ELITE KHAT COMMUNITY SACCO

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ELITE KHAT COMMUNITY SACCO GROUP LOAN APPLICATION FORM

SECTION 1: PARTICULARS OF THE APPLICANT (Fill in Capital without Alterations or Cancellations***)***

Name (as per the I.D.)	Membership no	I.D. no/passport no. (Attach Copy)
Mobile number	KRA PIN	Postal address
Gender male/female	Marital status	Date of Birth
Email address	Physical residence town/Ward	Estate/Village
Sub-County	Membership Period	Total Savings
Total Shares	Group Name	Group Type
Average Annual Farm Produce Earnings		

SECTION 2: LOAN PARTICULARS (Kindly Tick Where Appropriate)

(a) **Loan Type**……………………………………………………………………………………………………….............

(b) **Amount of Loan Applied in Figures**. …………………………………………………………………….

(c) **Amount of Loan Applied in Words**………………………………………………………………………………

(d) **Loan Purpose**...

(e) **Repayment Period**...

SECTION 3: MODE OF REPAYMENT: **(Kindly Tick Where Appropriate)**

- ☐ Standing Order
- ☐ Deductions From Group Savings

SECTION 4: SECURITY DETAILS: (Kindly Tick Where Appropriate)

I offer as security for my loan;

- ☐ Proceeds from my farm produce
- ☐ My salary
- ☐ Deposits and Savings,
- ☐ Guarantors
- ☐ Title Deed
- ☐ Log Book
- ☐ Any other funds due to me from the society.

SECTION 7: GUARANTORS PARTICULARS (Tick Where Appropriate)

Name of the Association/Group...

On behalf of the above reffered Association/Group and its member, I/We hereby affirm (1)that the borrower is member of our Association/Group. (2) that the Association/Group has approved this loan, (3) that the members of the Association/Group have physically inspected the assets listed below, (4) that the members of the Association/Group have determined that all the ssets listed belong to the borrower, and that the parents/spouse/partner named above has consented and agreed to this loan.

In consideration of granting the above loan or any other lesser amount that may be approved, we the undersigned hereby accept jointly and severally liabilities for its payment in the event of the borrower's default. We understand that the amount in default may be transferred to us or be recovered by offset against our deposits held in the society or our property listed as security forfeited to the Sacco until the defaulted amount, recovery costs and any other cost accrued due to default are paid full. At the time the loan is approved by attachment of security/collateral or property, we shall not be eligible for loans until the amount in default has been cleared in full. Above responsibilities are not applicable to the undersigned trustees.

A. Board of Trustees

No.	Name	Membership No.	Phone No.	Id No.	Postal Address	Amount Guaranteed	Signature

1.	Council of Elders Representative	
2.	Religion Representative	
3.	Administration Representative	

B. Group Members Guarantors

No.	Name	Membership No.	Phone No.	Id No.	Postal Address	Average Annual Earnings	Amount Guaranteed	Signature
4.								
5.								
6.								
7.								
8.								
9.								
10.								

SECTION 5: DECLARATION

I………………………………………………………………………… hereby declare that the foregoing particulars are true to the best of my knowledge and belief, and agree to abide by the terms and conditions of the Sacco, the loan policy, and variations by the Credit Committee, and any other future amendments at any time. I hereby authorize the necessary deductions or any other interest applicable, to be made from my securities as repayment for this loan. I hereby irrevocably authorize the society to set off at any time all monies held by the Sacco against my indebtedness arising from this facility now or in future whether several or joint, actual or principal debtor and at any time to consolidate without giving notice or receiving notice from me. I also declare that in case the group where I am a member delays the deductions, I will be paying personally to the Sacco's bank account every month to avoid accrued interest until action is taken by the group where I am a member. I do also authorize the society to share my credit information with Credit Reference Bureau.

Applicant's Signature:…………………………………………….. Date:……………………………………………

Parent/Spouse/Consent…………………………………..Signature……………………..Phone No……………………………….ID No………………………. (Attach Copy)

Section 2: FOR OFFICIAL USE ONLY

SECTION 2.1: CREDIT COMMITTEE

Amount Approved Kshs ………………………………………………………………………………………………… **Loan Period** ……………………………………………………….

1. Chairman…………………………..…………………….. Signature …………………….................… Date…….…/……..…/……..............…
2. Secretary …………………...Signature …………………...........……..... Date……..…/…….…./…...........……
3. Member……………………………………………...……………….........................Signature…………….............................. Date……..…/…….…./……...........…

SECTION 2.2: REVIEW/APPEAL

Remarks ………………………………………………………………………………………………

SECTION 3: TERMS AND CONDITIONS:

The following conditions and terms shall apply:-

(a) *A member must have contributed deposits and been active for a minimum period of three months for Group Loan and six months for independent member loans.*

(b) *A member must have minimum shares of Kshs 3,000.*

(c) *The total deposits of the borrower and those of the guarantors must be equal to or more than the loan applied for. Guarantors' loan and deposits must be up-to-date to be eligible. Other terms apply as stipulated in the credit policy.*

(d) *Any category of outstanding loan must be cleared before a new loan of the same category is granted.*

(e) *No member within the common bond will be permitted to suffer total deductions including savings, loan repayment and interest in excess of his total savings or 70% of his annual income from farm produce listed as security whichever is higher.*

(f) *A one off commission shall be charged on loans to be topped up.*

(g) *No member will be eligible for top up unless he/she has serviced the loan being top up for at least 6 months except top up on Emergency loan.*

(h) *New loans will be given subject to the previous loan being regularly paid.*

(i) *Total BOSA loans granted or owed to the Sacco shall not exceed four times a common bond members' deposit savings and in all cases shall be repayable within the loan's stipulated period.*

(j) *In case of any default in repayment the entire balance of this loan will immediately become due and payable at the discretion of the Credit Committee and any sum due to me by way of deposits, interests and salary from the said employer due to the member will be offset against the balance owed. The member will be liable for any costs incurred in collection of the loan balance and accumulated interest.*

(k) *Savings contribution paid in cash or cheque outside the common bond group system shall remain in the Society for at least three months to be considered for lending purposes. Otherwise, a fee will be charged. For members not on common bond group boosted deposits will be considered for loan at the expiry of the three months period.*

(l) *The loan application form must be completed and supported with the most current certified monthly contributions, copy of national identity card/ passport and KRA PIN.*

(m) *The loan is guaranteed by loanee & guarantors' deposits and collateral which must be valued, charged, comprehensively insured and the Society's interest noted at the loanees' cost.*

(n) *An application for a loan shall only be considered when the authorized loan application form is used.*

(o) *No member shall be refunded his/her deposit unless he/she has cleared all his/her outstanding liabilities in time.*

(p) *Fees and charges to cover administrative costs shall be paid by the borrower. Such fees and charges will be in accordance with prevailing SACCO tariffs.*

SECTION 4: CREDIT POLICIES

SECTION 4.1: MIRAA HARVEST PROCEEDS COLLATERAL POLICY:

1. Eligibility:

a) This policy applies to members of the Sacco engaged in the Miraa (Khat) farming, harvesting, trading, transportation, and related businesses.

b) Members must have a consistent track record of participating in the Miraa industry and a demonstrated ability to generate income from Miraa harvests and related businesses.

2. Collateral Definition:

a) Miraa harvest proceeds from the current or upcoming season (Mainga) serve as the primary collateral to guarantee loans.

b) The value of the Miraa harvest proceeds and related businesses fluctuates based on market conditions, demand, and other factors.

3. Loan Types:

a) This collateral policy applies to both short-term and long-term loans offered by the Sacco, including but not limited to School Fees, Cultural Loans, Biashara Loans, Development Loans, and Mainga Loans.

4. Collateral Evaluation:

a) The Sacco evaluates the potential value of Miraa harvest proceeds and related businesses collateral based on historical data, market trends, and projections for the upcoming season.

b) Members must provide estimates or documentation of their expected Miraa harvest proceeds and related businesses to determine the loan amount eligibility.

5. Loan Amount Calculation:

a) The loan amount is calculated based on a percentage of the anticipated Miraa harvest proceeds for the season.

b) The specific percentage may vary depending on the type of loan and the Sacco's risk assessment policies.

6. Loan Repayment:

a) Loan repayment terms are structured to align with the timing of Miraa harvest proceeds and related businesses.
b) Members are required to repay the loan within a predetermined period, typically following the Miraa harvesting season.
c) Flexible repayment options may be offered to accommodate variations in Miraa market conditions and income fluctuations.

7. Risk Mitigation Measures:

a) The Sacco may implement risk mitigation measures to safeguard against potential fluctuations in Miraa harvest proceeds, including setting conservative loan-to-value ratios and establishing reserve funds.
b) Collateral valuation methods may be adjusted periodically to reflect changes in Miraa market dynamics and mitigate risks associated with market volatility.

8. Loan Monitoring and Enforcement:

a) The Sacco conducts regular monitoring of loan repayment performance and Miraa harvest and related businesses progress.
b) In the event of loan default, the Sacco may utilize legal remedies to enforce loan repayment, including seizing Miraa harvest and trade proceeds or other collateral assets.

9. Review and Adjustment:

a) This collateral policy is subject to periodic review and adjustment based on changes in Miraa market conditions, regulatory requirements, and risk assessment criteria.
b) The Sacco reserves the right to modify collateral valuation methods, loan terms, and eligibility criteria to ensure prudent risk management and financial sustainability.

10. Member Education and Support:

a) The Sacco provides educational resources and support services to help members understand their rights and obligations regarding Miraa harvest proceeds and related businesses collateral.
b) Members are encouraged to seek guidance from Sacco representatives regarding loan options, repayment strategies, and risk management practices.
c) This Miraa Harvest Proceeds and related businesses Collateral Policy establishes a framework for leveraging seasonal income from Miraa harvests and trade as collateral to facilitate access to credit for members engaged in the Miraa industry, while also managing associated risks effectively.

SECTION 5: TYPES OF LOANS AND ELIGIBILITY CRITERIA

There are two types of membership Loans:

a) Individual Members
b) Affiliate Groups

The loans products are categorized into two:

a) Long-Term
b) Short-Term

SECTION 6: ELIGIBILITY

1) Individual Members

a) ***Membership***: Must be fully registered member of the Sacco with active account in good standing. Registration fee is Ksh. 200

b) ***Minimum Shares and Savings:*** A member must have attained a minimum of six ordinary shares totaling to three thousand shillings(Ksh. 3,000) and a minimum monthly savings of at least five hundred (Ksh. 500) per month.

c) ***Savings consistency:*** First time loaned member must have saved with the Sacco consistently for at least six months.

d) ***Credit worthiness Assessment:*** Credit history with a timely savings and loan repayments are given preference.

e) ***Loan Amount:*** Loan amount eligibility is determined based on member's savings balance and repayment capacity. The maximum loan amount may be capped to ensure prudent lending practices and mitigate risk.

f) ***Repayment Terms:*** Flexible repayment terms are offered to accommodate member's cash flow and financial obligations.

g) ***Collateral Requirements:*** The main collateral is borrower's average proceeds from seasonal harvest of their Miraa farm(s*)(Mainga*/iinga). Other forms of security on select loan products include; savings deposits, guarantors, or asset-backed security.

h) ***Application Process:*** Members are required to submit a loan application form along supporting documents, such as prove of income, identification, and any required collateral. Loan application are processed promptly, and decisions are communicated to the within fourteen working days.

i) ***Guarantors:*** For an individual member loan application whose security is a Miraa plantation, that member must be guaranteed by the Sacco's Board of Trustees that is comprised of Council of Elders Representative, Religious Representative, and Administration Representative.

j) ***Loan Utilization:*** Loans are intended for legitimate purposes as specified by the Sacco such as investment, education expenses, healthcare, housing, or personal needs. Members are expected to use the loan funds responsibly and in accordance with the loan agreement.

2) Affiliate Groups

a) ***Group Recognition:*** Our approach is to use the most fundamental way of the community recognizing existence of an acceptable association. Our groups must be recognized by the representatives of arms of the community from the village level: i. Council of elders' representative, religious representative, an administration representative and last and which is optional, a government representative.

b) ***Membership Requirement:*** Groups must be registered individual members of the Sacco to qualify for the group loans.

c) ***Loan Applications:*** Group leaders are responsible for coordinating loan applications and repayments on behalf of the group.

d) ***Creditworthiness:*** Creditworthiness is accessed based on the collective savings behavior and repayment track record of its members.

e) ***Loan Amounts***: Groups with a history of consistent savings and loan repayments are eligible for larger loan amounts and favorable terms.

f) ***Loan Limits:*** Loan amount for groups are based on groups savings balance, repayment capacity, and the purpose of the loan. The Sacco may set a maximum loan limit for group loans to manage risk and ensure equitable distribution of funds.

g) ***Interest rates:*** group loans are subject to competitive interest rates, aligned with individual loan rates and Sacco policies. Interest rates may be negotiated based on the group's creditworthiness and relationship with the Sacco.

h) ***Repayment Terms:*** Repayment terms for the group loans are customized based on the group's cash flow and income-generating activities. Flexible repayment schedules may be offered to accommodate seasonal fluctuations or business cycles.

i) ***Collateral Requirements:*** The main collateral for the groups is the average collective proceeds from group's members' harvest of their Miraa farms. Other forms of collateral may be required for group loans depending on the loan amount and risk profile of the group. Collateral options may include group assets, personal guarantees from members, or joint liability agreements.

j) ***Guarantors:*** Group members seeking personal loans shall be guaranteed by their group. In the case of defaulting by a group member, repayment liability of the member's loans shall be automatically passed to the group. Where it's the group applying for the loan, its guarantors will be the Sacco's Board of Trustees.

k) ***Application Process:*** Group leaders or representatives are responsible for submitting loan applications on behalf of the group. Loan applications must include relevant group documentations, such as meetings minutes, financial statements, and member contributions.

l) ***Loan Utilization:*** Group loans must be utilized for the collective benefit of the group and aligned with the group's objectives and activities. Group leaders are accountable for ensuring transparent and responsible use of funds within the group.

m) ***Deposit of Proceeds:*** Each loan applicant is required to deposit the proceeds from their farm harvest into their designated account with the Sacco. The deposited funds shall be available for withdrawal by the applicant after a period of one (1) day.

n) ***Valuation of Miraa Farms:*** Each Miraa Farmers Group applying for a loan must engage an independent miraa valuer to assess the value of their farm produce. Additionally the Sacco will appoint its own valuer for the same purpose. The valuation of the miraa farms, conducted by both the independent valuer ad the Sacco's valuer, must be completed and submitted prior to the approval disbursement of any loan.

o) ***Declaration of annual Earnings:*** Every loan applicant is required to declare their average annual earnings derived from their farm produce, which will serve as collateral for the loan. This declaration must be accurate and supported by relevant documentation.

p) ***Miraa Security Personnel:*** All loan applicants who offer Miraa produce as collateral are required to have their Miraa Security Personnel trained by the Sacco.

q) ***Harvesting of Miraa Produce:*** The harvesting of Miraa produce shall be exclusively performed by individuals who have who have successfully undergone the Sacco's approved training for Miraa harvesting.

LOANS

1. LONG-TERM LOANS

I. Chama loan

a) Given at 3 times of a member's deposits or 70% the annual average value of proceeds from Group Members Miraa harvest.

b) Maximum repayment period of 36 months.

c) Interest rate of 1% per month.

d) Loans secured by Chama members' guarantees.

II. Development loan

a) Given at 3 times of a member's deposits or 70% the annual average value of proceeds from Member's Miraa harvest.
b) Maximum repayment period of 48 months.
c) Interest rate of 1% per month.

III. Boda boda loan (Asset finance)

a) Given at 3 times of a member's deposits or 70% the annual average value of proceeds from Member's Miraa harvest.

b) Maximum repayment period of 24 months.

c) Interest rate of 1% per month.

d) Principle security being the asset financed. Boda boda logbook to be retained as part of security.

IV. Biashara loan

a) Given at 3 times of a member's deposits or 70% the annual average value of proceeds from Member's Miraa harvest.

b) Maximum repayment period of 36 months.

c) Interest rate of 1% per month.

V. Mainga loan

a) Given at 3 times of a member's deposits or 70% the annual average value of proceeds from Member's Miraa harvest.

b) Maximum repayment period of 12 months.

c) Interest rate of 1% per month.

VI. Water Pan and Borehole Loans

a) Given at 3 times of a member's deposits.

b) Maximum repayment period of 12 months.

c) Interest rate of 1% per month.

VII. School fees loan

a) Given at 3 times of a member's deposits or 70% the annual average value of proceeds from Member's Miraa harvest.

b) Maximum repayment period of 12 months.

c) Interest rate of 1% per month.

VIII. Salary advance

a) Given at 3 times of a member's deposits.

b) Maximum repayment period of 12 months.

c) Interest rate of 1% per month.

d) The applicant is required to attach 2 months original current pay-slip (not more than two months old to the date of application) and a copy of National ID card.

IX. Cultural Loans

a) These are loans given to a Community Cultural Groups.
b) These may include Council of Elders, Age Groups, Age Sets, Clans and other Cultural organized cultural Groups.
c) Cultural Groups to be guarantors of their respective members.

X. Harvesters Loans

a) Given three times of a member's deposit's or as approved by the group.
b) Maximum repayment period of 12 months
c) Interest rate of 1% per month.

2) SHORT-TERM LOANS

a) Day Loan

a) With this amazing product, borrow and repay within 24hrs at just 5% interest.
b) Loan guaranteed by Group members.

b) Order Loan

d) This is short term loan to finance delivery of Miraa ordered.
e) This product is available for business person engaged in supply of Miraa on regular basis and wait for payment.

Requirements;

a) Letter of Contractual Agreement between the seller and the buyer.
b) Irrevocable letter of Guarantee and Indemnity signed by the buyer.
Delivery note endorsed by the buyer upon delivery of goods.
Payments made direct to the seller's Sacco account.

Lending criteria;

a) One-month short term loan.
b) Loan given 3 times of the savings
c) Full loan amount deducted from payment made to the seller's Sacco account.
d) Interest rate of 1 percent.

OTHER LOAN REQUIREMENTS

- Loans available to all fully registered members.
- A fully filed and signed application form specifying the type of loan applied for.
- All loans are secured using flexible collaterals.
- **All loans MUST be signed by a minimum of 3 guarantors by SACCO'S Board of trustees. The SACCO's Board of Trustees is composed of Ameru Council of Elders (Njuri Ncheke), Religious Leaders and Administrative Representative.**

ATTACHMENTS

- Group minutes signed by members stating that they are requesting for a loan.
- Current group records- cash book and minute book copies.
- All members' copy of ID should be attached.