

**NASFUND CONTRIBUTORS SAVINGS & LOAN
SOCIETY LTD**

LOAN POLICY

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1. LOAN ELIGIBILITY

A member shall be eligible for a loan if he/she: -

- (a) Has had a continuous payroll deduction contribution for a minimum period of three (3) months.
- (b) Has a minimum of K200.00 in his/her general savings account (S1 account).
- (c) Is honest & of good character and has had no prior conviction for fraud or theft.
- (d) Has good credit ratings.

2. LOAN APPLICATION FORMS

- (a) All requests for loans shall be lodged in the form of the Society's loan agreement.
- (b) The Society's loan agreement must be completed in full.
- (c) A copy of the last 3 fortnights pay slips must be attached.
- (d) All necessary documents to support the application must be attached.

3. LOAN PURPOSE,

The Society may approve loans for any reasonable personal or business expenditure and shall include but not limited to:

	Purpose
1.	School fee and associated education expenses
2.	Funeral Expenses
3.	Bride Price/ Wedding commitments
4.	Household Electrical items & chattels
5.	Holiday / Travel expenses
7.	Motor Vehicle purchase/registration /insurance
9.	Motor Vehicle Repair
10.	Home repairs & maintenance
11.	Share Buying
12.	Emergency Cases

4. MAXIMUM LOAN

- (a) The maximum loan the Society may grant to a member shall not exceed his / her total accumulated savings any one time taking into account any existing loans, interest, fees, and charges that is outstanding to the members account.
- (b) If the loan is issued on a 1:1 basis the principal plus interest cannot exceed total aggregate savings by 5 %.
- (c) If interest on a 1:1 loan exceeds the aggregate savings by 5% Loan Committee must approve.
- (d) If the loan is issued on a 1:2 basis the maximum loan amount is K20, 000.

- (e) Any loan amount on a 1:2 basis that exceeds the value of K 20,000 must be approved by the NCSL Board on the recommendation of the Loans Committee.

5. MINIMUM LOAN

The minimum loan that may be granted to a member at any one time shall be K200.00.

6. MINIMUM SAVINGS CONTRIBUTION

The minimum savings contribution per fortnight for each member is K20.00. for General Saving and Education Accounts. The minimum for the Christmas Saving is Account is K 15.00

7. ADDITIONAL LOANS

Additional loans may be granted to member: -

- (a) If a members current savings fully secures the aggregate sum of the loan required, and any existing loan balance outstanding on the ratio 1:1.
- (b) No member shall be granted more than one (1) additional loan per month. Exceptions will be considered on a case by case basis.
- (c) With the exception of Emergency and School Fee loans, no additional loans will be granted to any member whose existing loan balance exceeds their aggregate savings balance.

8. CHANGE OF LOAN PAYEE CHEQUE

- (a) Any loan cheques returned for the purpose of altering the loan payee, shall be immediately cancelled, and the member's account credited for the corresponding amount.
- (b) The member may submit a fresh loan application.

9. FUNDING OF LOANS

- (a) Loans shall be funded on availability of funds.
- (b) All loan cheques for fully secured loans may be made payable to members concerned.
- (c) A fully secured loan means loans that are equal or less than members savings balance.
- (d) Loan may be funded on a progressive basis. This means proceeds of funds to be released from time to time depending on availability of funds.

10. LOAN REPAYMENTS

- (a) All loans less than K 1000 are repayable within 12 months or less.
- (b) All loans greater than K1000 must be repaid within 36 months.
- (c) All loan repayments and terms must strictly adhere to the loan repayment schedule attached.
- (d) All loans will be charged at the same rate of 1% per month on the unpaid balance of the loan
- (e) Repayment schedule must include principal plus interest.

11. DEFERRED LOAN APPLICATION

- (a) Loan applications may be deferred pending the following reasons: -
 - (i) The member needs to increase contributions to meet the terms of the loan.
 - (ii) The loan application is incomplete.
 - (iii) A latest pay slip is not attached.

- (iv) Quotations for the total amount applied for are required.
 - (v) Document evidence from appropriate authority is required.
 - (vi) An interview with the member is needed to gather more information.
- (b) Deferred loan applications may be re-submitted for a decision after fulfillment of conditions as outlined in Section 11(a) above.

12. LOAN APPLICATION NOT APPROVED

Loan applications shall not be approved for the following or more reasons: -

- (i) The member is terminated from employment.
- (ii) The member is nearing retiring age and his loan balance exceeds his savings balance.
- (iii) The loan application is not consistent with this policy.
- (iv) Member has defaulted on a loan or has a history of poor loan repayments.

13. LOANS TO MEMBERS ON LEAVE

- (a) Loans may be granted to members who are on leave on the following conditions: -
- (i) The applicant shall pay in advance, the determined loan repayments for the duration of leave in absence of payroll deductions.
 - (ii) Failing the above, the loan application shall be denied.

14. CASH DEPOSITS

- (a) Cash deposits shall be accepted as share savings contributions and/or loan repayment.
- (b) Loans requested immediately after making cash deposits shall be considered on a share savings to loan balances ratio of 1:1.
- (c) Loan requested after making cash deposits shall be considered on a 1:1 share savings to loan balances ratio one month, from the date of the last deposit.

15. LENDING PRIORITIES

Loans shall be given in order of first come and first serve and availability of liquid funds.

16. SECURITY

- (a) All loans must be fully secured. Loans on 1:1 basis are secured against savings. Loans on 1:2 basis are secured against savings and long service leave / severance entitlements. This must be confirmed by the employer. Additional security shall be taken out on any particular loan deemed necessary and /or directed in accordance with the Rules of the Society.
- (b) The Society shall have a lien on all categories of member's savings, against loans that he / she may hold at any one time.
- (c) Savings may be transferred to offset loans in the event of a loan default.

17. INTEREST ON LOANS

- (a) The Society shall charge interest of 1% per calendar month on all existing and current loan accounts.

18. LOAN INTEREST REBATE

- (a) A member that pays out their loan prior to the completion of the term of loan shall be entitled to earn an interest rebate.
- (b) The rebate shall be in the form of any further loan interest that may be due on the loan for the full term of the loan, calculated from the date of loan payout.

19. STAMP DUTY

- (a) A Stamp Duty of K10.00 shall be charged on loan agreement for amounts ranging from K 1, 001.00 to the maximum of K10, 000.00.
Stamp Duty shall be charged at 1% of loan amount for any loan funded over K10, 000.00.
- (b) The fee is compulsory charged by the Internal Revenue Commission.

20. LOAN MANAGEMENT

- (a) All loans approved will be notified to the member's employer to ensure loan repayment is effected.
- (b) First repayment is expected in the first fortnight after the loan has been granted to the member.
- (c) Recovery efforts will entail adopting soft calls within the thirty days limit to remind of payment.
- (d) An empathetic approach will be taken to members who are showing signs of distress to keep a both the members interest and the society's interest in mind

21. DELINQUENCIES

- (a) All loans delinquent for more than thirty (30) days shall be served 1st reminder notices.
- (b) All loans delinquent for than sixty (60) days shall be served 2nd reminder notices.
- (c) All loans delinquent for more than ninety (90) days shall fall immediately due. A letter of demand will be issued to settle the account in full within five (5) working days.
- (d) After 5 days legal proceedings shall be instituted against the borrower to recover the loan.

22. Provisions for Bad Debts

Bad debts are loan defaults ninety (90) days or over that are not recoverable. Provisions for bad debts in the budgetary process will be made based on history of bad debts in the previous financial year.

22. Delegated Loan Authority

Delegated Loan Authority is as follows;

Designation	Loan Type	Amount
Loan Officer	1:1	Principal + interest =< 5% of total aggregate savings.
Manager	1:1	Principal + Interest > 5% of total aggregate savings.
Loans Committee	1:2	K 20,000

