BY-LAWS

OF

MAGEREZA DEPOSIT TAKING SACCO SOCIETY LIMITED

CS/NO. 1946

(AMMENDED 2026)

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OF

MAGEREZA DEPOSIT TAKING SACCO SOCIETY LIMITED

1. NAME AND AREA OF OPERATION

The society shall be called MAGEREZA Deposit Taking Savings and Credit Co-operative Society limited hereinafter referred to in these by-laws as the "SACCO" and its area of operation shall be:-

REPUBLIC OF KENYA

2. REGISTERED OFFICE / POSTAL ADDRESS

The registered office of the society shall be at MAGESO CHAMBERS MOI AVENUE, and its postal address shall be P.O BOX 53131-00200 NAIROBI.
Email – magereza@magerezasacco.co.ke;

Notice of any change of address of the society shall be given to the Commissioner of Co-operatives (hereinafter referred to as ('Commissioner') and to all the members through their last known address of such members in the SACCO records.

3. DEFINATIONS/ INTERPRETATIONS

In these by-laws, unless the context otherwise suggests, words of phrases shall be defined/ interpreted in accordance with the Co-operative Societies Act, the Sacco Act and regulations hereinafter referred to as "the Act" and "the rules" respectively.

(a) "SACCO" means Magereza Deposit Taking Savings and Credit co-operative society limited

(b) "Tribunal" means the Co-operatives Tribunal established under Cooperative Societies Act to hear and determine disputes under the Act and Rules.

(c) "Commissioner" means the Commissioner for Co-operative Development

(d) In these by laws where the masculine is referred to, it shall include the female gender.

(e) "Institutional capital" means and is comprised of statutory reserves, entrance fees, appropriation accumulated account and any other reserve established by the Society's committee for which there is no claim.

(f) "User" in the SACCO shall mean groups, members and other co-operatives who may from time to time carry out some business with the SACCO.

(g) "Board of Directors" shall refer to the persons elected in duly convened delegates meeting to govern the business of the society as per these By-Laws therein referred to as the "Board".

(h) "Nominee" means a person appointed by a member to inherit the shares, deposits and other interests in the society upon the death of a member.

(i) "Authority" shall mean the Sacco Societies Regulatory Authority.

4.1 VALUES

The society will reflect these values of self-help, mutual responsibility, equality and equity. It will practice honesty, openness and social responsibility in all its activities.

4.2 PRINCIPLES

The society will reflect these values by applying the following principles as general guidelines in its activities.

i. VOLUNTARY AND OPEN MEMBERSHIP

The primary purpose of Magereza Deposit Taking Savings and Credit co-operative society limited is to serve its members and, as applicable, in a prudent and effective manner. Within its capacity to admit members, on open and voluntary basis, without political, religious, gender or social discrimination, to all who can contribute to, and benefit from its activities.

ii. DEMOCRATIC MEMBER CONTROL

The society is a democratic and participatory organization actively controlled by members who enjoy equal voting rights, on a one-member-one vote basis.

iii. **ECONOMIC PARTICIPATION**

Members shall contribute equitably to the capital of Magereza Deposit Taking Savings and Credit co-operative society limited and share in the results of its operations. At least a portion of the capital shall be owned collectively, with intention to further the long-term purpose for which the co-operative exists.

The society may pay a competitive rate of interest in capital; shall compensate employees fairly according to the standards of the society. Members shall allocate surpluses for any or all of the following purposes: -

(a) Developing the business of co-operative;

(b) Benefiting members in proportion to their involvement with the co-operative; and

(c) Further development of the co-operative movement.

iv) EDUCATION TRAINING AND INFORMATION

The society will foster reciprocal, ongoing education programmes for members, leaders and employees, so that they can teach and learn from each other in understanding and carrying out their responsibility to inform the general public, particularly of the co-operative movement.

v) CO-OPERATION AMONG CO-OPERATIVES

Inorder to best serve the interests of its members and their communities, the Society will actively co-operate in every practical way with other Co-operatives **locally, nationally** and **internationally.**

vi) AUTONOMY AND INDEPENDENCE

Magereza Deposit Taking Savings and Credit co-operative society limited shall be an autonomous mutual-help organization controlled by its members. It shall enter into agreement with Governments and other organizations, freely, on mutually acceptable terms that ensure its autonomy.

vii) CONCERN FOR COMMUNITY IN GENERAL

Magereza Deposit Taking Savings and Credit co-operative society limited will be concerned about the communities in which it exists. While focusing on member's need it will strive for the sustainable development of these communities through policies that are respectful of the environment and acceptable to the membership.

4.3 SPECIFIC OBJECTS OF THE SACCO

(a) To promote thrift among its members by according to them an opportunity for accumulating their savings, deposits and to create thereby a source of funds from which loans can be made available to them for purposes of providence or production or both at a fair and reasonable rate of interest.

(b) To provide an opportunity for each of its members to improve his respective economic and social conditions.

(c) To offer the members complementary savings and credit services and other financial products such as front office services or withdrawable savings/deposit accounts as may be required by members from time to time.

(d) To ensure safety and soundness of the members funds through risk management programmes or any other appropriate insurance scheme.

(e) To ensure progress of its members by educating them continuously on proper use of credit.

(f) To perform all those functions and exercise those powers designated for savings and credit co-operative societies under the applicable law for the benefit of members.

(g) To cooperate with other co-operatives in order to promote members' interests and in furtherance of this object, the society may affiliate to Co-operative Apex Organizations.

(h) To perform within the applicable law 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 provided that such acts, deeds and things are approved by the Annual Delegates Meeting.

5. MEMBERSHIP ELIGIBILITY

Members shall consist of:-

(a) All members subsequently admitted in accordance with these By-Laws and whose names are entered in the Members' Register.

6. COMMON BOND

A person of either sex shall be eligible for membership who possesses any of the following qualifications: -

(a) A Kenya Prisons serving staff
(b) Staff of Magereza Deposit Taking Savings and Credit co-operative society limited
(c) Spouses and their offspring of serving member who have attained the age of 18years.
(d) Retired members of Kenya Prisons staff.
(e) Retired members from other Government ministries, who have been members of the society before retirement.
(f) Serving civil servants in other ministries/ departments.
(g) Retired staff members of the society.

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(h) Employed and self-employed persons from the private sector.

7. APPLICATION FOR MEMBERSHIP

Every applicant for membership shall complete an "Application for Membership Form". This form may be drawn so as to show all the information required for the purpose of a register of members.

8. ADMISSION TO MEMBERSHIP

An applicant shall be admitted to membership on being accepted by majority of the Board of Directors and confirmed by subsequent Annual Delegates Meeting but shall not qualify for the rights and privileges of membership until he has paid an entrance fee of Kshs.1,000/- and paid in full for at least 300 shares of Kshs.100/= which will be achieved gradually within 36 months or as may be decided by the Board of Directors and a copy of the Society's By-Laws at Kshs.500/-.

9. REFUSAL OF MEMBERSHIP

(a) The Board of Directors may refuse membership to any person, giving valid reasons, provided that the person whose membership has been denied, if otherwise eligible for membership, shall have the right to appeal to the Annual Delegates Meeting.

(b) The Delegates meeting may reject or uphold the decision of the Board of Directors.

10. NOMINEE

(a) Every member upon admission to membership shall nominate in writing one or more persons to whom, on his death, his share, deposits, or any other interests shall be transferred.

(b) Appointment of a nominee by a member shall be in writing and signed by the member and witnessed by one witness who should be a member.

(c) A member shall have the right to change his nominee, but any such change or alteration must be in writing and signed by the member in the presence of one witness.

(d) The name(s) of the nominees shall be entered in the nominee register and kept confidential.

(e) Where more than one (1) nominee is appointed, the amount of shares, deposits and other interest to be transferred to each of those nominees shall be specified at the time of nominating, provided however that where no amount is specified each of the nominee shall receive an equal share.

11. PAYMENT TO UNADMITTED NOMINEE

If not admitted to membership, the nominee shall be paid the value of the deceased member's deposits and any other benefits or interest less any sum due by the later to the society within two months after the death of the member.

12. CESSATION OF MEMBERSHIP

Membership in the society shall cease with effect from the date of a member's:

(a) Death

(b) Being expelled from membership

(c) Withdrawing all his shareholdings

(d) Ceasing to hold the qualifications stated in these By-Laws

(e) Becoming insane

(f) On transfer of all his shares

(g) Failing deliberately to contribute to his savings and loan repayment for a continuous period of 3 (three) months without leave from the society.

13. VOLUNTARY WITHDRAWAL

(a) A member may at any time withdraw from the society by giving at least two months (60 days) written notice.

(b) Where a member has an outstanding obligation in respect of guarantee he shall continue to be responsible unless alternative arrangements acceptable to the society are made.

(c) A withdrawing member must clear all his outstanding liabilities with the Sacco.

14. SUSPENSION FROM MEMBERSHIP

The Board of Directors may suspend a member who;

(a) Fails to fulfill his/her obligations to the Society whether stated in these by-laws, general internal regulations, a resolution of the general meeting or in contravention of any other legal document, provided such a member has been called upon to do so but has failed.

(d) The suspended member may appeal to the Supervisory Committee if not satisfied with the decision of the Committee.

15. PROCEDURE FOR SUSPENSION AND EXPULSION

(a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the Board of Directors shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him/her to file a defense.

(b) Upon the expiry of the 30 days and taking into consideration the member's defense if any, the Board of Directors shall initiate administrative inquiry and make a decision on its findings within 15 days. The Committee may:-

i. Suspend the member pending expulsion by the Annual Delegates meeting or

ii. Impose any other punishment as provided for in the applicable law.

16. APPEAL AGAINST EXPULSION

A member so suspended shall have the right to appeal to the next Delegate Meeting convened in accordance with these By-Laws which may reinstate him or expel him or give further direction.

17. PAYMENT TO EXPELLED MEMBER

A member who withdraws or is expelled shall be repaid the following amounts after deductions of any debts owed by him to the society as borrower, endorser, and guarantor or otherwise:-

(a) The nominal or book value of his deposits/savings

(b) Any dividends or interest due to him on the date membership ceased and

(c) Any deposits or other sums held by the society on his behalf.

18. FUNDS

The funds of the Sacco shall consist of:-

(i) Entrance fee;

(ii) An unlimited number of shares to the value of Kshs.100/= each;

(iii) Deposits or loans from members;

(iv) Such reserve funds as may be kept by the society;

(v) Any surplus resulting from operations of the society;

(vi) Any donations, grants, gifts from other bodies organizations and individuals;

(vii) Deposits and loans protection fund and;

(viii) Funds obtained from other lawful miscellaneous sources.

19. APPLICATION OF FUNDS

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 bylaws.

20. SHARES

(a) The nominal value of each share shall be Kshs.100/= (One Hundred Only) and every member shall hold at least three hundred (300) shares or as may be decided from time to time but no member shall hold more than one fifth of the total share capital.

(b) The shareholdings of a member who fails to complete payment of 300 (three hundred) shares on admission to membership within thirty-six (36) months, the deficit shall be transferred from his/her deposits.

(c) No member will be allowed to transfer/sell part of shares unless he ceases to be a bonafide member of the society or his shareholding is above the set maximum.

21. TRANSFER OF SHARES

All transfers of shares must be registered with the Society, and no transfers shall be valid unless so registered. A fee of Kshs.500/- or as may be approved by the Board of Directors shall be paid for each transfer.

22. POWER TO BORROW

(a) Loans may be obtained from members and non members subject to the maximum amount fixed by the delegates meeting and approved by the Commissioner.

(b) For the necessary securing of any loans accepted by the society under paragraph (a) of this by-law, the society may grant a charge over the assets of the society. The authority to grant a charge shall be reserved to the Annual Delegates Meeting subject to the approval of the Commissioner for Cooperatives.

23. INTEREST RATE

The rate of interest on deposits, or loans, shall not exceed the prevailing market rates. It will be determined by the Board of Directors and submitted to the Annual Delegates Meeting for approval.

24. INVESTMENT OF SACCO'S FUNDS

The Sacco may invest or deposit its funds only:-

(a) With any bank licensed under the Banking Act;

(b) In a capital formation fund which shall only be applied in projects approved by members in Delegates meeting;

(c) In and upon such investments and securities as are for the time being authorized for the investment of trust funds;

(d) In the stock of any statutory body established in Kenya, or shares and deposits of any co-operative society or in any limited liability company incorporated in Kenya or in any other manner approved by a resolution at an Annual Delegates Meeting of Magereza Society.

(e) Where the society invests in real estate other than to its own Accommodation it shall not hold more than 20% of the equity in the investment or expand a sum exceeding 25% of its share capital in such venture.

25. RECEIPTING FOR MONEY

Money paid in or out an account of shares, deposits, loans, interest, fees, fines shall be evidenced by an entry in the receipt book approved by the Board of Directors. Every person receiving or paying out any money on behalf of the society shall be identified on the receipt.

26. STATUTORY RESERVE FUND

The society shall maintain a Statutory Reserve Fund, which shall be invested in the manner specified in these By-Laws and may be applied as set out in the cooperative Rules. The Reserve Fund shall be credited with 20% of the net surplus of each financial year.

27. GENERAL MEETING

The Supreme Authority shall be vested in the Delegates Meeting of members. Such meetings shall be held as follows: -

(a) The Annual Delegates Meeting shall be held every year within four (4) months of the closure of the financial year.

(b) All business will be completed at the Annual Delegates Meeting, such as, acting upon the Auditor's Report, disposal of the net surplus, etc, may be taken up at a Special Delegates Meeting, or at the Next Annual Delegates Meeting or the Board of Directors will take action as delegated by the Annual Delegates Meeting.

(c) A Special Delegates Meeting shall be held: -

i. When convened by the Board of Directors, or

ii. When convened by the Commissioner, or,

iii. Within 15 days of receipt of a written request from 100 (one hundred) or a half (1/2) of the delegates.

iv. Meetings may be done virtually when circumstances arise.

28. NOTICE OF MEETING

At least fifteen clear days of written notice shall be given in the case of Annual Delegates Meeting or Special Delegates Meeting. The Hon. Secretary shall take all possible and usual steps, such as announcements at public meetings, posting a notice on the society's notice board, or boards, an advertisement in the local newspaper or news-sheet, announcements at local churches or mosques, etc., to inform all members of the date and main business of the meeting. All written notices shall include a statement of the business to be dealt with.

29. SPECIAL DELEGATES MEETING

For a Special Delegates Meeting requested by the delegates, the request must state the object of the meeting and be signed by the requesting delegates. The request shall be deposited in the registered office of the society.

30. QUORUM

The presence of atleast two thirds (2/3rds) of total delegates shall constitute a quorum for the conduct of business at a Delegates Meeting. When a quorum is not present, the Chairperson shall adjourn the meeting and shall fix a date within one month for the adjourned meeting which shall be advertised as prescribed in these By-Laws.

If at such subsequent meeting, a quorum is again not present, the Chairman shall declare the meeting open with those present one half hour after the advertised time of the meeting.

31. IDENTIFICATION AT DELEGATES MEETING

Before they attend or vote at a Delegates Meeting, members may be required to produce their membership identification cards as evidence of membership, or identify themselves in some other acceptable manner.

32. DELEGATES SYSTEM

(a) Magereza Society shall be represented at the General Meetings by delegates.

i. Each delegate will represent 150 members or as may be decided by the Board of Directors. In those stations where concentration of members is less than 150, the Board of Directors shall determine the representation.

ii. Elected delegates will serve for a term of three (3) years.

iii. Where a vacancy arises as a result of death, retirement/voluntary resignation, incapacitation or transfer of a delegate to another station before expiry of his term, elections shall be held to fill the vacancy for the remaining period.

(b) **Eligibility for Election as a Delegate**

A member qualifies to be elected as a delegate if:

i. Has been a member of Magereza Deposit Taking Savings and Credit co-operative Society for at least six (6) months.

ii. He does not receive salary/remuneration from the society save in accordance with the Act.

iii. Has not been involved in business directly competing with the society e.g. lending money/shylocking, and borrowing from other financial institutions.

iv. He is channeling his salary through Magfosa.

v. He is able to read, write or understand English language.

vi. He has accumulated at least Kshs.600,000/- (Six Hundred Thousand Only) in deposits with the Sacco and makes a minimum monthly contribution of 10% of basic salary. Must have atleast share capital of Kshs.50,000/- (Fifty Thousand only).

vii. He has not been convicted of any criminal offence involving financial malpractices within the Sacco in a competent Court of Law.

viii. He is a retired member or a member from Other Ministries.

ix. Vetting for compliance with the provisions of this clause will be conducted regularly.

x. Aspiring candidates must meet the provisions of this clause three (3) months prior to the elections.

xi. One shall cease to be a delegate if he/she fails the eligibility criteria in Clause 32 (b) of these by-laws the course of his/her tenure.

33. POWERS AND DUTIES OF DELEGATES MEETING

Delegates Meetings shall be conducted, and shall have the powers and duties prescribed in the Co-operative Societies Act and Rules and these By-Laws. The Annual Delegates Meeting shall: -

(a) Confirm the minutes of the previous meeting;

(b) Consider the statement of accounts, the auditor's report, the inspection notes of the Commissioner, and the reports of the committees on the activities of the society, during the past financial year;

(c) Decide the disposal of the net surplus resulting from the operations of the society during the past financial year;

(d) Confirm or otherwise, the action taken by the Board and give direction to Board of Directors where necessary;

(e) Consider appeals against the suspension of members by the Board of Directors;

(f) Elect, suspend, or remove members from the Board of Directors;

(g) Fix the maximum liability which the society may incur in loans;

(h) Approve the estimate or expenditure for the next financial year;

(i) Fix the honoraria for officers.

(j) Appoint Auditors and society lawyers.

(k) Fix remuneration for Auditor.

(l) Transact any other business of the society of which notice has been received by the Hon. Secretary seven days prior to the date of the Annual Delegates Meeting.

34. TAKING OFFICE BY NEW BOARD

The new Board may not take office until items (a) to (l) under **By-Law 33** have been dealt with.

35. RECORD OF DELEGATE MEETINGS

All business discussed or decided at a Delegates Meeting shall be recorded in a Minute Book which, within one week of the meeting, shall be signed by the National Chairman of the meeting and at least one other committee member and Manager who were present at the meeting to certify that in their opinion the minutes are a true and complete record, of all important matters which were discussed or decided at the meeting.

At the next Annual Delegates Meeting after approving any alterations or variations, which shall be written immediately below the above signatures and not as alterations to the original record the meeting, shall, by resolution, authorize its Chairman to sign and date the final record.

36. BOARD OF DIRECTORS

The Board of Directors shall be elected by and from the delegates as provided for in these By-laws and shall consist of nine members. The Committee shall include the Chairman, Vice Chairman, Hon. Secretary and Treasurer, all of whom shall be elected amongst the members of the Board of Directors.

37. TENURE OF OFFICE FOR THE BOARD

i. Members of the Board of Directors shall be elected for a term of three years. A third (1/3rd) of the Board Members will retire each year. The retiring Board Members are however eligible for re-election.

ii. A Board Member who is transferred from the area where he is elected as a delegate shall not vacate office as a delegate and as a Board Member until his time for retirement under the 1/3rd rotation rule.

iii. In case a vacancy arises during the financial year, the position shall be filled during the next Annual Delegates Meeting for the remaining period.

38. BOARD MEETINGS

(a) Meetings of the Board shall be held regularly at least once each month and at other times when necessary. At least five of the members of the Board shall form a quorum for the disposal of business.

(b) If a member of the Board fails to attend three consecutive meetings without being excused therefrom, or otherwise, fails to perform his duties, his position may be declared vacant and the vacancy filled as provided in these By-Laws.

(c) Board meetings shall be held physically or virtually in exceptional cases.

39. ELIGIBILITY FOR MEMBERSHIP OF BOARD OF DIRECTORS

No person shall be eligible for membership to the Board of Directors or Supervisory Committee of the Magereza Deposit Taking Savings and Credit co-operative society limited or remain a member of such Board or committee if: -

(a) He has not been a member of Magereza Sacco Society for at least three (3) years.

(b) He is under twenty-one (21) years of age;

(c) He receives any remuneration, salary, or other payment from the society save in accordance with the Act;

(d) He has a record of lending members' money on his own account, or through an agent.

(e) He is declared bankrupt.

(f) He has been adversely named by the Commissioner or his representative in an inquiry report endorsed by annual or Special Delegates Meeting for mismanagement or corrupt practices whilst still a member of the Board of Directors of a cooperative society for the last ten years;

(g) He has been convicted of any offence under the Act or rules made thereunder;

(h) He has any unserviced debt owing to the co-operative society at the end of the society's financial year other than in respect of a loan under the **provision of Rule 54** or,

(i) He is not an active member of the society and whose monthly savings and loan repayment have not been contributed to the society for a period of 3 (three) continuous months; without leave from the society.

(j) He is not able to read, write and understand English language.

(k) Must have atleast Kshs.1,000,000/= (One Million Only) as deposits or as may be decided from time to time and makes a minimum monthly contribution of 10% of basic salary.

Must have atleast share capital of Kshs.100,000/- (One Hundred Thousand Only).

(l) Has not been involved in a business directly competing with the Sacco (lending/borrowing) form other financial institutions.

(m) Aspiring candidates must meet the provisions of this Clause three (3) months prior to the elections.

(n) Candidates wishing to vie for the position in the Board of Directors / Supervisory Committee must have served as a delegate for a minimum of one (1) year.

(o) **Restriction of member of the Board of Director / Supervisory Committee:**

A person who has served or is serving as a member of the Board of Directors / Supervisory Committee shall not be eligible to be:

(i) Elected as a member of the Board of Directors of the Sacco until after the expiry of five (5) years after ceasing to serve as a member of the board of directors / supervisory committee; or

(ii) Is appointed as an employee of the Sacco.

40. NOMINATION COMMITTEE

i. There shall be a Nomination Committee constituted as per the society's electoral policy formulated by the Board to ensure that candidates seeking elective positions meet the requirements as set forth in these By-Laws.

ii. The composition of the nomination committee shall include Officers from the Department in charge of Co-operatives and a member from a recognized professional body.

iii. The procedure to be followed and the forms to be used shall be decided by the Nomination Committee in consultation with the Board of Directors.

iv. During elections at the delegates meeting, the Returning Officer shall present to the meeting, duly nominated candidates for the vacant positions.

v. The Sacco can draw/appoint ex-officials from professional bodies such as Law Society of Kenya (LSK), Institute of Certified Public Accountants (ICPAK), Institute of Internal Auditors (IIA), Institute of Certified Public Secretaries of Kenya (ICPSK) to the Nomination Committee.

vi. Applicants for the position of board of directors/Supervisory Committee shall be informed of the outcome of the nomination at least two (2) weeks to the date of the Annual Delegates Meeting.

41. DUTIES AND RESPONSIBILITIES OF BOARD OF DIRECTORS

The Board shall be the governing authority and subject to any directions from a Delegates Meeting, it shall direct the affairs of the society. Its procedures, powers and duties shall be as prescribed in the cooperative societies Act and Rules, and in particular, it shall: --

(a) Observe in all its transactions the Act, the Rules, these By-Laws and prudent business practices;

(b) Generally direct the affairs of the society;

(c) Act upon all application for membership;

(d) Ensure that true and accurate record and accounts are kept of the society's money, and its properties, capital, reserve, liabilities and income and expenses;

(e) Decide the amount and kind of surety bond, or other security, which shall be required of any officer or employee having the custody of, or handling funds or property of the society;

(f) Determine from time to time the interest rates on loans, the maximum maturities recommended to the Annual Delegates Meeting and terms of payment or amortization of loans to members; and the maximum amounts that may be loaned. When, by action of the board, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances of existing loans: the loans served shall be calculated interest according to the contract.

(g) Lay before the Annual Delegates Meeting a Balance Sheet and Final Accounts together with proposals for the disposal of the net surplus (if any);

(h) Recommend proposals to the Annual Delegates Meeting for disposing of the surplus;

(i) Recommend to the Annual Delegates Meeting the dividend rate to be paid on shares and interest refund (if any) to be paid on deposits;

(j) Prepare and lay before the Annual Delegates Meeting for adoption, the estimate of expenditure for the next financial year following the Annual delegates meeting and incomes to be earned by the Society sufficient to cover all liabilities and obligations both outstanding and anticipated for the next year following the Annual Delegates Meeting.

(k) Fill vacancies occurring in the Board of Directors and the Sub-Committees between Annual Delegates Meetings.

(l) Recommend investments of the society subject to approval by Annual Delegates Meeting.

(m) Recommend the conveyance of property;

(n) Recommend borrowing and lending operation of the society in accordance with the Act and Rules;

(o) Designate a depository, or depositories, for the funds of the society;

(p) Employ, promote, dismiss and fix the compensation of a Manager and such other employees as may be necessary to carry on the business of the society;

(q) Impose fines under these By-Laws;

(r) Approve transfers of shares between members;

(s) Determine the interest rates which shall be paid on deposits and on borrowed money;

(t) Supervise the collection of loans to members and recommend for authorization of uncollectable accounts;

(u) Affiliate the society to Apex Co-operative Organizations subject to approval of the Delegates Meeting;

(v) Perform such other duties as the Delegates Meeting may from time to time direct; and

(w) Perform or Recommend any actions consistent with Act, Rules and these By-Laws unless specifically reserved for the delegates meeting.

42. LEGAL STANDARD OF CARE

(a) In the conduct of the affairs of the society, the members of the committee shall exercise the prudence and diligence of ordinary men of business and may be held severally and jointly responsible for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Rules, these By-Laws, or the directions of a Delegates Meeting.

(b) The board shall observe the Code of Conduct and Ethics in the performance of their duties.

(c) The board shall execute an indemnity as approved by the Delegates meeting within 14 days of election.

43. DELEGATION OF POWER

The Board of Directors may delegate to an officer or employee of the society such of its powers as it deems necessary but the committee remains accountable.

44. EXPENDITURE

No expenditure shall be authorized by the Board of Directors unless it is provided for in the estimates formally approved by the Annual Delegates Meeting.

45. RECORD OF BOARD MEETINGS

All business discussed at a Board meeting shall be recorded in a Minute Book which, within one week of the meeting, shall be signed by the National Chairman of the meeting, and at least one other committee member and Chief executive officer who were present at the meeting to certify that, in their opinion, the minutes are a true and complete record of all important matters which were discussed or decided at the meeting.

At the next meeting, after approving any alterations or variation, which shall be written immediately below the above signatures, and not as alterations to the original record, the meeting shall authorize its' National Chairman to sign and date the final record.

46. CESSATION OF BOARD OR SUPERVISORY COMMITTEE

A member of the Board of Directors or Supervisory Committee shall cease to hold office if:

(a) On account of death.

(b) He/She resigns.

(c) Commits any criminal offence involving financial malpractices and is convicted by a competent Court of Law.

(d) He/she fails the eligibility criteria set out in Clause 39 of these by-laws in the course of his/her tenure.

47. MEETINGS OF THE BOARD

The Board of Directors shall hold such meetings as the business of the society may require but not more than twice a month.

48. BOARD OF DIRECTORS COMMITTEES

The Board of Directors shall constitute themselves into the following committees upon taking office, in accordance with the provisions of the Co-operative Societies Act and Sacco Societies Act. The maximum number of directors will be nine (9).

(a) Finance, Human Resource and Administration committee
(b) Audit and Risk Committee
(c) Credit Committee
(d) Education and Training Committee

49. DELEGATION OF DUTIES

The Board of Directors may delegate to the sub-committee such of its powers and duties under these by-laws as it deems fit provided that the Board of Directors remains responsible.

50. CREDIT COMMITTEE

The Credit Sub-Committee shall consist of three members of the Board of Directors, none of whom shall be members of Finance and Administration Committee. The Credit Committee shall be elected, at a meeting of the Board of Directors within 7 (seven) days after each Delegates Meeting.

The Credit Sub-Committee shall hold such meetings as the business of the society may require but not in any case exceeding two times in a month.

The Credit sub-committee shall inquire carefully into the character and financial conditions of each applicant for a loan, and of his guarantors, if any, to ascertain his/her ability to repay fully and promptly the obligations incurred by him. The credit committee shall endeavor diligently to assist members to solve their financial problems.

The Credit sub-committee shall make such reports to the Board of Directors as they may require.

51. SUPERVISORY COMMITTEE

There shall be a Supervisory Committee consisting of three members elected at the delegates meeting for a period of three years and one member of the Supervisory Committee shall retire annually.

52. ROLE OF SUPERVISORY COMMITTEE

The duties of Supervisory Committee shall include the following: -

(a) Verification of all transactions of the society by:

i. Writing periodic reports of its findings to be tabled at Board meetings.

ii. Submission of its report to the Commissioner.

iii. Presenting its report to the Delegates meeting.

(b) The Supervisory Committee shall not perform the duties or exercise any of the powers of the Board.

53. DUTIES OF THE CHAIRMAN

(a) Chair all meetings of the Sacco prepare or cause to be prepared the agenda of Sacco meetings.

(b) Preside at all General Meetings and meetings of the Board of Directors and ensure that all resolutions and directives of the general meeting and those of the committee are carried out.

(c) Direct the affairs of the Sacco in conjunction with Board members and other elected officials,

(d) Perform such duties as may be directed by the Board of Directors in accordance with the provisions of the Act, the Rules and these by-laws,

(e) In the absence of the Chairman and the Vice Chairman, the Board shall elect from amongst themselves a Chairman for the meeting.

54. DUTIES OF THE VICE CHAIRMAN

(a) The Vice Chairman shall perform all the duties of the Chairman during his absence.

(b) Any other duties as may from time to time be assigned to him by the Board of Directors.

55. DUTIES OF THE TREASURER

The duties of the Treasurer shall be: -

(a) Generally, to manage, or cause to be managed the finances of the society in a competent manner in consultation with the Board of Directors.

(b) Cause to be maintained full and complete records of all assets, liabilities, income and expenses of the society.

(c) To ensure the safekeeping of the society's money securities and books of account,

(d) To ensure that all payments and expenditure are duly authorized and

(e) To ensure compliance with all directives of the Board of Directors.

(f) Within 15 days after the close of each month, the Treasurer shall cause to be prepared and submit to the Board of Directors a financial statement showing the condition of the society's finances at the end of such month; and shall promptly post a copy of such monthly financial statement at a conspicuous place for the information of the members.

56. DUTIES OF THE HON. SECRETARY

The duties of the Hon. Secretary shall be: -

(a) To record minutes of Board of Directors meetings and delegates meeting;

(b) To ensure that the society's correspondences is promptly and correctly attended to;

(c) To prepare and send notices of meetings; and

(d) Any other duty as allocated by the Board of Directors.

57. CHIEF EXECUTIVE OFFICER

The society shall appoint a qualified person to be the Chief Executive Officer of the Society. His powers and duties shall be as assigned to him by the Board of Directors and in particular shall be:-

(a) To manage the daily affairs of the society in a competent manner (ensure staff performance and discipline);

(b) To cause to be kept proper books of accounts, records and registers

(c) To attend Board meetings and the delegates 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 budget.

(e) To represent the society in business transactions and any other transaction authorized by the Board of Directors;

(f) To provide information required by the Supervisory Committee in time.

(g) To propose to the Board of Directors of new and replacement positions at 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 ensure on a monthly basis the accounting records are in balance and the individual accounts subsidiaries are up-to-date and the income statement, balance sheet, and delinquency lists are complete and correct.

Ensure that the account records are maintained in accordance with internationally accepted accounting principles.

(j) Ensure that adequate insurance is in place and available for all employees, officials and property of the society.

(k) Direct and supervise the administration and processing of loan applications.

(l) Establish a pricing strategy for products and services, in which the interest rates structure will seek a balance between loans available to the members, and the long-term viability of the society. For this purpose, the Chief Executive Officer should consider: -

i. costs, particularly those related to member savings dividends, the allowance for loan loss, and operating expenses;

ii. The need for a strong capital position, which is essential to the Sacco long term viability and future growth.

iii. The competition's pricing structure, given the competitive nature of the financial market.

(m) Assist the Management Committee in determining acceptable types of collateral that can be used to secure the Sacco's loans.

(n) Ensure that there is adequate liquidity to meet loan demands, share and savings withdrawals, and operating expenses.

(o) To ensure drawing up and updating of job descriptions of each employee including quarterly appraisals.

(p) To ensure implementations without delay of all decisions of all committees of the society and the delegates meeting.

(q) Any other duties assigned by the Board of Directors.

58. BOOKS AND RECORDS

The society shall keep up-to-date and in a proper businesslike manner such accounts and such books as the Rules and the board may from time to time direct, and in particular, shall keep the following books of accounts:-

(a) A register of members showing in respect of each member;

i. The name, age, date of application for membership, address and occupation;

ii. The date he was admitted to membership;

iii. The date on which he ceased to be a member and

(b) A minute book giving details of proceedings at the Delegates Meetings;

(c) Minute book giving details of proceedings of Board of Directors, and other sub committees as may be constituted by the society;

(d) A cash book, showing the details of all monies received and monies expended or paid out by the society,

(e) A general ledger containing such accounts as are necessary to reflect properly the business of the society;

(f) A personal ledger for each member in the society, showing his transactions with the society;

(g) An assets (property) register;

(h) A register of loans to members showing in respect of each loan, the loan number, name of the borrower, the amount borrowed, the purpose of the loan, the due date of repayment, and the date repayments were completed;

(i) Ledger deposits i.e. shares, loan and interest by the member,

(j) Such other books and records as the Board of Directors may decide.

The same records to be maintained electronically and with a sound data back-up.

59. FINANCIAL YEAR

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

60. CONDUCT OF BUSINESS

The board may make such rules, not in consistent 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 come into force when and as determined by the board and approved by the Delegates Meeting.

61. ELECTIONS

At each Annual Delegates Meeting, the Returning Officer shall declare all the vacancies in the Board of Directors and Supervisory Committee.

(a) All elections shall be by secret ballot, show of hands or any other method that the delegates may decide.

(b) No delegate shall be entitled to vote by proxy.

(c) Irrespective of the number of shares held by him, no delegate shall have more than one vote.

(d) Within seven days after the election, the members of the Board shall elect from their members a Chairperson, Vice Chairperson, Secretary and Treasurer and fill all other vacancies occurring in other sub-committees.

62. AUTHORIZATION TO SIGN DOCUMENTS

All documents, contracts, and cheques shall be signed on behalf of the society by:-

(i) Chairperson

(ii) Vice Chairperson

(iii) Secretary

(iv) Treasurer and countersigned by the Chief Executive Officer.

63. DISPOSAL OF SURPLUS

Subject to the Act, the Rules and these by-laws, and approval by the Delegates Meeting, the net surplus resulting from operations of the society during any financial year shall be disposed of as follows:

a) 20% shall be credited to the Statutory Reserve Fund;

b) The balance may be disposed of as decided by the Delegates Meeting, for: -

i. Paying dividends on shares and interest on deposits on pro-rata basis from time to time and approved by Annual Delegates Meeting.

ii. Paying an interest on deposit to members on record at the close of the financial year.
iii. Being carried to any other fund or funds of the society as may be approved by the Delegates Meeting;
iv. Paying a gratuity or honorarium to elected Board of Directors or employees of the society;
v. In any other way approved by the Delegates Meeting.

64. LOANS TO MEMBERS

There shall be a lending/credit policy. The policy shall state details and procedures to be followed in the administration of loans and other products. The Policy will be reviewed from time to time as need arises.

(a) All loans shall be approved by the Board or Credit Committee assigned the duty. The loans are included but not limited to mortgages, assets financing among others.

(b) Except when otherwise determined by the Delegates Meeting, the rate of interest on loans shall be fixed by the Board of Directors and approved by the Annual Delegates Meeting on declining balances inclusive of all charges incidental to making the loan.

(c) All loans shall be applied for on the forms provided by the society for the purpose. The loan application in each case shall set forth the amount applied for, the purpose for which the loan is desired, the terms of repayment, the security, if any, and such other information as the credit committee or management committee may require. All applications for loans and reports of the credit committee thereon shall be filed as permanent records of the society.

(d) Loans shall be given only for worthy purposes that will benefit the borrower. It shall be the duty of the Credit Committee to ensure that a loan is used for the purpose for which it is given.

(e) Loan applications shall be considered by the credit committee in the order in which application is made, unless the loan is deemed by the committee to be an emergency loan. Whenever there are more applications for loans pending, then with funds available, preference shall be given in all cases to applicants for smaller loans, if the need and credit standing of the applicants are nearly equal.

(f) The credit sub-committee may require an applicant to appear before it personally to be interviewed in respect of his application for a loan.

(g) Application for loans can also be done electronically.

65. LOAN APPLICATION AND AGREEMENT FORM

(a) The loan application and agreement form shall clearly state the amount of loan, the rate of interest, the terms of repayment, and the security offered.

(b) If not written in the borrower's own language, it shall contain a clause stating that he had the meaning explained to him and that he understands it.

(c) Loan may be granted to Executive Officer, Board of Directors, and Employees of the society who are members only if:-

i. The loan complies with the by-laws and is not on terms more favorable than those extended to other borrowers.

ii. The loan is approved by the credit committee and thereafter by Board of Directors.

iii. The applicant takes no part in the consideration of his/her application and does not attend the credit or Board of Directors meeting at which his application is considered.

66. SECURITY FOR LOANS

(a) All loans must be secured and insured.

(b) The Credit Committee or Board of Directors shall ask for such security to loans as it may consider necessary. The deposits of a member may be taken as security,

(c) No Executive Officer or member of the Board of Directors or any sub-committee shall act as an endorser, or guarantor, for borrowers from the society.

(d) A borrower or guarantor may apply to the credit subcommittee for a change of guarantors.

67. REPAYMENT OF LOANS

(a) A borrower may, on any days on which the society is open for business, repay his loan in whole or in part prior to maturity.

(b) The re-financing of a loan balance, or any request for an extension of time in which to pay, shall be agreed to by the credit committee only in the most exceptional circumstances. Any extension so granted shall be treated as though it were a new loan, and an extension agreement shall be executed and signed.

(c) Any loan more than three months overdue may be referred to co-operative Tribunal as a dispute provided that the society shall first give written notice of this intention to the borrower before so acting.

68. LIQUIDITY FUND

Liquidity fund of 10% percentage shall be maintained based on the total assets of the society for the specific purpose of meeting requests for share withdrawals and any other unforeseen expenses. The liquidity fund may consist of cash and deposits with a maturity of not more than 30 days.

69. CASH RESERVE

A cash reserve shall be maintained based on the total share capital for the specific purpose of meeting requests for withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the current account, the society's savings account, and any fixed deposits.

70. COMMON SEAL

The society may adopt and use a common seal. The seal may be a rubber stamp bearing the words **"seal of the Magereza Deposit Taking Savings and Credit co-operative Society Ltd"** and shall be different from the ordinary name-stamp

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of the society. The seal shall be kept securely under lock and key by the Chief Executive Officer and shall be used only by, and in the presence of, the officers authorized to sign on behalf of the society.

71. FINES

For any breach of these by-laws, or instructions issued by the Board of Directors, or for failure of a member to pay his obligations on time, the defaulting member may be fined an amount to be determined by the Board of Directors provided that no person shall be fined an amount exceeding Kshs.20,000/- (Twenty Thousand Only).

72. DISPUTES

(a) If any dispute concerning the business of the society arises:-

- (i) Among members, past members and persons claiming through members, past members and deceased members; or
- (ii) Between members, past members or deceased members and the society, its committee or any officer of the society or
- (iii) Between the Sacco society and any other co-operative society or a sister company
- (iv) Between the Sacco society and the Authority,

(b) Which cannot be determined by the board, Delegates Meeting, Commissioner for Cooperatives, it shall be referred to the Tribunal. Appeals shall be taken to the High Court.

73. MAGEREZA BENEVOLENT FUND (MBF)

Magereza Deposit Taking Savings and Credit co-operative society limited shall operate a Benevolent Fund as below:

(a) Pay for insurance premium for loans granted to members and other benefits as detailed in the MBF Constitution.

(b) The Board of Directors, Magereza Deposit Taking Savings and Credit co-operative society limited, shall be entrusted with the management of the fund. The fund shall be administered as per the guidelines in place from time to time.

74. MISCELLANEOUS

(a) No Board of Director or Supervisory Committee Member shall receive from the society any payment, apart from the costs of travelling and subsistence while working on the society's business, except an honorarium from the net surplus as allowed in these by-laws.

(b) The Board of Directors or Supervisory Committee Members and employees of the society shall hold in the strictest confidence all transactions of the society with its members, and all information respecting their personal affairs, except to the extent deemed necessary by the Board of Directors in connection with the making of loans and the collection thereof.

(c) No Executive Officer, Committee Member or employee of the society shall in any manner participate in the deliberations upon, or determination of any question affecting his own financial interest. In the event of disqualification of any such executive officer, committee member or employee, he shall withdraw from such deliberation or determination and the remaining qualified committee members present at the meeting, if constituting a quorum with the disqualified person, may exercise with respect to the matter, all the powers of the committee.

75. INSPECTION OF BOOKS

All books of accounts and other records shall at all times be available to all Board of Directors of the society, and the Commissioner. A copy of the Co-operative Societies Act, the Society's registration certificate, its by-laws and list of members excluding details of nominees and shareholdings or loans shall be available for inspection.

76. PURCHASE OF BY-LAWS

A copy of the by-laws shall be furnished to every member upon payment of a fee of Kshs.500/= or as may be decided to cover the production costs.

77. AMENDMENT OF BY-LAWS

These by-laws may be amended In accordance with the Cooperative Societies Act and the Rules made thereunder, but no amendment shall become effective until it is approved and registered by the Commissioner.

78. DISSOLUTION

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

ACCEPTANCE

We, the undersigned Executive Officers of the Magereza Deposit Taking Savings and Credit co-operative 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.

	NAME AND DESIGNATION	IDENTITY CARD NUMBER	SIGNATURE	DATE
1	EVANS MADISI CHAIRMAN	14721585		03/09/26.
2	NUNI KIBOI CHEMNO VICE CHAIRMAN	22267437		03/09/026
3	RAYMOND KIMANI HON. SECRETARY	27465076		03/09/26
4	NORRAH NGUSYA TREASURER	11255385		07/09/21
5	CPA ANDREW MUTUA CHIEF EXECUTIVE OFFICER	13522162		03/09/26

OFFICIAL CERTIFICATION

CERTIFIED that the foregoing by-laws of the Magereza Deposit Taking Savings and Credit Co-operative Society Limited have been approved and duly registered.

Given under my hand in Nairobi this 17th day of September 2026.

DAVID K. OBONYO

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

SCHEDULE 1
FORM III

THE CO-OPERATIVE SOCIETIES ACT
(No. OF 1997)
CERTICATE OF AMENDMENT OF BY-LAWS

We Evans Madisi and Raymond Kimani, Chairman and Hon. Secretary of
*CS/NO 1946 - Magereza Savings and Credit Co-operative Society Limited hereby certify: -

i. that the enclosed amendment for the By-Laws was made at a General Meeting held on 13th March, 2026

ii. that on that date there were 26,409 Members of the society of whom 166 delegates were present in the meeting.

iii. that all delegates/or members voted for the amendment.

iv. that proper notice of the meeting and the proposed amendments were issued to all members of the society.

v. that a voting paper was duly issued to every member.

vi. that the amendment has received the prior approval of the Commissioner for Co-operative Development.

EVANS MADISI Sign____________
CHAIRMAN

RAYMOND KIMANI Sign____________
HON. SECRETARY

DATE 03/09/2026

APPROVED
David. K. Obongo
COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

APPROVED BY:

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT 17th September 2026.

THE CO-OPERATIVE SOCIETIES ACT
(NO. 12 OF 1997 – SECTION 8)
RESOLUTION PASSED

At a General Meeting of the Members of Magereza Savings and Credit Co-operative Society duly convened and held at The Kenya Institute of Curriculum Development (KICD) Nairobi on 13th March the year 2026 the following resolution(s) was/were duly passed:

- That the existing By-Laws passed in the year 2022 be amended in terms of the copy annexed hereto

Certified that the above is a true copy of the Resolution duly recorded as Resolution No 6 ADM.MIN.20/03/2026 of 13th March, the year 2026 under the provisions of Section 8 of the Co-operative Societies Act No. 12 of 1997 and that there were 166 paid up delegates at the meeting of whom 166 voted in favor.

Authorized to sign under the By-laws.

______ Chairman
______ Vice Chairman
______ Hon. Secretary
______ Treasurer
______ Chief Executive officer

DATE 03/09/2026

Certified that the foregoing amendment(s) to the By-Laws of the CS/NO 1946
Co-operative Union/Society Limited, have been approved by me and duly registered in accordance with SECTION 8 (3) of the Co-operative Societies Act No. 12 of 1997- Laws of Kenya.

Given under my hand at Nairobi this 17th day of Sep the year 26

DAVID K. OBONYO

COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT