	IN-HOUSE AMALGAMATION LOANS POLICY

LOAN POLICY NUMBER	LOAN. 006
RESPONSIBLE DEPARTMENT	CREDIT DEPARTMENT/CREDIT COMMIITTEE
EFFECTIVE DATE	01 – 11 - 2021
REVIEW DATE	01 – 11 - 2022
SCOPE	ALL MEMBERSHIP OF THE SACCO
APPROVAL BY	THE MANAGEMENT BOARD

Entitled

This is a Policy providing for amalgamation of all existing internalloans for members of Bunye Betfu Buhle Betfu Savings and Credit Cooperative with all inhouse debts and shall be brought out provided such moveis in compliance with the Consumer Credit Act 2016 and the Employment Act, 1980 .

PREAMBLE

Whereas The Management Board of Bunye Betfu Buhle Betfu Savings and Credit Cooperative finds it at heart to help its membership who are in financial constraints through consolidating their internal and existing loans.

Whereas Bunye Betfu Buhle Betfu has always beenthriving to be the best Cooperative that provides good services to its members within reasonable time.

Whereas it has become necessary to blend the good practices with new ideas for the betterment of the members of all class.

DEFINITIONS/INTERPRETATIONS

(A) "*Applicable Law*"- unless the context otherwise suggests, the words or phrases shall be defined/interpreted in accordance with the Employment Act, 1980, the Cooperative Societies Act, 2003, The FSRA Act, 2010, The Credit Consumer Act 2016 and The Anti Money Laundering Act, 2011 (as amended), hereinafter collectively referred to as "the Acts" as well as the rules therein.

(B) In this Policy, save as otherwise expressly stated;

(i) The *"Commissioner"* means the Commissioner of Cooperatives appointed under Section….. of the Cooperatives Act, 2003.

(ii) *"Deposits"* shall mean a sum of money paid on terms stipulated by this policy of which it shall be repaid, with interest either on demand or at the time and in the circumstances agreed upon by the member and the office.

(iii) ***"Member"*** **shall mean a person who has fully paid-up his/her shares and is admitted to membership in accordance with the SACCO By-laws.**

(iv) ***"Management Board"*** **shall mean the Board of Directors elected during the SGM and have passed the vetting process by FSRA.**

(v) ***"Office"*** **shall mean the office of Bunye Betfu Buhle Betfu Savings and Credit Cooperatives.**

(vi) **"Regulator" shall mean an office of the Financial Regulatory Authority known as (FSRA).**

1. PURPOSE AND OBJECTIVES

a) The In-house Amalgamation loans is mainly to assistmembers who are having difficulty in their daily living or monthly obligations which is as a result of debts or deductions made from the member's pay slip.
b) The In-house Amalgamation loan is designed for a member who has existing loan balances within the SACCO but due to limited income is unable to take additional independent loans.
c) To combine all outstanding loans into a new loan.
d) To pay single interest rate on the consolidated loans
e) To allow members to extend the maturity of their loans beyond what is otherwise permitted.

2. BENEFITS:

Extension option;

Liquidity benefit (associated with the extension option) of lower monthly payments;

Convenience of a single bill each month.

3. ELIGIBILITY CRITERIA / REQUIREMENTS

a) Fully paid up membership.
b) Copy of National Identity Card (ID)
c) Applicant's motivational letter.
d) Current payslip.

e) Completed StandardIn-house Amalgamation Loan Application Forms.

f) Completed and signed reschedule form.

g) Member's Proof of Residence.

h) Report from ITC.

i) Initiation fee of E200.00 non refundable if loan is successful.

5. LOAN PROCEDURE

a) The office shall fully explain the approval procedure to the applicant.

b) The office shall fully inform the member before the loan has been granted of repayment obligations for both principal loan and interest thereof. The office shall also explain the collection procedures.

c) The Manager/Credit Supervisor or any other designated supervisor shall provide recommendations as to granting of the loan to a member.

d) The granting of the loan shall follow the SACCO loan procedures.

e) The Manager/Credit Supervisor or any other designated supervisor if requested shall attend meetings of the Credit Committee in order to personally provide opinions on the loan applications.

6. LOAN DISBURSEMENT

a) All loans disbursement must be properly recorded both in member's passbooks, and the SACCO systems.

b) All loans will be disbursed.

c) If a loan application is approved but the applicant fails to sign for the loan within twenty (20) days, the loan shall be cancelled except where a written request for such delay had been received prior to the expiry date.

8. CONDITIONS

A person shall be eligible under this policy if he/she possesses the following:

a) The maximum amount one can access is E300, 000.00 (Three Hundred Thousand Emalangeni), limited to the amount owed to the SACCO.
b) Interest shall be charged as follows;
   Months at 1.50% per month
c) Repayment period shall be twelve (12) months up to seventy two (72) months.
d) Members who apply forIn-house Amalgamation loanand the loan repayment period extend beyond retirement date would be granted loan up to retirement date
e) Deduction shall be effected on the member’s pay day through deduction from source, bank debit/stop orders .
f) Members access to other loans products in the SACCO shall be determined and guided by the members credit worthiness and in conformity with all existing laws.
g) Loan agreement becomes effective upon signing by both parties (lender and borrower)
h) There shall be no verbal or other agreements which modify or affect the validity of the terms of this Agreement without the written consent and signed by both parties
i) Consolidation can be done if member has more than one (1) loan and no cash will be given to a member.
j) Members who have been granted in-house amalgamation loan will not be eligible to borrow a long term loan but will be eligible to borrow other loans provided they qualify in terms of the SACCO’S loans policy, credit consumer act and employment act

9. REPAYMENT PLAN

a) The repayment period and the amount to be repaid per month shall be determined by the credit process in accordance with this Policy.
b) Nothing in the foregoing need will prevent any member from repaying his/her loan and interest in full prior to its repayment date.
c) Where the loan is repaid in full before the projected last payment date, the interest on loan will be reduced by the amount equal to the interest of the months which would otherwise still remain.

10. SANCTION

A. In the event of any one payment not being made on the due date by borrower, then the full balance being outstanding including interest, costs and collection commission if applicable shall immediately become due owing and payable and the BUNYE BETFU BUHLE BETFU SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED shall be entitled to institute proceedings against borrower forthwith for the recovery of such balance either by way of or provisional sentence or default judgement in any other manner prescribed by the rules of the HighCourt and /or Magistrate’s Courts of Eswatini in the discretion of the BUNYE BETFU BUHLE BETFU SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED.

B. The borrower shall pay all costs incurred by the BUNYE BETFU BUHLE BETFU SAVINGS AND CREDIT COOPERATIVE SOCIETY LIMITED in collecting sums due under this Agreement after in default payment, including reasonable attorneys‘fees.

C. Subsequent failure to service In-house Amalgamated loans will result in legal actions taken against the borrower and costs of suit shall be incurred by the borrower.

10. FULFILMENT OF OBLIGATION

The SACCO maycancel the whole loan agreement, even though the repayment period has not elapsed as stated in the loan agreement, should it be found that the member is in violation of any of the following:

a) Unjustified delay in the repayment of principal loan debt and interest.

11. DEFAULTERS AND WITHDRAWALS

a) Where a member wishes to withdraw from the SACCOs membership he/she shall be required to give the SACCO a written notice of not less than three (3) months of his/her intention to withdraw as per the By- Laws.

b) No member shall be allowed to withdraw from the SACCO his/her membership unless all debts had been repaid in full or loan balance can be fully offset by the member's savings. Such a member will also have to satisfy the SACCO that all loans secured have been paid in full or balance does not exceed the savings of the member.

c) If no reply to the original collection letter is received within sixty (60) days of the due date for the loan repayment, a prior personal visit should be obtained from the consumer by the Credit Supervisor or representative who should request repayment and explanation of the reason for the delinquency. All cost incurred shall be borne by the member.

d) If no payment is forth coming from the borrower, the Manager/Credit Supervisor shall make a follow up and a final letter of demand be sent to the borrower within ninety (90) days and copied to the Management Board through the Credit Committee highlighting the fact that the SACCO is considering liquidation of the loan by writing off the shares and savings of the borrower, taking possession of any property pledge as security for the loan. Such correspondence shall grant the borrower 30 working days to normalize the situation failure thereto shall result to forfeiture of the total savings and institution of legal redress for the balance henceforth.

e) After all possible collection procedures have been exhausted, the SACCO shall consider legal action as a final solution. In the case where legal action is undertaken, the Management Board will make sure that the costs of legal action are borne by the borrower.

12. RIGHTS OF THE CO-OPERATIVE

The board reserves the right to recover any loan outstanding from the member without notifying the member if there is reason for default or whatsoever. This is in terms of Regulations 68 of the Act.

13. <u>RISK AND CONTROLS</u>

RISKS	CONTROLS

1.Credit/default risk, due to unpaid loans	• Recovery Officer • Additional Accounts Officer
2.Interest rate risk, due to low interest rates	Interest to be at 1.5% per month
3. Liquidity risk, due to deposits withdrawn too quickly	• Recovery Officer • Additional Accounts Officer
4.Operational risk, due to employee omissions or errors and system capability/error	To upgrade the system to be automated

14. IMPORTANT NOTES

Loan balances of a member who is eligible for a loan requires the following:

a) Repayment of borrowed loan shall be deducted from source of income of that particular member. Under no circumstances shall a member negotiate with either the management board or the office to have his/she loan repayment paid in cash, unless that member is clearing his/her existing loan in total or is reducing his/her existing loan.

b) A member is obliged to declare upfront all his/her existing loans in the income and expenditure form during loan application, otherwise, failure to disclose such vital information shall render the application invalid.

c) The SACCO cannot be held liable for a member who is over indebtedness due to reckless borrowing from other financial lenders.

d) Any problem arising out of the operation of this policy or any matter that cannot be dealt with under this policy may be referred to the management board.

15. ADOPTION OF RULES

a) It is the consensus of the Management Board of Bunye Betfu Buhle Betfu SACCO that these rules as presented and modified from time to time shall form the written In-house

Amalgamation policy of the SACCO and shall be strictly followed by both members and office of the SACCO.

b) So it is decided that these rules shall come into effect on this day………of……………………………………………………………………….2021.

16. MANAGEMENT BOARD APPROVAL

This In-house Amalgamation Loans Policy was discussed, approved and adopted by the Board for implementation on the ……………. of the month of ………………. 2021

It was approved by the Management Board Meeting held on ……… day of………………2021.

NamePortfolio Signature

Executive Committee:

Mrs. Fortunate N Lukhele	Chairperson	……………………….
Mr. Eric Seyama	Vice Chairperson	……………………....
Ms. Nomonde Dlamini	Secretary	……………………….

Credit Committee:

Mr. Sibusiso Sukati	Chairperson	……………………….
Mr. Kenneth Dlamini	Secretary	……………………....
Ms. Nompumelelo Nkambule	Member	……………………....

Education Committee:

Ms. Beauty Fakudze	Chairperson	………………………
Mrs. Mhlophe Zwane	Secretary	……………………......

Mr. Ronnie Ginindza Member …………………………..

SUGGESTION – The ITC report