive terms of three years each and no person who has held the office for such period shall be eligible for re-election as a committee member.
- c) The Vice-Chairman shall perform the duties of the Chairman during his absence, and shall perform such other duties as he may be directed to perform by the Management Committee. He /She will be in charge of education, training, tours and visits.
- d) In the absence or refusal by the Chairman or Vice Chairman to chair any general meeting, any of the members elected by majority of those present shall preside.

TREASURER

65. The duties of the Treasurer shall include:

- a) Generally to manage or cause to be managed, the financial affairs of the society in a competent manner.
- b) To maintain full and complete records of all monies received and disbursed by the society and of all assets and liabilities of the society.
- c) To ensure the safe keeping of the society's money and security of all accountable documents and books of accounts.
- d) To ensure that all payments and expenditures are fully authorized and enforce all rules regarding good financial management and practices as, ordered by the committee or general members.
- e) To ensure compliance with all directives of the Management Committee and the Commissioner.
- f) To oversee all staff matters on behalf of the Management Committee.
- g) Within 15 days after the close of each month, the treasurer shall prepare and submit to the Managing Committee a financial statement showing the condition of the Society's finances at the end each such month.

HONORARY SECRETARY

66. The duties of the Honorary Secretary shall include:-

- a) To record Minutes of the Management Committee and the General Meetings.
- b) To ensure that the society's correspondence is promptly and correctly attended to.
- c) To prepare and send notices of meetings.
- d) Generally to manage and cause to be managed the affairs of the society as may be necessary.
- e) To act as the legal representative of the Society in liaison with the other executive officers.

CREDIT COMMITTEE

67. The credit committee shall consist of not more than three members who shall be members of the Management Committee but none of whom shall be an Executive Officer. The Credit Committee shall be elected from amongst the Management Committee within seven days of the Annual General Meeting for a term of three years as provided for in these By-laws.

MEETINGS OF CREDIT COMMITTEE

68. The Credit Committee shall hold such meetings as the business of society may reasonably require, but not less frequently than once a month. The minutes of the Credit Committee meetings shall be presented to the full management committee for adoption.

DUTIES OF CREDIT COMMITTEE

69. a) The Credit Committee shall enquire carefully and diligently into the character and financial conditions of each applicant for a loan, and his / her guarantors, if any, to ascertain his ability to repay fully and promptly the obligations incurred by him 1 her; and determine whether the loan is for a worthy purpose and will be of probable benefit to the borrower.

b) The credit Committee shall prepare minutes of its meetings indicating clearly their recommendations, resolutions or any action taken by them.

c) The Credit Committee shall make such reports to the Management Committee as they may require, and prepare a report to be incorporated in the Chairman's report for presentation to the Annual General Meeting.

d) It shall keep a permanent record of loanees in form of a Loans Register, numbering application forms annually, indicating the Loan amount, repayment period, rate of interest etc and the Guarantors record in form of Guarantor's Registers.

e) The credit Committee shall make monthly reports to the Management Committee detailing the following:-

i) Total amounts of loans per type given in the previous month.

ii) The amount and period of loans pending (backlog).

iii) Delinquent loans and the names of guarantors or security to redeem'the same

iv) Cases of rejected loan applications giving reasons thereof.

EDUCATION SUB COMMITTEE

70. The Education Committee shall consist of not more than three members of the Management Committee. The Education Committee shall be elected from amongst members of the Management Committee within seven days after the Annual General Meeting.

MEETINGS OF EDUCATION COMMITTEE

71. a) The Vice Chairman of the Management Committee shall be the Chairman of the Education Committee.

b) The Education Committee shall hold a members' education forum at least once every year

DUTIES OF EDUCATION COMMITTEE

72. a) The Education Committee shall be charged with the responsibility of formulating education policies and co-ordinating all education programmes for society members and staff on behalf of the Management Committee.

b) Source for, gather and disseminate relevant information to the Management Committee and general members.

c) The Education Committee must keep Permanent records and Minutes of its meetings.

d) Organize for educational tours and visits for the Society.

e) Policy research and implementation.

f) Source for, and interpret all circulars and subsidiary legislations which may be issued from time to time by the relevant authorities.

g) Edit a periodic bulletin highlighting the performance of the Society subject to availability of funds and directions of the General meeting.

h) The Education Committee shall make such reports and present Minutes of their meetings to the Management Committee for adoption and may make a report for incorporation into the chairman's report to the members at the annual general meeting.

SUPERVISORY COMMITTEE

73. Without intervening in the administrative functions subject to its control and Supervision; the Supervisory Committee is responsible for Sacco compliance and internal control and oversight. It is also responsible for the truth and accuracy of the Society's financial condition; and for making sure that the Society's administrative practices and procedures are adequate to safeguard the members' and institutional rights and interests.

ELECTION OF SUPERVISORY COMMITTEE

74. The Supervisory Committee shall be elected directly by the members at the Annual General Meeting. The Supervisory Committee shall consist of three

By-Laws of Moto Staff Sacco Ltd

members who may not be employed by the Sacco or serve on the Management Committee or any other Committee of the Society. Members of the Supervisory Committee shall choose from among their number a Chairman and Secretary. The Secretary of the Supervisory Committee shall prepare, maintain, and have custody of the records of all actions taken, including evidence of any audits performed by the Committee. Its term of office shall be three years, with one member retiring annually.

SUPERVISORY COMMITTEE POWERS AND DUTIES

75. The following shall be the powers and duties of the Supervisory Committee:-

- a) To ensure that the Society complies with the law, by-laws, and the Annual General Meeting resolutions, and policies of the Management Committee.
- b) To Make, or cause to be made at least once every three months, an investigation into the affairs of the Society, including an audit of its books.
- c) To present their annual report to the Management Committee before final presentation to the members at the annual general meeting for adoption and table a quarterly report at a scheduled Management Committee meeting detailing the activities undertaken by the Committee since the last meeting.
- d) To monitor the performance of the Management Committee and the Society Manager by performing various internal audits to evaluate internal operations and controls (policies and procedures) at least once every 3 months, and make accounting and procedural recommendations regarding the internal controls. The recommendations will be submitted in writing to the Management Committee on a quarterly basis.
- e) At the Annual General Meeting give its opinion on the financial statements presented by the Management Committee
- f) To receive and investigate any complaint or appeal by members concerning the operations of the Society.
- g) Attest to the Balance Sheet and income statements, which the Treasurer and I or the Manager are required to prepare by the end of the following month.

LIABILITY

76. In spite of its total independence from the Society's administration, the Supervisory Committee members are jointly liable with the administrators for non-performance of duties, whether resulting from the lack of supervision or negligence in noticing illegal and fraudulent acts.

GENERAL MANAGER

77. The Management Committee may appoint any qualified person to be Manager of the Society. His powers and duties shall be as assigned to him by the Management Committee and in particular shall be:-

By Laws of Moto Staff Sacco Ltd

- a) To manage the affairs of the Society in a competent manner in consultation with the Treasurer.
- b) To cause to be kept proper books of accounts, records and registers.
- c) To attend Management Committee meetings and the Annual General Meetings in an advisory capacity but have no voting rights.
- d) To prepare and analyze on a quarterly basis the society's business plan, and economic reports.
- e) To represent the society in business transactions and any other transaction authorized by the Management Committee.
- f) To provide information required by the Supervisory Committee in time and attend Supervisory Committee meetings.
- g) To give proposals to Management Committee on the filling of vacant posts in the Society, and the revision of the salary schedule for all the society's staff.
- h) To implement recommendations set forth in the audit reports and those issued by the Supervisory Committee.
- i) To produce a monthly Trial balance and ensure on a monthly basis the Accounting records are in balance and the individual account subsidiaries are up to date and the income statement, balance sheet, and delinquency list are complete and correct. Ensure that the account records are maintained in accordance with the generally accepted accounting principles and standards.
- j) Ensure that adequate insurance is in place if available for all employees, officials, and the business premises.
- k) Direct and supervise the administration and processing of loan applications by Loan Officers, if they are appointed.
- l) Establish a pricing strategy for products and services, in which the interest Rates structure will seek a balance between the loans available to the members, and the long term viability of the institution considering:
 - i. Costs; particularly those related to interest on member's Savings, dividends, the allowance for loans, and operating expenses;
 - ii. The need for a strong capital position, which is essential for the Sacco's long-term viability and future growth.
 - iii. The competition's pricing structure given the competitive nature of financial market.

By-Laws of Moto Staff Sacco Ltd

- m) Assist the Management Committee with determining acceptable types of Collateral that can be used to secure Sacco's loans.
- n) Ensure there is adequate liquidity to meet loan demands savings withdrawal, and operating expenses.
- o) Represent the Management Committee in the preparation of the Collective Bargaining Agreement (CBA) of the unionisable staff but he shall not belong to the Employees Union.
- p) Any other duties assigned to him by the Management Committee.

CONDUCT OF BUSINESS

78. The Managing Committee may make such rules, not inconsistent with these by-laws, as they deem necessary for the conduct of the society's business. Any such rules shall be recorded in the minute book and shall be posted on the society's notice board; and shall come into force when and as determined by the committee subject to the approval by general meeting.

ELECTIONS

79. a) Nomination of Candidates into the Management and Supervisory Committee shall be conducted on the floor and each candidate shall have a proposer and a seconder.
- b) All elections shall be by a show of member's hands unless a secret ballot is specifically requested by a majority of the members present.
- c) No member shall be entitled to vote by proxy.
- d) Irrespective of the number of shares held by him/her, no member shall have more than one vote
- e) The election results Shall be announced immediately by the Presiding Officer on the floor incase the committee is constituted on the same day of the Annual General Meeting otherwise those elected will have seven days to constitute the committee.
- f) Within Seven (7) days after their election, the names, positions and addresses of all persons elected to office shall be forwarded by the. Hon. Secretary to the Commissioner.

BOOKS AND RECORDS

80. a) The Management Committee shall cause to be made and kept up to date and in proper businesslike manner, such accounts books and documents in relations to all its undertakings, funds, activities and properties as required by the Rules, the Act and these by-laws.

By-Laws of Moto Staff Sacco Ltd

b) For the foregoing purpose, the accounts of the society shall be examined, audited and reported upon annually by an auditor appointed by the members at the Annual General Meeting.

c) The Management Committee shall produce and lay before the duly appointed auditors all books and accounts of the society, with all vouchers in support thereof, and the auditor shall be entitled to enquire from all members of the committee, all employees and agents of the society, such information as may be required of their duties as auditors.

81. The annual accounts of the society and balance sheets as at the end of each financial year shall after submission to the Commissioner for registration, be presented to the members for adoption at the Annual General Meeting.

BOOKS OF ACCOUNTS

82. The following books of accounts and records shall be kept by the Management Committee of the society:-

a) A register of the members showing the name, address and occupation of each member, the number of shares held by him; the date and serial number of the registration receipt, the date of admission to membership, the date of leaving the society and the nominee as provided for in by-law No. 16 provided that a separate share register may be kept if considered necessary.

b) A minute Book showing all the proceedings of General Meetings.

c) A minute Book showing all the proceedings of Management Committee Meetings.

d) A cash Book showing details of all money received and all the money paid out including the number and date of the receipt, payment voucher referring to each entry and the reason for the receipt or payment.

e) A ledger containing such accounts as are necessary for the proper conduct of the business.

f) A personal ledger showing the transactions of each member with the society including the details of share proceeds of each member from the society and the payment made thereof together with reference to the relative receipts.

g) Assets register! proper record of all the Society's assets.

h) A ledger of store for loose tools and equipment item by item.

i) Such other books as the committee shall decide or as the Commissioner may prescribe.

BINDING RULE

83. No member shall without first obtaining the written consent of the Committee sell or otherwise dispose of any of his shares to any company, society or person other than to the member of the society.

FINES

84. a) Any member judged by the committee to be guilty of infringing on these By-laws, shall pay a fine not exceeding KShs. 20,000. The committee may come up with the exact amount for various types of offences subject to approval by the AGM but no fine shall exceed the amount above.

b) Any member failing to attend Annual General Meetings without any lawful reason shall pay a fine of Shs.500/- but the amount shall be subject to review by General Meeting.

c) Members failing to pay outstanding loans for two months will pay a fine of Shs.1,000/- (payable in cash or recovery from Shares). This is subject to review by the General Meeting from time to time.

AUTHORISATION TO SIGN DOCUMENTS

85. All documents contracts and cheques shall be signed on behalf of the society by any three of the holders of the following offices:-

CHAIRMAN
VICE CHAIRMAN
TREASURER
HONORARY SECRETARY

And / or any other member or officer of the society mandated by the general meeting.

FINANCIAL YEAR

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

DISPOSAL OF SURPLUS

87. Subject to section 48 of the Act, the net gain or surplus resulting from the operations of the society during any one financial year, shall be disposed of as follows:-

a) 20% shall be credited to the Reserve Fund.

b) Paying of dividend on Share capital at a rate determined by the general meeting on fully paid shares.

c) Paying bonus to members in proportion to the value of shares or business done by them through the Society.

By-Laws of Moto Staff Sacco Ltd

- d) Reinvested in the activities of the society.
- e) Contributed to any charitable or educational purpose.
- f) Paying a gratuity or honorarium to both current and retiring officers or employees of the society.
- g) Appropriation to any fund established by the society.
- h) Any other profitable way approved by the Annual General Meeting.

LOANS TO MEMBERS

88. The Society may grant loans to members upon such securities and in such a manner as the committee may from time to time determine and upon such terms and conditions as to repayment rate of interest and the maximum amount.

89. (a) In order to be eligible for a loan, a member must meet all the Conditions for membership with regards to the entrance fees and the minimum qualifying shares. He must also have been an active member for at least six months.

(b) Loans to casuals shall be granted equivalent to their share / deposit.

(c) Loans to contract members shall be given in consideration of period of contract. Under exceptional circumstance and where guarantors agree, those permanent contract loans may be given more than the period of contract by six months

90. All loans to members shall be approved by the full Management Committee.

91. No loans shall be granted which in the opinion of the Committee will not help to increase the income of the member and his general standards of living.

92. All loans shall be granted both for provident and productive needs of the members and shall be for a specific and approved purpose for a definite period of time and at a definite rate of interest.

APPLICATION AND GRANTING or LOANS

93. a) Society shall operate under defined credit policy and procedures to manage credit activities as approved by members in an A.G.M.

b) All loans shall be applied for in the form provided for the purpose by the society.

c) The loan agreement will be signed by one witness and at least three guarantors. It shall be countersigned on behalf of the society by the authorized signatories of the society.

By-Laws of Moto Staff Sacco Ltd

d) The agreement form shall clearly state the amount of the loans, the rate of interests, the date of the last full payment, the purpose of the loan, the guarantors and the nature of the security if any.

SECURITY FOR LOANS

94. The committee shall ask for such security, as it may consider necessary. Land title deeds and vehicle logbooks will be allowed as security on condition that they are properly and officially charged to the society. The loanee will pay for the charges on valuation and safekeeping of such collateral's at the bank. Every charge shall be registered by the Commissioner.

95. The share Capital of a member plus his Deposits shall be considered as a security when considering a loan.

96. A member can only guarantee four people at a time IN A YEAR and only up to his total shares and Deposits.

97. A borrower or guarantor may apply to the committee for a change of a guarantor and the committee shall not unreasonably withhold its consent.

98. Nothing in this section shall prevent the committee from using its discretion to grant a loan secured only on the known character, honesty and industry of the borrower together with the income earning prospects of the loan.

99. Chattels Transfer duly administered through a competent court of Law and registered by the Registrar General shall be accepted as security in place of guarantors if the member so wishes. Cost of administration of chattels shall be borne by the members.

REPAYMENT OF LOANS

100. It shall be the duty of the committee to take all necessary actions and precautions to ensure that a loan is used for the purpose for which it is given.

101. At every committee meeting the item "Loan" shall appear on the Agenda. The officer controlling the loan account shall report on:-

a) All loans due for repayment within the next 4 weeks.

b) All loans fully repaid since the last meeting.

c) All loans overdue for repayment and period of delinquency indicating details of the loanee's Name, loan amount, shares, Guarantors and Security.

d) The committee shall take such action, as it deems fit with regards to all the above cases.

By-Laws of Moto Staff Sacco Ltd

102. Any request for an extension of time in which to repay the loan shall be agreed by the Management Committee only in most exceptional circumstances and any extension so granted shall be treated as though it were a new loan and a new agreement shall be signed.

103. Any loan more than one month overdue shall be considered as delinquent loan and the Managing Committee shall take all necessary steps to recover such loan including recoveries from the Guarantors.

DUTIES OF THE MEMBERS ON LOAN

104. a) It shall be the duty of each member to report at once to the committee if he has to suspect that a borrower is not using or has not used his loan in the manner for which it was granted or is behaving in a way which may endanger his ability to repay the loan at the due date.

b) Suspected borrower shall be called to appear before the Management Committee for vetting and appropriate decision will be taken to safe guard the interest of both parties.

105. For each breach of these By-laws or of instructions issued by the committee, in pursuance of general meeting resolutions the defaulting member may be fined an amount not exceeding KShs.20,000/- for each offence, subject to the provisions of Section 32 of the Act.

DISPUTES

106. Any disputes arising out of these by-laws or concerning the business of the society which cannot be settled by the committee or General meetings shall be referred to the Co-operative Tribunal as provided for in Section 76 of the Act.

107. In the case of debts due to the society from a member or debts by the society to a member, the Tribunal may at its discretion determine those to be disputes and may act accordingly without direct reference from the society.

CONFIDENTIALITY

108. The Executive Officers, Members of the Committees, and employees of the society shall hold in the strictest confidence all transactions of the society with its members, and all information in respect to their personal affairs, except to the extent deemed necessary by the committee in connection with Loan granting and its repayment.

MISCELLANEOUS

109. No officer or member shall receive from the society any payment except the actual cost of traveling and subsistence while working on the society's business and honorarium from surplus as allowed in the By-law 87 (f) unless a member is appointed in writing as a paid servant of the society. This does not apply in case of sitting allowance payable to committee members.

110. No executive officer, committee member or employee of the society shall in any manner participate in deliberations upon or determinations of any question affecting his interest. In all cases, the qualified officers or the committee members at the meeting, if constituting a quorum without the disqualified member, shall exercise all the powers of the committee.

111. When any vacancy arises in the committee due to disqualification, cessation of membership or otherwise inability to perform duties, the management Committee may co-opt any other member or members to serve in the committee until the next general election, which will confirm such co-option or elect someone else to fill the vacancy.

112. All books of account and other records shall at all times be available to all committee members, the Commissioner or his representative. A copy of the Co-operative Society Act, the Rules, the By-laws, the Registration Certificate and the Members Register shall be available for inspection by any member during the normal working hours.

113. A copy of these society's by-laws shall be furnished to every member who requires one, upon payment of KShs.500/- or any amount determined by the management committee.

DISSOLUTION

114. The society may be dissolved in accordance with the procedures set forth in Co-operative societies Act.

RISK MANAGEMENT & BENEVOLENT FUND

115. In order to cushion members' funds against loss in event of death or permanent disability, the Management Committee with authority of a General Meeting shall engage the services of an insurance firm.

116. a) While choosing the insurance cover, the Management Committee shall ensure that the company provides at least the following covers;

i. Loans Cover

ii. Group Cover (for the Management Committee)

iii. Funeral expenses.

b) Notwithstanding the provisions of clause (a) above, the Management Committee shall have the right to reject any insurance firm offering the above covers basing on its solvency and ability to settle claims on time.

117. Notwithstanding the provisions of By-laws no. 114 &115, the Management Committee, with the approval of a General Meeting may start a benevolent fund to which willing members shall subscribe. The terms of reference for such a benevolent fund shall be determined by a General Meeting.

SEAL

118. The seal of the society shall be a rubber stamp bearing the words “**MOTO STAFF SACCO SOCIETY LIMITED**”. The Seal shall be kept secure under lock and key by the Treasurer and shall be used only in the presence Of at least three Officers authorized to sign on behalf of the society under by-law 84.

AMENDMENTS OF THE BY-LAWS

119. These by-laws may further be amended in accordance with the Act and Rules, but no amendment shall become effective until it is approved and registered by the Commissioner Of CO-Operative Societies upon payment Of such fee as shall be in force at that particular time.

ACCEPTANCE

120. We, the undersigned Executive Officers Of MOTO STAFF SACCO SOCIETY LIMITED, named herein do hereby accept and adopt these By-laws for and on behalf Of the society together with any changes or alterations that have been initialed or signed by us.

CHAIRMAN :

VICECHAIRIVIAN :

SECRETARY :

TREASURER :

CERTIFIED that the foregoing amended By-laws of the MOTO STAFF SACCO SOCIETY LIMITED have been approved by me and duly registered.
Given under my hand at Nairobi this..... Day Of.....
the
year.....

COMMISSIONER OF CO-OPERATIVE SOCIETIES