

OUR LOAN PRODUCTS

We currently have 11 loan products. We have also worked in reducing the loan charges for Rudi Tena loans from 7.5% down to 2.5%..

The Institutional lending policies were also relaxed to 5 years and 5 times multiplication.

- 1. EMERGENCY LOANS-** Emergency loans are defined by purpose and must be accompanied by supporting documents. The repayment period is 12 months.
- 2. NORMAL LOANS-** Normal loans are granted for a period of 60 months to members who don't have any other outstanding loans. These are given for development purposes e.g. buying land, building etc. They are given 5 times at an Interest of 12% P.A
- 3. RUDI TENA LOANS** -These are granted to the members who already have loans with the Sacco. The member is charged 2.5% of the remaining balance. Repayment period 60 Months.They are given 5 times at an interest 12% P.A
- 4.RUDI NYUMBANI LOANS-** These are granted to members who have loans with other institutions like banks, microfinance at a charge of 2.5% of the existing bank loan. They are given 5 times at 12% Interest P.A
- 5. REFINANCING LOANS-** These are granted to members who already have normal loans with the Sacco but have not completed the project they had started with the initial loan (Normal loan and Rudi tena loans). The repayment is within the remaining period of existing loan.
- 6. INSTITUTIONAL LOANS-** These are given to church institutions and groups, Parishes, Sessions. They are given up to 5 times of their savings with a maximum repayment period of 5 years with guarantors or collateral as security.
- 7. NORMAL PLUS LOANS-** This product is given five times of member's savings and repayment period of 72 months. It is granted to members who don't have any other existing loans. Interest is 13% P.A
- 8. RUDI TENA PLUS-** This product just as the normal plus its repayable within 72 months and given five times of members savings but it differs with the normal plus in that its granted to a member who has an existing loan whereby the existing loan balance is offset and charged 2.5% Interest is 13% P.A.
- 9. REFINANCING PLUS LOANS-** This is a refinancing loan granted to members who have not completed their projects after taking Rudi tena plus or normal plus loans. Repayment is within the remaining period of the existing Rudi tena plus or normal plus loans.

10. DEPOSIT/SHARE BOOST LOANS- This is a loan given to members who want to boost their deposits. It does not require guarantors since the member is not paid the money, but it's added to his/her deposits.

11. NIOKOLEE TAFADHALI (MOBILE LOAN)- Our member can apply the short-term loan using their mobile phones (*477#). Its repayable in three equal instalments i.e. Three months with a monthly interest rate of 6% non-Reducing

***All loans except for Normal plus and Rudi tena plus must be equal to 4 (four) times your deposits and repayment period of 48 months maximum.**

***Rudi tena plus and Normal plus loans are equal to 5 (five) times your deposits and repayment period of up to 60 months.**

SOLAR LOAN FACILITY

Our Sacco is now financing our members to install Solar by advancing loans. This was launched in our 2023 AGM. With the high electricity costs, solar energy is the way to ease things. Several members and institutions with high electricity demands have benefited with solar installation through:

- Domestic Solar Lighting
- Solar Water Heating
- Solar Water Pumping
- Borehole Drilling

AREAS TO BE EMPHASIZED.

- 1. LOAN ARREARS** –A loan must be paid as per the agreement with the Sacco. It's a contractual obligation that has to be met by the loanee by paying instalments monthly per the repayment Schedule. Any months skipped amounts to arrears. Arrears affect earnings of interest on deposits since money that never came to the Sacco cannot earn.

NB: A deceased member with loan arrears/Default the insurance cannot pay. The amounts in default has to be recovered from the members savings.

2. **SASRA REGULATIONS ON LOAN ARREARS-** According to the new regulations the Sacco has to provide for non-performing loans as below meaning defaulted money will affect the overall performance of the Societies earnings.

RISK CLASSIFICATION

- Performing Loans- Paid up to date
- Watch- 1-30 Days 1 instalment unpaid
- Substandard- 31-180 days i.e 2-6mths unpaid
- Doubtful- 181-360 Days 7-12mths unpaid
- Loss-over 360 days i.e 13mths and above
- Report to be submitted to Sasra

2. **NOMINEE FORM (Next of Kin)-** Every member should ensure they fill this important form to nominate the next of Kin. A Next of Kin is the person who can take your savings in case of death. It's advisable to have more than one nominee. Members are advised to request to know their nominee status through email.

3. **DORMANT ACCOUNTS-** Once a member does not contribute savings for a period of over three months the account becomes dormant meaning in case you want a loan that account should be reactivated for a period of six months for one to qualify for a loan. Members should ensure their accounts do not become dormant.

NB: The new SASRA Regulations says that upon non remittance of 12 months and above Sacco should maintain a separate account for such accounts.

-Such amounts shall be deemed to be unclaimed in accordance with the Unclaimed financial Assets Act.

We urge all dormant members to activate their accounts

4. **GUARANTORS-**Guaranteeing a member means that your savings are attached in case the member defaults. In view of this members should ensure that they sign for people whom you know their character. There has been cases of members forging guarantors. To curb this the Sacco plans to introduce specimen signatures for all members. We however caution members to be honest since forging somebody else signature is a criminal case. Also note that when withdrawing from the Sacco one have to clear with the ones you have guaranteed as your savings are tied by those guaranteed. One cannot remove a guarantor from a loan,a guarantor can only be replaced by another member.

5. **INTEREST ON DEPOSITS-**

Our Sacco gives interest on members deposits annually by the end December and approved during the Annual General Meeting. Its paid on Pro-rata basis.

Concerning interest on deposits the following should be noted.

- Non payment of loan affects a member earning of interest on deposits because of the loan arrears.
- Arrears is money due from the member yet not received in the sacco. This means it was meant to have participated in business but didn't therefore affecting the earnings and income that is eventually distributed to the members inform of interest on deposits at the end of the financial year.
- A positive balance is what earns. When loan is in arrears in relation to your savings it creates a negative balance.
- For a member who has no loan he or she is not affected since his/her savings remain positive even though he may not have contributed monthly.
- All members with positive balances earn meaning no loan money due from the member was not received.
- The issue of earnings is an individual matter since a member's account performance is different from others depending on whether all money expected was received accordingly.

The rates for the recent years:

Year 2019 10.9%

Year 2020 10.4%

Year 2021 9.9%

Year 2022 9.7%

Reason for drop is the requirement by SASRA For provisioning of non-Performing loans.

6. SHARE CAPITAL- Share Capital is a fixed amount that each member who joins Sacco must have. Its non-refundable but transferable in case a member leaves Sacco but our Sacco normally facilitates the member to transfer the shares to the share's bonus fund. To acquire a loan, one must have attained the minimum share capital of kshs 15,000.00. The Maximum amount that a member can hold is 15% of total Sacco shareholding. It earns dividend annually the recent rate was 16.9% in the year 2020 and 24.4%. year 2021, 19.9% in 2022. You cannot take a loan against your share capital.

7. INSURANCE ON LOANS- Insurance is charged on all loans to cover against death. In case of death members deposits will not be affected since insurance will clear the loan NB: Insurance does not pay defaulted money or money in arrears in case of death. The loan must have been paid up to date with no months in arrears otherwise the arrears/defaulted money will be recovered from savings.

6. POLE MSHIRIKA- We have a benevolent fund where each member contributes Kshs 300 annually from the deposits. In case of death of principal member, the family is paid Kshs 50,000.00 and for loss of a nuclear family member is paid Kshs 25,000.00.

8. MOBILE LOANS- The repayment period will be a minimum of 1 month and a maximum of 3 months at the rate of 6% per month non-Reducing Balance

Conditions to qualify for Mobile Loan

- i. A Member should not be Dormant
- ii. A Member should have the minimum Shares of Ksh.15,000
- iii. Must not have defaulted previous Mobile loan, otherwise he/she will have to wait for one months
- iv. A member must have some savings in order to qualify for the loan

NB. 1. One month of default the total amount of loan plus interest will be recovered from one's deposits after the necessary notifications are sent. The member will then be disqualified for One (1) month from taking the short loans.

- 2. In case of a second default the member will be disqualified for Three (3) Months from taking the short loans.

LOAN ELIGIBILITY-

Eligibility of a Mobile loan depends on ones Deposit. The measures were relaxed in that, the maximum one can qualify for is 10% of your deposit.

APPLICATION PROCESS.

A. Request for loan

Under this option is where you apply for the amount you wish to borrow depending with your savings and eligibility using our USSD Code *477# then option Three.

a) Repay Loan

To be able to pay your loan, first transfer the money from your Mpesa to FOSA account using pay bill number 922200 and your ID as the Account number and then dial *477# and select option 3-loans and then Repay loan. Indicate the amount you wish to pay and key your Pin then select OK

Registration to the Mobile loan platform

Contact the office and avail the following details for Registration.

- i. Full names as per the Identity Card
- ii. Email Address
- iii. Mobile number (Safaricom)
- iv. Identity Card Number

Once the detail is availed, they are keyed in the system and the system will auto-verify and send a text message to the member automatically prompting the member to change password and you become fully registered under mobile loan services.

2. Available Services

Once's you are fully registered, dial *477# you access the following services:

- i. Mini Statement

Under this option, a member will be able to get a summarized statement of his/her accounts

- ii. My Balances

In this option, A member will be able to view H/her Loan and savings balances.

- iii. More Services

This will prompt a member to change his/her Pin if S/he so wishes

- iv. FOSA to MPESA

When a member borrows loan through mobile loan, the money is credited in your FOSA account and not Mpesa thus, after your loan is approved you need to transfer your money from FOSA to your Mpesa through this option by simply selecting the option and keying in your Pin

v. Airtime Purchase

For a member to be able to Purchase Airtime under option two, one should be having some money in his

SOCIAL PLATFORMS- We have active social media platforms i.e Telegram, Facebook and website. Members can get most of the Sacco information and updates there. We urge members to join our Telegram group and also Like our Face book page.

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WEBSITE: www.pceasacoltd.co.ke

YOUTUBE: PCEA SACCO LTD

FACEBOOK: PCEA SACCO LTD

TELEGRAM: PCEA SACCO LTD

F.A.Q.s

1. Can we have a Sacco information booklet? *Yes in brochures and we also have a website www.pceasacoltd*
2. How can one/group join the Sacco? *Yes many have enrolled and benefited from us details in the brochure*
3. What happens after one retires? *Advisable to continue with the Sacco with guarantors one can get loan*
4. How is the penalty charged and at what time? *After 15th of the following month 5% compound interest*
5. Can one use any other collateral other than guarantors? *At the moment not*
6. How is the Sacco management board elected and who qualifies? *Refer to the By Laws(15.2 ELIGIBILITY FOR MEMBERSHIP TO THE BOARD OF DIRECTORS)*
7. How can we access the by-laws? *Available on the website*

8. Why should an individual be punished and not get a loan because the presbytery or institution is not paying? *It's a legal requirement for all employers to submit deductions and it's a personal responsibility to follow up. When applying for a loan all requirements must be met per the policy including the members account being up to date.*

9. What do I do if I guarantee a person and she/he leaves the country for abroad and defaults in payment? *Guaranteeing means you are liable in case of default so your deposits will be deducted therefore guarantee people whom you trust can pay even if they are far.*

10. What happens if a member dies and has a loan with the Sacco? *Sacco has an insurance it will pay provided the loan had no default and the next of kin will apply to withdraw the savings.*

11. Can one guarantee others if he/She has a loan with the Sacco? *Yes up to a maximum of 4 people*

12. Pole Mshirika- One is deducted Kshs 300 per annum. *In case of death of principal member the family is paid Kshs 50,000.00 and for loss of a nuclear family member is paid Kshs 25,000.00.*

14. Registering defaulters with CRB – **Currently in force**

16. If one clears loan is interest for the remaining period charged? *No interest is on reducing balance meaning once loan balance is cleared no further interest is charged.*

19. Loan Insurance is it charged on refinancing and Rudi Tena Loans- *Yes its charged on all loans, for Rudi Tena loans the insurance charged on the current loan is offset against the insurance paid for the remaining period of the loan being cleared*

20. Withholding tax- *Its charged on Interest on deposits at 5%*