

**BYLAWS  
OF  
KUSCCO  
HOUSING CO-OPERATIVE  
SOCIETY LTD.**

## 1. NAME AND AREA OF OPERATION

The Society shall be named KUSCCO Housing Co-operative Society Limited (KHC), an integrated property solution provider which is hereinafter referred to in these By-laws as "The Society" and its area of operation shall be confined within the Republic of Kenya.

## 2. REGISTERED OFFICE/POSTAL ADDRESS

The registered office of the Society shall be at KUSCCO Centre,  
Upper Hill, Kilimanjaro Avenue, off-Mara Road

And the postal address shall be P.O. Box 28403 –  
00200 City Square, NAIROBI.

Notice of any change of address shall be given to the Commissioner for Co-operative Development, hereinafter referred to as 'The Commissioner' and to all members of the Society through their last known addresses as per records held at the Society within 30 days of such change.

## 3. DEFINITIONS AND INTERPRETATIONS

3.1 In these By-laws unless the context otherwise requires, words or/and phrases shall be defined or interpreted in accordance with the Co-operative Societies Act Cap 490 Laws of Kenya and Rules made there under herein after referred to as the "Act" and "Rules" respectively.

3.2 In these By-laws save as otherwise expressly stated:

- (i) "Act" shall mean the Co-operatives Societies Act Cap. 490 Laws of Kenya and the Rules made thereunder.
- (ii) "General Meeting" shall be a meeting (either "annual" or "special") for delegates duly convened by the Society to conduct its business.
- (iii) "Board of Directors" shall be the members elected Pursuant to By Law 37.1 in a duly convened General Meeting to govern the Business of the Society as per these By-laws herein referred to as the "Board"
- (iv) "By-laws" shall mean the registered By-laws of the "Society" and any registered amendments thereto.
- (v) "Commissioner" shall mean "the Commissioner for Co-operative Development, as provided for in the Act.

- (vi) "Tribunal" shall mean the Co-operative Tribunal established under the Act to hear and determine disputes.
- (vii) "C.E.O" shall mean the Chief Executive Officer of the Society.
- (viii) "Share" shall mean the amount represented by a member's portion in the equity of the Society as co-owner.
- (ix) "Applicable Law" shall mean the Co-operative Societies Act, Rules and these By-laws.
- (x) "Housing Co-operative Society" shall mean a registered Co-operative Society under the Co-operatives Societies Act.
- (xi) "Returning Officer" shall mean a person appointed to oversee or conduct elections of a Co-operative Society.
- (xii) "Dividends" shall mean a member's share of the surplus of the Society which is divided amongst its members.
- (xiii) "A member" shall include a person who signs the application for registration of the Society and a person admitted to membership after registration in accordance with these By-laws.
- (xiv) "Common bond" shall mean a factor that binds the members.
- (xv) "LCADH" shall mean Low Cost Affordable and Decent Housing.
- (xvi) "Regions" shall mean the geographic location within the Republic of Kenya in which the Society(s) operation are available and/or carried out.
- (xvii) "R.E.I.T.S" shall mean Real Estate Investment Trust.
- (xviii) 'GMD' shall mean Group Managing Director.

3.3 In these By-laws where the masculine gender is referred to, it shall be construed to include the feminine gender.

3.4 Any questions concerning interpretations of these by-laws or any matter not provided for therein' shall be referred to the Commissioner.

#### 4.0 OBJECTS

The objects for which the Society is established are:

- a) To Provide its members with integrated property solutions i.e. identify, acquire and develop both residential and commercial properties;
- b) Lend money to members for purposes directly concerned with acquisition of living accommodation or investment in real estate on such terms and with such security as



- the Board may from time determine or guarantee loans and advances to members for similar purpose;
- c) To provide low- cost housing solutions to its members (incremental LCADH);
  - d) To enhance efficient supply chain management to ensure efficient mobilization and prudent utilization of funds;
  - e) Enter into contracts with land owners and developers for purposes of selling their properties on their behalf to members and general public to earn income in form of commission;
  - f) To explore investment in REITS and growth of Housing Co-operatives green cities in collaboration with other Housing Co-operatives;
  - g) Acquire supplies of building and similar materials and machinery of all kinds including household furniture and equipment for use in building or for sale or hire to members;
  - b) Encourage youth, women and any disadvantaged groups to form and actively participate in property related investments;
  - i) Focus on research and innovation on new inventions in the market which can be utilized to increase efficiency and effectiveness of the Society and its members with regards to real estate;
  - j) Management of properties situated in any town or city within the nation, whether belonging to the Society, its membership or not. Service provision will entail collection of rent and to supply tenants and occupiers with amenities such as; meeting rooms, lavatories, waiting rooms, laundry conveniences, electric conveniences and other advantages;
  - k) Undertaking joint ventures or partnerships with company(s) or person(s) to engage in any business or transactions in which the Society is authorized to carry so as to benefit the Society directly or indirectly;
  - l) Confer with government(s), professional and non-professional bodies in regards to all matters affecting housing;
  - m) Propagate amongst members information on all matter affecting housing Co-operative business and to print, publish, issue and circulate such; papers, periodicals, books, circulars and other literary undertakings as may seem conducive to the Society's objects;
  - n) Encourage quality, just and honorable practices in the construction of Co-operative housing in the mien of Co-operative housing business and to curb malpractices.

4.1 To achieve the objects set forth in the By-laws, the Society may perform and carry on all the usual functions of a Housing Co-operative Society as governed by the Co-operative Societies Act, the Rules and in particular: -

- (i) Raise funds by accepting contributions from members, sourcing for funds from off-shore funders and by contracting for loans from non-members by issuing debentures or mortgaging its property or by any other means up to a maximum amount to be decided by the General Meeting;
- (ii) Organize for financial assistance to members for the purpose of;
  - (a) Acquisition of living accommodation for themselves;
  - (b) Income generating purposes on such terms and with such security as the Board of Directors may from time to time determine or guarantee loans and advances to members for similar purpose.
- (iii) Undertake building operations by such means either directly or indirectly as the committee may decide;
- (iv) Acquire supplies of building and similar materials and machinery of all kinds including household furniture and equipment for use in building or for sale or hire to members;
- (v) Acquire and relinquish lands, buildings and rights over land and buildings by purchase, lease or any other means as may be necessary for the attainment of these objects.
- (vi) Employ architect, builders, contractors, issue plans negotiate and contract for services for light and power, water drainage, roads, and generally do all such things as are necessary and customary for the acquisition of land and its development or housing purposes;
- (vii) Enter into contracts with members for the sale or lease of land and building acquired by the Society in pursuance of its objects on such terms and conditions as may from time to time be determined;
- (viii) Ensure progress of members and Society through continuous education programs on proper use of credit, organized Mortgage clinics, reduction of poverty, human dignity and Co-operation;
- (ix) To apply the Co-operative principle of Co-operation among Co-operatives in order to promote members' interests and in furtherance to the objects of

the Society affiliate to the relevant National Co-operative Society and the Apex Society;

For the attainment of the above objects, the Society may do acts and things that are permissible under the Act, rules and these By-laws.

## 5. CO-OPERATIVE PRINCIPLES

The Society shall act in accordance with the following Co-operative principles and relevant values.

### 5.1 Principles

#### (a) *Voluntary and open membership*

The Society shall always be guided by the principle of voluntary and open membership in its member recruitment drive without political, religious, gender or social discrimination.

#### (b) *Democratic member control*

The Society will be fully controlled by members who will have equal voting rights on the basis of one member one vote.

#### (c) *Economic participation by member*

Members shall contribute equitably to the capital of the Society and share in the results of its operations.

#### (d) *Autonomy and independence*

The Society shall operate on mutually acceptable terms with its stakeholders who will ensure its autonomy and independence.

#### (e) *Education, training and information*

The Society shall foster reciprocal, on-going education programs for members, leaders, staff and the community so that they can teach and learn from each other or from the appropriate resource persons in understanding and carrying out their respective roles.



*(f) Co-operation among Co-operatives*

In order to better serve the interests of the members and the community, the Society shall actively co-operate with other Co-operatives locally, regionally, nationally and internationally.

*(g) Concern for community in General*

The Society shall show concern to the community in which it exists and operates.

## **5.2 Values**

The values shall be self-help, mutual responsibility and equality and equity.

## **6. MEMBERSHIP**

6.1 Membership shall consist of: -

- a) Original members who signed the application for registration;
- b) New members subsequently admitted in accordance with these By-laws;
- c) Corporate members are admitted by members in a general meeting.

## **7. QUALIFICATIONS FOR MEMBERSHIP**

A person who possesses the following qualifications may be eligible for membership: -

- a) Kenyans working for gain and or residing within the Society's area of operation;
- b) Original members of KUSCCO Housing Fund;
- c) Is of sound mind;
- d) Pays entrance fee and minimal share capital prescribed in these By-laws;
- e) Corporate organizations registered in Kenya.

## 8. APPLICATION FOR MEMBERSHIP

Every applicant for membership shall complete an "application for membership" form. This form shall be drawn to show all the information required for the purpose of members' register.

## 9. ADMISSION INTO MEMBERSHIP

### 9.1

- a) An individual applicant may be admitted into membership on application and payment of entrance fees of Kshs. 3,000 and further minimum shares of Kshs 20,000.
- b) A Corporate applicant may be admitted into membership on application and payment of entrance fees of Ksh. 10,000 and further minimum shares of Ksh 50,000.
- c) Nominal share Value is Kshs. 500 and minimum shareholding will be 40 shares for individuals and 100 shares for Corporates.

9.2 All applications for Society membership shall be considered and decided upon by the Board of Directors and ratified by the Society's General meeting

9.3 The member shall fill a nominee form and be issued with a member identification number and share certificate.

## 10. REFUSAL OF ADMISSION

*Board* The Committee may refuse admission to a person after assigning reasons for their decision. Such a person, if otherwise eligible for membership, shall have the right to appeal during the next General Meeting through a member.

## 11. RIGHTS OF MEMBERS.

A member of the Society shall have the right to:

- a) Attend & participate in decisions making at the General meetings of the Society and vote;
- b) Be elected to organs of the Society, subject to these By-laws;
- c) Enjoy the use of all the facilities and services of the Society



subject to these By-laws;

- d) All legitimate information relating to the Society including; internal regulations, registers, Minutes of general meetings, committee reports, annual accounts, inventories and investigation reports at the Society's head office;

## 12. OBLIGATIONS OF MEMBERS

The members shall have the obligation to:

- a) Observe and comply with all the provision of these By-laws and decision taken by the relevant organs of the Society in accordance with these By-laws;
- b) Buy and pay up for shares or make any other payments provided for in these By-laws;
- c) Meet the debts of the Society in case of bankruptcy in accordance with the provisions of these by-laws, Act and any other enabling law.

## 13. MEMBERS PERSONAL STATEMENT

Every member shall receive regular statements at least once every six months or upon request, which shall contain relevant particulars.

## 14. CESSATION OF MEMBERSHIP

Membership in the Society shall cease or deemed to have ceased in regard to any member from the date of:

- a) Death;
- b) Withdrawal;
- c) Expulsion;
- d) Being certified to be of unsound mind;
- e) Transfer of shares to another member;
- f) Declared bankrupt.

## 15. SUSPENSION/EXPULSION

15.1 The Board may suspend a member subject to the decision of the general meeting which may expel the member;

- a) Fails to fulfill his obligations to the Society whether stated in these By-laws,

general internal regulations, are 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;

- b) Acts in any manner prejudicial to the interests of the Society.

7. Provided that, no member shall remain in suspension for a period exceeding Fifteen (12) months.

## 16. PROCEDURE OF SUSPENSION/EXPULSION

- a) Upon formal and written proof that a member has committed a violation punishable by expulsion, the Board shall serve a thirty (30) days written notice to the member stating the reason(s) for the proposed expulsion and requiring him to file his defense;
- b) Upon the expiry of the 30 days and taking into consideration the member's defense if any, the committee shall initiate administrative inquiry and make a decision on its findings within 14 days. The Board of Directors may:-
- i. Suspend the member pending expulsion by the General Meeting;
  - or
  - ii. Impose any other punishment as provided for in the applicable law;
- c) The suspended member may appeal to the General meeting if not satisfied with the decision of the Board;
- d) The Board of Directors shall present their findings to the next General meeting which may either lift the suspension or expel the member;
- e) A member who is expelled from the Society shall have the right to appeal to the Co-operative tribunal.

## 17. WITHDRAWAL FROM SOCIETY

A member may at any time withdraw from the Society by giving at least sixty (60) days written notice to the CEO; the CEO shall attend to the notice and if the member is indebted to the Society the Board will reject the request until the member clears his/her debt with the Society but if the member is found not in debt, the monies will be collected at the end of the waiting period.

## 18. PAYMENT ON CESSATION OF MEMBERSHIP

18.1. On cessation of membership, a person shall be refunded the following amounts:

- a) Any dividends or interests due to him prior to the date membership ceased;
- b) Any other sums held by the Society on his behalf after deduction of any sum owed to the Society.

18.2 Shares of the Society held in investment shall not be withdrawn but can only be transferred to another member or any other person.

## 19. NOMINEE

Every member shall nominate in writing one or more persons as his nominee to whom on his death, shares, deposits or other interest shall be vested. The names of such nominee(s) shall be entered in the members nominee register.

Provided that a member shall have the right to change his nominee(s) in writing

## 20. PAYMENT TO NOMINEE

The Society after satisfying itself and after obtaining such documentary proof of the death of the member as it may consider necessary, shall pay to the nominee the value of the deceased member's deposits, interest and dividend after deducting monies owed to the Society, if any.

## 21. ADMISSION OF NOMINEE

A nominee may be admitted for membership of the Society. On admission, the shares, interest and dividends (if any) due to the deceased member shall be paid to the nominee.

## 22. FUNDS OF THE SOCIETY

22.1 The funds of the Society shall consist of:

- i. Entrance fee;
- ii. A determined number of shares of the Kshs. 500 each;
- iii. Loans from non-members;



- iv. Administration fees;
- v. penalties;
- vi. Such reserve funds as required by law or as may be kept by the Society;
- vii. Any surplus resulting from operations of the Society;
- viii. Any donations, gifts from other bodies, organizations and individuals;
- ix. Funds obtained from lawful miscellaneous sources.

22.2 The funds of the Society shall only be applied to the promotion of the stated objects of the Society as set forth in these by laws, and shall be invested in:

- a) The investments and securities as are authorized for the investment of trust funds;
- b) The shares of any other Co-operative Society;
- c) Investing in National Co-operatives Organizations
- d) Any bank licensed under the Banking Act;
- e) The stock of any statutory body established in Kenya or in any limited liability company incorporated in Kenya or in any other manner approved by a resolution at a general meeting of the Society.

The Society shall be entitled to charge fees to members for services rendered to them by the Society, the board shall fix this fees/commission from time to time and all the members will be notified thereon.

## 23. SHARES

KUSCCO Ltd and its subsidiaries shall hold 70% of the shares; every individual shall hold such minimum number of 40 Shares of Kshs.500 each as shall be fixed by the General Meeting. However, no individual shall hold more than 20% of the total shares of the Society.

## 24. TRANSFER OF SHARES

- a) With the approval of the Board of Directors, a member may at any time transfer his shares to another member or person. Such transfers must be in writing and at nominal value.
- b) All transfers of shares between members shall be registered with the Society

and no transfer shall be valid unless so registered. A fee of Kshs. 2,000 shall be payable by the transferee to the Society.

## 25. LIABILITY

- a) The liability of a member shall be limited to the nominal value of the shares held by him.
- b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by members; the funds shall be distributed pro-rata among the shareholders according to the amount of shares held by each.

## 26. POWER TO BORROW

- a) Loans may be obtained from non - members subject to the maximum and terms approved by the General meeting and the Commissioner.
- b) For the securing of any loans accepted by the Society under (a) the Society may grant a charge over its assets. The authority to grant a charge shall be reserved to the General Meeting and the Commissioner.
- c) The rate of interest on loans shall not exceed the current market rate.

## 27. RECEIPTING OF MONEY

- a) The Society may use "check off system", standing orders, M-Pesa, Direct Deposits or cash payments for members' shares, deposits and loan repayments. However, when direct payments have to be made, they shall be paid directly into the Society's bank account and a receipt be issued by the Society on submission of the banking in-slip.
- b) Money received on account of shares, deposits, Loans, interest's fees or fines shall be evidenced by a printed receipt in a form approved by the Committee. Every member paying the Society shall be identified on the receipt.
- c) Should the receipt issued to the member by the Society be lost or destroyed, immediate notice of such fact shall be given to the CEO who may authorize issuance of a duplicate receipt at a reasonable fee.
- d) The Board may require the member to sign an indemnity to protect the Society against any loss due to the issuance of such duplicate.

## **28. PAYMENT/DISBURSEMENT**

Payments made by the Society shall be evidenced in writing in a form approved by the Board.

## **29. RESERVE FUND**

- a) The Society shall pay into the reserve fund maintained in pursuance to the provisions of Section 47 of the Act one fifth (1/5) of the net surplus resulting from the operations of the Society during a financial year.
- b) The reserve fund of the Society shall be invested in the manner provided for in these By-laws.
- c) The Reserve Fund shall be indivisible and no member shall be entitled to claim a specific share of it.
- d) No withdrawal shall be made from the reserve fund of the Society without a resolution from the General Meeting and a written approval from the commissioner.

## **30. GENERAL MEETINGS**

The supreme authority of the Society shall be vested in the General Meeting of delegates.

### **30.1 KUSCCO HOUSING CO-OPERATIVE REGIONAL COUNCIL**

- a) There shall be a Regional Council of KUSCCO Housing Co-operative which shall co-ordinate all Society's activities within the Region;
- b) The Society Regional Council shall consist of all members from that particular Region;
- c) The Society Regional Council shall meet at most thrice per year to conduct such business as may be assigned to it by the Board of Directors.

### **30.1A FUNCTIONS OF THE REGIONAL COUNCIL**

- a) The Regional Council shall be the forum for all members of the Society within the region to meet and receive reports, make recommendations and take action as agreed upon by the Society;
- b) The Regional Council shall elect Society National Delegates to the Annual Delegates meeting provided that each Region: Western, Nyanza, Rift valley, Eastern, Central and Coast shall have a maximum of ten (10) delegates except Nairobi which shall have a



maximum of twenty five (25) delegates;

- c) The elected delegates shall elect a chairman and vice-chairman from amongst themselves, The elected chairman shall be the chairman of the Regional Council;
- d) All elected delegates to the Annual Delegates Meeting shall serve for a term of three years, unless unable to perform the duties of a delegate.
- e) SACCO sector shall have 60 delegates in KUSCCO Housing Co-operative Society Ltd.

### 30.1B) ELIGIBILITY AS A DELEGATE

No person shall be eligible as a delegate or remain a delegate of the Society if:

- a) He is under eighteen (18) years of age;
- b) He is an undischarged bankrupt or is of unsound mind;
- c) He has been adversely named by the commissioner or representative in an inquiry report endorsed by an Annual or Special delegates meeting for mismanagement or corrupt practices;
- d) He has been convicted of any offence involving dishonesty or imprisoned for three months or more;
- e) He has been convicted of any offence under the Act or Rules made there under;
- f) He is involved in a business of money lending or carrying out activities which are detrimental to the Society objectives;
- g) He has not attained ordinary level of basic education or its recognized equivalent;
- h) He does not subscribe to the Society Code of Ethics for the delegates within one week of his election or persistently infringes the Society Code of Ethics;
- i) He is not a bonafide member of the Society in good standing.

### 0.1C) DUTIES OF REGIONAL DELEGATES

It shall be responsibility of a delegate to:-

- a. Attend Delegates Meetings when convened, in order to exercise democratic rights of the region he represents;
- b. Attend delegates education seminars organized by the Society;
- c. Participate in Society Activities in the delegate's area of jurisdiction in consultation with the Regional Manager;
- d. Market the Society's activities and enhance corporate image of the Society;
- e. Perform such other duties and functions as may be directed by the Board of Directors from

### 30.1 D) DUTIES OF REGIONAL OFFICE BEARERS

#### CHAIRMAN

- a) The chairman shall convene and preside over all meetings of the regional Council and shall perform such other as may from time to time be directed by the Board of Directors of the Society;
- b) He shall be responsible to the Board of Directors for exposition of Society objectives, ideas and aspirations as contained in the by-laws;
- c) The Regional chairman shall inform the National Chairman and the CEO his program while carrying out his duties.

### 30.1 E) VICE - CHAIRMAN

The Vice - Chairman shall be elected by the members during the Regional Council and shall act on behalf of the Chairman whenever he is absent.

### 30.1 F) SECRETARY

- i) The secretary to the Regional Council shall be the Society's Regional Manager covering that region.

### 30.2 ANNUAL DELEGATES MEETING

- a) An Annual Delegates Meeting shall be convened within four months after the end of the Society's financial year;
- b) Any business not completed at the annual General Meeting, may be taken up at a subsequent special General Meeting of the Society;
- c) Elections of the Society shall be by the delegates whose number will be determined by the board from time to time, however a sitting board member shall automatically qualify to be a delegate;
- d) A special general meeting of the Society may be held:-
  - i. When convened by the Committee;
  - ii. When convened by the Commissioner;
  - iii. When convened by the Board of Directors within 15 days of receipt to or written request of at least 70 delegates or one fourth (1/4) of the delegates whichever is less;
  - iv. If the Board fails to convene a meeting within fifteen days of receiving a request, the delegates demanding the meeting may themselves convene the meeting by giving notice to the other delegates of the Society, stating the object

and reasons for the meeting and the fact that the Board has failed to convene the meeting.

Provided that when the meeting is convened at the request of the delegates, the request must be deposited by registered mail at the Society's address or delivered to the CEO at the Society's offices within normal working hours.

### 31. DUTIES OF ANNUAL DELEGATES MEETINGS

31.1 The Annual Delegates Meeting shall have the powers and duties prescribed in the Act, Rules and these By-laws. It shall:

- a) Consider and confirm the minutes of the previous general Meeting;
- b) Consider reports of committees, the Commissioner or his representative and the audited accounts and the Society's activities during the past financial year;
- c) Consider and resolve on the manner in which any available surplus shall be distributed or invested, subject to the Act and rules;
- d) Elect or remove members of the Board of Directors, subject to the Act, Rules and these By-laws;
- e) Fix the indemnity for the elected Board members and management staff;
- f) Consider recommendations from the Board on suspension and expulsion of members;
- g) Consider appeals against refusal of membership by the Board;
- h) Confirm or reject admission of new members by the Board;
- i) Fix the maximum liability/borrowing power which the Society may incur in loans and deposits from both members and non-members;
- j) Approve the estimates of income and expenditure for the financial year following the delegates Meeting;
- k) Fix the honoraria, if any, for the Board;
- l) Decide on the management structure, including the establishment of branches to facilitate efficient and cost effective delivery of services to members;
- m) Appoint auditors of the Society for the ensuing year;
- n) Affiliate the Society to National Co-operative Organization for Housing Societies;
- o) Receive report of the supervisory committee;
- p) Transact any other business of the Society for which notice has been given to members in the manner prescribed in these By-laws.



31.2 All delegates shall be allowed to attend the General Meeting and participate in its deliberations; however they may be required to identify themselves.

### 32. RECORD OF BUSINESS

All business discussed or decided at the General Meeting shall be recorded without erasures and corrections in a Minute Book which within one week of the meeting shall be signed by the Chairman of the meeting and at least one committee member who was present in the meeting, to indicate that in their opinion they are 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 variations which shall be written immediately below the signatures and not as alterations to the original record, the meeting shall by resolution authorize the chairman to sign and date the final record.

### 33. DISCIPLINE DURING MEETINGS.

- i. All members shall be expected to observe law and order at the regional and general Meetings;
- ii. No member will be allowed to attend or participate in the regional and general meetings while drunk and disorderly. All reasonable means will be applied by the Board and members to have such a member prevented from attending the meeting;
- iii. No member will be allowed to carry crude weapons to the regional and general meetings;
- iv. All members will be expected to use decent language while addressing each other at the regional and general meetings. Any member found using insolent language against the other may be compelled to leave the meeting for lack of discipline;
- v. No heckling of any nature likely to distract a member's participation and contribution at the meeting will be allowed.

### 34. NOTICE OF MEETINGS.

- a) The General Meeting shall be convened by giving at least fourteen (15) days' notice to the member;
- b) The CEO shall take all usual steps to publish the meeting in public places, the posting

of a notice on the Society's notice board(s), in local newspaper(s) or news-sheets, including the media or any other means decided by the general meeting;

- c) All written notices of the meeting shall include a statement of the business to be dealt with and/or agenda.

### 35. QUORUM

Except when convened by the Commissioner, the presence of at least 70 delegates or  $\frac{1}{4}$  of the total delegates, whichever is less shall constitute a quorum for the conduct of business at the general meeting. When a quorum is not attained the chairman shall adjourn the meeting and shall fix a date for another meeting within one month which shall be advertised as prescribed in these by-laws. After such a meeting a quorum is again not attained, the chairman shall declare the meeting open with those present; one hour after the advertised time of the meeting.

### 36. ELECTIONS

#### 36.1

- a) With every notice of the General Meeting called in accordance with these By-laws, where elections will be held, the Board shall notify the members of the vacancies a rising in the committee and the supervisory committee;
- b) During elections, the Returning officer shall call for nominations from the floor. Each candidate must have a proposer and a seconder;
- c) At the elections, members shall decide, by majority vote, the method of voting. The method may be secret ballot, queuing or by show of hands;
- d) No member shall be entitled to vote by proxy;
- e) Irrespective of the number of shares held by him/her no member shall have more than one vote;
- \*f) Election shall be conducted in accordance to the election and vetting policy approved by the general meeting;
- g) Within fourteen (14) days after the elections, the CEO shall forward the names and addresses of all person elected to the Commissioner.

- 36.2 A new Board member elected at the General Meeting shall not assume office unless the members have satisfied the requirements of the Act, Rules and these by-laws.

### 37. BOARD MEMBERS

37.1 The Board of Directors shall be the governing body of the Society, elected from general membership and shall consist of nine (9) members: shall include Chairman, Vice - Chairman and two other committee members of whom shall be elected by committee among the members of the committee.

37.2 Members of the Board shall hold office for a period of three years provided that, one third of the board members shall retire every year but will be eligible for re-election; the Chairman and the Vice - Chairman shall retire on the 3<sup>rd</sup> year but shall be eligible for re-election.

37.3. Where the membership of the Board falls below five the committee shall co-opt qualified member(s) into the Board till the next General Meeting.

### 38. ELIGIBILITY FOR MEMBERSHIP TO THE BOARD

No person shall be eligible for membership in the Board of the Society, or remain a member of such a committee if he/she:

- a) Is NOT a member of the Society;
- b) Is under Eighteen (18) years of age;
- c) Has no basic education (Form four certificate) or its recognized equivalent.
- d) Receives any remuneration, salary or other payments from the Society save as in accordance with these By-laws;
- e) Is a Board member for two other Societies;
- f) Has not, within thirty days of being appointed, declared his wealth to the Commissioner in the prescribed manner;
- g) Is an undischarged bankrupt;
- h) Is of unsound mind;
- i) Has been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
- j) Has been convicted of any offence under the Act or rules made there under;
- k) Has any uncleared debt owing to the Society at the end of its financial year other than in respect of a loan granted under the provision of these by-laws;



- l) Is a person against who many amount of money is due under a decree, decision or order or is pending recovery under the Act;
- m) Has been adversely named in an inquiry report endorsed by an Annual or Special General Meeting for mismanagement or corrupt practices of a Co-operative Society or Union in the last ten years;
- n) Is involved in a business of money lending, housing or carrying out activities which are detrimental to the Co-operative movement objectives;
- o) Has not gone through a Fit and Proper Test;
- p) Does not conform to the minimum qualifications established by the Annual Delegates Meeting from time to time;
- q) Has or had legal suits with or against the Society;
- r) Should not be a board member of two Societies of similar objective;
- s) Does not meet the conditions of charter six of the Kenya constitution.

### 39. BOARD OF DIRECTORS MEETINGS

- a) Meetings of the Board shall be held regularly at least once every month and at other times when necessary, but up to a maximum of Fifteen (15) sittings per year;
- b) The quorum necessary for transacting the business of the Board shall not be less than half of the voting membership of the board - Five (5);
- c) If a member of the committee fails to attend three consecutive meetings without being excused thereon, or otherwise fails to perform his duties, his position may be declared vacant and the vacancy filled as provided in these by-laws.

### 40. RECORD OF BUSINESS OF THE BOARD OF DIRECTORS

All business discussed or decided at the Board meetings shall be recorded without alterations or erasures in a Minute Book within one week of the meeting and shall be signed by the Chairman of the meeting and at least one other Board member who was present at the meeting to verify that in their opinion the minutes are true and complete record of all the important matters which were discussed or decided at the meeting. At the next meeting, after approving any alterations or variations, which shall be written immediately below the signatures and not as alterations to the original record, the meeting shall, by resolution, authorize its Chairman to sign and

date the final record.

#### 41. DUTIES AND POWERS OF THE BOARD OF DIRECTORS

The Board being the governing body of the Society shall subject to any directions from the General meeting, direct the affairs of the Society. Its procedures, powers and duties shall be as prescribed by the Act, the Rules and these by-laws and in particular, the Committee shall:

- a) Observe in all its transactions the Act, the Rules, these by-laws and prudent business practices;
- b) Direct the affairs of the Society;
- c) Act upon all applications for membership;
- d) Ensure that true and accurate records and accounts are kept of the Society's money, and its properties, capital reserves, liabilities, and income and expenditure;
- e) Prepare budgets for presentation at the General Meeting;
- f) Propose to the General Meeting the amount and kind of surety bond, or other security, which shall be required from any member of the Board or employee having custody of or handling funds or property of the Society;
- g) Determine and recommend to the General Meeting the interest rates on loans, deposits, the maximum maturities and terms of payment or amortization of loans from time to time; and the maximum amounts that may be loaned with or without security to any member. When by action of the Committee, the interest rates on future loans are reduced, similar action may be taken with regard to interest rates on unpaid balances or existing loans;
- h) Cause the audited accounts to be displayed in a conspicuous place at its registered office and branches at least two weeks before presentation of accounts to its members at the general meeting;
- i) Lay before the General Meeting audited accounts, balance sheet and final accounts together with proposals for the disposal of surplus, if any;
- j) Recommend to the General Meeting the dividend rate to be paid on shares, if any, and interest to be paid on savings deposits if any;
- k) Fill through co-option vacancies occurring in the Board in the General Meetings;
- l) Recommend investments of the Society;

- m) Authorize the conveyance of property;
- n) Authorize borrowing and lending operations of the Society in accordance to the Act and the Rules;
- o) Designate a depository or depositories for the funds of the Society;
- p) Employ and fix the remuneration of the employees in accordance with the terms and conditions of service as approved by the Commissioner;
- q) Impose fines as provided for under this By-law;
- r) Approve transfer of shares between members;
- s) Supervise the recovery and collection of loans and recommend to the General Meeting the write off of uncollectible debts to the General Meeting;
- t) Perform or authorize any actions consistent with the Act, the Rules and these By-laws, unless specifically reserved for the General Meeting;
- u) Provide adequate budget for education and training of members, the Board and staff;
- v) Perform such other duties as the General meeting may from time to time direct;
- w) The Board may by a resolution, delegate to the CEO any of its powers.
- x) Suspend Board member who is in breach of the By-Law herein.
- y) Develop a board vetting policy to be approved by the Annual General meeting.

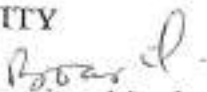
#### 42. LEGAL STANDARD OF CARE

In the conduct of the affairs of the Society, the members of the board shall exercise the prudence and diligence of ordinary men of business and shall be held jointly and severally liable for any losses sustained through any of their acts, or failure to act, which are contrary to the Act, the Rules, the By-laws or the directions of the General Meeting.

#### 43. EXPENDITURE

No expenditure shall be authorized by the Board unless it is provided for in the estimates formally approved by the General Meeting.

#### 44. INDEMNITY

  
All committee Members shall each provide an indemnity of an amount approved by the Annual General Meeting. A duly completed Form Vin the schedule to the Rules shall be lodged with the Commissioner within 14 days upon election of the Board.



#### 45. DECLARATION OF WEALTH

Every Board member shall within thirty days of being elected declare his/her wealth in the prescribed manner.

#### 46. EXECUTIVE COMMITTEE

The Chairman, the Vice-Chairman, and TWO (2) other committee member shall be termed as the "Executive Committee" and shall be elected at a meeting of the Board.

#### 47. THE CHAIRMAN

Duties of the chairman are:

- a. To preside at meetings of the members, Board, executive committee and joint meetings with the supervisory committee;
- b. To Sign all Society's documents;
- c. To perform such other duties as he/she may be directed to perform by the Board, not inconsistent with provisions of the Act, the Rules and these By-laws.

#### 48. THE VICE CHAIRMAN

Duties of the vice chairman are;

- a) To perform the duties of the Chairman during his absence;
- b) To preside at education committee meetings;
- c) To perform such other duties as he may be directed by the Board.

#### 49. SUB-COMMITTEES

The Board shall work through sub-committees for purposes of executing its duties.

- a. Sub-committees shall consist of persons drawn from the Board;
- b. The Board may delegate to the sub-committees some of its duties under these By-laws as it deems fit;
- c. The sub-committee shall convene as directed by the Board.

## 50. EDUCATION SUB-COMMITTEE

The education committee shall consist of three members including the Vice – Chairman who shall serve as its Chairman. Its duties shall be;

- a) To organize education programs for members, committee members, staff and the general public.
- b) To ensure that both the committee members and staff are well trained and prepared for the tasks they are entrusted with at the Society;
- c) To create Co-operative awareness to the general public.

## 51. TENDER SUB-COMMITTEE

- a) Shall consist of all the members of committee and any other officer(s).

## 52. SUPERVISORY COMMITTEE

- a) The Society shall have a supervisory committee consisting of three (3) members each elected at the General meeting for a period of 3 years and one member of the supervisory committee shall retire annually. Provided, no person who has been in the committee within two (2) years preceding the date of the anticipated election shall be eligible for membership of the supervisory committee;
- b) The supervisory committee shall not perform the duties or exercise any of the powers of the committee;
- c) Meetings of the supervisory committee shall be held quarterly, save for joint meetings between its members and those of the committee; *Board*
- d) All *Board* supervisory committee members should have qualifications similar to those of committee members;
- e) Members of the supervisory committee may be required to have at least some proven knowledge of accounts;
- f) Members of the supervisory committee may be removed by a resolution of the general meeting.

### 53. DUTIES OF THE SUPERVISORY COMMITTEE

The duties of the supervisory committee shall;

- a) Countercheck the effectiveness of the Society internal control systems through;
  - i. Carrying out investigations as may be necessary for the well-being of the Society and members in general and verify the accuracy of the transactions of the Society.
  - ii. Check if cash and bank accounts are reconciled in good time.
  - iii. Establish whether the management of the Society uses managerial tools i.e budgets, trial balances, economic reports, long term plans and other and the after making necessary recommendations to the committee.
- b) Preparation and presentation of periodic reports to the management committee during joint meetings;
- c) Presentation of annual report to the General meeting;
- d) Submission of its report to the commissioner.

*Board*

### 54. POWER TO GUARANTEE

- a) The Board may at its own discretion authorize grant of a loan to any of its employees and may stand surety for a loan to be granted to an employee.
- b) The Society, may at its own discretion, fix a maximum over-draft or monthly account figure for any employee to cover small purchases and petty expenses. The CEO of the Society shall be personally responsible if the maximum is exceeded;
- c) In extending overdraft facilities, regard shall be had to all the circumstances of each particular case, the requirement for good and valid reasons and the genuine needs of the employee concerned.

*board*

### 55. SUSPENSION FROM THE COMMITTEE

- a) The Commissioner may suspend from duty any Board member charged in a court of law with an offence involving fraud or dishonesty pending the determination of the matter;
- b) The majority of Board members may for a good cause suspend a Board member subject to ratification by the General Meeting.



- Revised*
- c) If a member of the committee fails to attend three consecutive meetings or otherwise fails to perform his duties due to insanity, bankruptcy and conviction.

#### 56. REMOVAL FROM THE BOARD.

A member of the Board shall cease to hold office if he/she;

- a) Ceases to hold qualifications of a Board Member as specified in the Act, Rules and these By-laws;
- b) Is removed by the Commissioner under the provisions of the Act;
- c) Is voted out by two-thirds majority of the Society members present and voting at the General Meeting.

#### 57. THE CEO

The CEO shall conduct the business of the Society subject to overall control of the Board. He/She shall be an ex-official member of all Committees.

#### 58. DUTIES OF THE CEO.

The CEO shall;

- i. Advise the Board and other Committees in framing the policies and programs of the Society and implement these after approval;
- ii. Ensure that proper books of accounts, record and returns are kept and that regular financial, statistical and operational information is prepared and submitted to the Board and other Committees and also to the Commissioner;
- iii. Be responsible for the security of the funds and assets of the Society;
- iv. Ensure that all statutory deductions (e.g. NSSF, NHIF and P.A.Y.E. etc) are correctly calculated and that all the amounts due and the necessary returns are submitted by the due date;
- v. Ensure that rent, rates, levies and debts due from and to the Society are paid by the due date;
- vi. Appoint staff in consultation with the Board of Directors, he shall be responsible for training, assignment and supervision of Society Staff to ensure that the business of the Society is conducted in a proper manner;
- vii. Counter sign the Society's cheque, contracts and other documents;

- viii. Represent the Society locally and abroad on all aspects pertaining to the management of the Society;
- ix. Cause books of account to be audited
- x. To cause minutes of the general meetings, Sub-committee meetings, and full Board meetings to be recorded;
- xi. To ensure that notices of meetings are prepared and sent;
- xii. To ensure that the Society's correspondence is promptly and correctly attended to;
- xiii. To keep the Society seal under lock and key;
- xiv. To manage generally or cause to be managed the affairs of the Society in a competent manner;
- xv. To ensure that a proper record is kept of all monies received and paid out by the Society, its assets, liabilities, capital reserve and its income and expenses;
- xvi. To ensure that all payment and expenditures are duly authorized;
- xvii. To ensure compliance with all directions of the Board, the Act, the Rules and these By-laws on all financial matters;
- xviii. To ensure that sufficient funds are available for loans;
- xix. To perform such other duties as may be directed by the committee;
- xx. May delegate officers or staff who shall work under him/her any of the foregoing duties

## 59. CONFLICT OF INTEREST

Every board member and Employee of the Society shall be required before taking part in any business transactions which the Society may be about to discuss or initiate, to disclose any personal interest in the matter and shall not take part in any discussion or vote upon that item of business. The Board Members or Employee shall physically absent himself or herself from the discussion unless it is determined that the individual has relevant information to provide. Failure to divulge this information shall result in removal from office or termination of employment.

## 60. BOOKS AND RECORDS

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

- a) A register of members showing in respect of each member:
  - i. Name, age, date of application for membership, address and occupation;
  - ii. Date of admission;
  - iii. Name and particulars of nominee;
  - iv. Date of cessation of membership;
  - v. Any other information as required by the Society.
- b) Minute books giving details of proceedings of Committee meetings, general meetings & Sub-committee meetings held in accordance with these By-laws;
- c) Minute book giving details of proceedings at the General Meetings;
- d) A cashbook showing the details of all monies received or paid out by the Society;
- e) A general ledger containing such accounts as is necessary to reflect the business of the Society;
- f) A personal ledger showing members transactions with the Society;
- g) An assets (property) register;
- h) A register of loans 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 repayments and the date repayments are completed;
- i) A register of members' shareholding;
- j) Such other books and records as the committee may decide or that the Commissioner may prescribe.

## 61. PURCHASE OF LAND AND HOUSING PROJECTS

Subject to such resolution at the General Meeting, members may from time to time pass, resolution allowing the Board to have full power to do all things which it deems necessary or expedient for the accomplishment and to fulfill the objects specified in these by-laws, including power to purchase, hold, sell, exchange, mortgage, rent, charge, lease, sub-lease, buy land and subdivide, surrender and accept surrenders of lands or buildings and to construct buildings for rent or sale to its members or non-members. The housing projects can either be sole or as a joint venture as shall be approved during the general meeting.

## 61. BUILDING PLANS

No building shall be erected on the Society's or individual member's land using funds supplied in whole or part from by Society except in accordance with plans approved by relevant authorities.



### **63. SOCIETY PROPERTY**

Any immovable property acquired and held by the Society shall be registered in the name of the Society.

### **64. TENANTS**

Tenants will be selected from the list of applicants by the Board having regard to date of applications for tenancy, genuine need for housing, financial position, among others.

### **65. AUTHORITY OF THE BOARD**

It shall be mandatory for the Board to:

- i. Buy land, leasehold or freehold, either from or through government or otherwise. Render the lands so purchased fit for habitation, by providing for streets, roads and subdividing parcels of land or house sites;
- ii. Sell or lease the sites to members/non members on such terms as they may determine, and
- iii. Provide and maintain facilities for water, supply drainage, lighting and similar work of common utility.

### **66. LEVY**

The members shall pay levy for the supply of water, lighting, drainage and such other services that may be necessary

### **67. LEGAL ACTION**

The Society shall sue and be sued in its name and all powers of Attorney and other powers in connection there with shall be signed by the officers of the Society in accordance with these By-laws.

### **68. REGULATIONS**

- 69.1 The Board may make such regulations, not inconsistent with these by-laws, as they deem necessary for the conduct of the Society's business. Any such regulations shall be recorded in the minute books and shall be posted on the Society's notice board, and shall come into force when and as determined by the Board.

69.2 The Society shall formulate a code of conduct for good governance.

## 70. AUTHORIZATION TO SIGN DOCUMENTS

Unless declared otherwise by General meeting, all documents, contracts and cheques shall be signed on behalf of the Society by any two of the following:

1. Chairman;
2. Vice-Chairman;
3. Committee member;
4. Committee member;
5. The CEO (Chief Executive Officer).

## 71. LIEN

71.1 The Society shall have a first charge on the shares or interest in the capital and deposits of a member or past member and on any dividend, bonus or accumulated funds payable to a member or past member in or towards payment of any such debt, but such lien may not be considered as security when giving a loan to a member.

71.2 For the purpose of enforcing any such lien, the Board may sell the shares subject thereto in such manner as it may deem fit. However, no sale shall be made until a fourteen days' notice in writing of the intention to sell is served on the member, in default in payment, fulfillment or discharge of such debt, liabilities or engagement.

71.3 The net proceeds after payment of costs shall be applied in or towards satisfaction of the debts, liabilities or engagements of the member to the Society and the residue shall be paid to the member or his executors, administrators or assignees. In the event of the net sale proceeds proving insufficient, the liability to that extent shall continue.

## 71.4 RIGHT OF BOARD

Upon any sale enforcing lien in purported exercise of the powers herein before given, the Board may appoint authorized signatory to execute any instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register.

## **72. FINANCIAL YEAR**

The financial year of the Society shall be from 1<sup>st</sup> January to 31<sup>st</sup> December.

## **73. DISPOSAL OF SURPLUS FUNDS**

Subject to the Act and Rules, the net surplus resulting from operations of the Society during any financial year shall be disposed as follows:

- a) 20% shall be credited to the Reserve Fund;
- b) The balance may be disposed off as decided by the General Meeting for:
  - i. Paying dividend or interest on shares/deposits at a rate decided by the General Meeting;
  - ii. Being forwarded to Education Fund or any other fund or funds of the Society including the appropriations;
  - iii. Paying honorarium to committee;
  - iv. In any other way approved by the General Meeting.

## **74. LOANS SCHEME**

- a) Notice shall be given to all members when the Society intends to start a loan scheme;
- b) All schemes of loans shall be subject to approval by the General meeting.

## **75. APPLICATION AND GRANTING OF LOANS**

There shall be a loaning policy to guide the loaning and loan recovery procedures/ processes which shall be reviewed from time to time by the board of directors.

## **76. CASH RESERVE**

Except as otherwise authorized by General Meeting, a cash reserve shall be maintained of not less than 10% of total share capital for the specific purpose of meeting requests for deposit withdrawals and other emergency pay-outs. The cash reserve may consist of cash in hand, the current account, the Society's savings account and fixed deposits.



## 77. COMMON SEAL

- a) The Society shall adopt and use a common seal. The seal shall have an imprint bearing the words "seal of "KUSCCO HOUSING CO-OPERATIVE SOCIETY LIMITED" and shall be different from the ordinary name-stamp of the Society;
- b) The seal shall be kept securely under lock and key by the CEO and be used only in the presence of the officers authorized to sign documents on behalf of the Society.

## 78. FINES

For any breach of these By-laws or lawful instructions issued by the Board and General Meeting, or failure of a member to pay his obligations on time, the member shall be fined an amount not exceeding Kshs. 20,000.

## 79. DISPUTES

If any dispute concerning the business of this Co-operative Society arises: -

- a) Among members, past members and persons claiming through members, past members and deceased members; or
- b) Between members, past members or deceased members, and the Society, its committee or any officer of the Society; or
- c) Between the Society and any other Co-operative Society;

Which cannot be determined by the Board, General Meeting, the same shall be referred to alternative dispute resolution or arbitrator. In the event that the issue is not determined then it shall be referred to the Co-operative Tribunal. Appeals from aggrieved party shall be referred to the High Court.

## 80. INSPECTION OF DOCUMENTS

- a) All books of accounts and other records shall at all times be available for inspection to all members of Board, the supervisory committee, and to the commissioner or his/her authorized representative. A copy of Act, the Rules, the By-laws and the Society's Registration certificate, and a list of members excluding details of nominees

Share holdings and loans shall be available for inspection by any member and any other stakeholder upon payment of the prescribed fees.

## 81. DISSOLUTION

The Society shall be dissolved in accordance with the procedures set forth within the Act and the Rules made there under.

## 82. MISCELLANEOUS

- a) No member of the different Board shall receive from the Society any payment apart from sitting allowance, actual cost of travelling and subsistence allowance while working on the Society's business, except an honorarium from the net surplus as allowed in these by-laws;
- b) The Board members and employees of the Society shall hold in the strictest confidence all transactions of the Society with its members;
- c) When any Board member is disqualified or is unable to perform his duties, the Board shall subject to the Act and Rules co-opt a member or members of the Society to serve in the Board until the next general meeting;
- d) No member of Board shall in any manner participate in the deliberations and determination of any question affecting his own financial interest. In the event of any disqualification of any Board member, he/she shall withdraw from such deliberation or determination, and the remaining qualified Board members present at the meeting, if constituting a quorum may exercise, with respect to the matter, all powers of the Board;
- e) A copy of these by-laws and any relevant document shall be furnished to every member who joins the Society or on request upon payment of a fee not exceeding its actual cost to the Society.

## 83. AMENDMENT OF BY-LAWS

These by-laws may be amended in accordance with the Act and the Rules but no amendment shall become effective until it is approved and registered by the commissioner.

#### 84. ACCEPTANCE

We the undersigned Executive officers of KUSCCO Housing Co-operative Society Limited named herein do hereby accept and receive these by laws for and on behalf of the Society.

NAME	SIGNATURE	DESIGNATION
MR. DAVID MOYLA		CHAIRMAN
MR. MARTIN ODONDI		VICE CHAIRMAN
MR. JULIUS ODERA		Ag. CEO/SECRETARY

#### OFFICIAL CERTIFICATION

I certify that the foregoing By-laws of the KUSCCO Housing Co-operative Society Limited have been approved and duly registered.

Given under my hand in Nairobi this 9<sup>th</sup> Day of JUL 2024

MR. GEOFFREY NJERU NJANG'OMBE.

By COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT