

**NEPTUNE INVESTMENTS GROUP
LOANS POLICY
(2018)**

1. Introduction

This policy is a guideline to be used in managing credit activities in disbursing loans to members and assists the leadership of the group in making sound decisions or reference while discharging its mandate.

Loans will be provided to members who are able to demonstrate that the loan will: -

- a) Contribute to their economic welfare and/or,
- b) Increase member's ability to generate or maintain income and personal financial security.

2. Eligibility for a Loan

A member shall be eligible for a loan provided: -

- a) One has completed at least 6 months of membership with the Group and has contributed not less than the minimum monthly contribution.
- b) A member who withdraws from the Group and rejoins later will be treated as a new member for the purposes of this policy.
- c) All loans shall be restricted to members and shall be approved by the Finance, Loans and Investments Committee.
- d) Every loan must be guaranteed by a minimum of three (3) guarantors who must be members of the Group. The total contributions of the applicant and guarantors must be equal to or more than the loan applied for. A member may, however, secure a loan using his/her contributions provided that the loan amount and the interest payable do not exceed 80% of his/her contributions and share capital.
- e) Total loans granted to a member shall not exceed three times the member's contributions and in all cases repayable within a period not exceeding 24 months but subject to the maximum of 5% of the Group's share capital and reserves, and availability of funds.
- f) Any outstanding loan must be cleared before a new loan is disbursed.

3. Loan Application and Appraisal

- a) An application for a loan shall only be considered when an authorized loan application form is used.
- b) All loan applications must be received by the tenth (10th) day of every month for them to be processed within that particular month.
- c) Any loan application shall attract a loans processing fee of Kshs. 300.
- d) All loan applications shall be made using the Group's prescribed forms, which shall in each case set out the amount applied for, the purpose of the loan, terms of repayment and type of security provided. The loan application form shall be fully completed and supported by a copy of the applicant's National Identity Card (ID) or passport.
- e) Loan applications shall be considered in the order in which they have been received, approved and registered. A loans queue shall be maintained for all loans received pending payment.
- f) It shall be an offence for an applicant or guarantor to give false information regarding shares / contributions, loans and guarantors.

4. Loan Guarantors

- a) Every loan must be fully secured by a minimum of three guarantors.
- b) Where a member chooses to use his/her own contributions to secure a loan, the loan applied for and interest payable must be less than or equal to 80% of his/her shares and contributions.
- c) A member may guarantee maximum of three (3) loans at a given time.
- d) A member shall not be allowed to guarantee more than his/her shares/contributions.
- e) All guarantors must be members of the Group and in good standing, who must be willing and able to repay the loan(s) guaranteed if the loanees fail to pay.
- f) The obligation of the previous guarantors shall cease upon change of guarantors but subject to new guarantors being accepted by the Group. The obligation of the guarantors shall also cease when all loans guaranteed have been cleared

5. Rights of Guarantors

- a) The right to obtain a copy of the letter of guarantee or contract of guarantee and any other documents in relation to the loan transaction.
- b) The right to the information on the outstanding balance of the account of the borrower with the Group subject to the borrower's consent.
- c) The right to call upon the borrower to pay off the loan to release him from all his/her liabilities under the guarantorship. This right can be exercised at any time and even before the Group has called upon the borrower to pay the debt.
- d) The right to be indemnified by the borrower for any payment made to the Group.

6. Loan Approval

The Finance, Loans and Investments Committee shall: -

- a) Sit once a month to approve loans.
- b) Enquire carefully into the character and financial conditions of each applicant and of his/her guarantors, to ascertain his/her ability to repay fully and promptly the obligations incurred by him/her and to determine whether the loan shall be of benefit to the borrower.
- c) Ask for such security for loans, as it may consider necessary, including the shares and contributions of both the borrower and guarantors. The committee will approve no unsecured loans.
- d) Prepare a list of all loans approved after every sitting. The members of the committee shall sign all loan forms that have been approved.

7. Loan Rejection

A loan can be rejected on the following grounds: -

- a) Inconsistency in contributions
- b) Inadequate guarantors
- c) The form has not been duly completed
- d) Loan application fee has not been paid
- e) Key documents like ID have not been attached

8. Loan Disbursements

- a) All loans shall be disbursed by cheque and in the manner laid down in the financial policy.
- b) A loan repayment schedule clearly showing the principal loan interest payable and monthly repayments shall be issued to the member upon disbursement of the loan.
- c) Approval or rejection of loan applications will be communicated to the applicant will by the fifteenth (15th) day of every month subject to 3a.

9. Loan Repayments

- a) The repayment period shall be determined by the Executive Committee but shall not exceed 24 months.

- b) Loan repayments for loans issued shall commence immediately but not later than the month following that in which the loan was paid to the member. There shall be no grace period.
- c) Nothing in the foregoing should prevent any member from repaying his/her loan and interest in whole or in part, prior to its maturity. There will be no early clearance charges.
- d) One cannot adjust or reduce loan installments unless he/she had previously overpaid the installments, as this/her will result to loan going into arrears otherwise a fine of 0.5% shall accrue.
- e) A member shall not be allowed to withdraw part of his/her shares/contributions or offset part of the shares/contributions against an outstanding loan unless he/she ceases to be a member of the Group.
- f) A member's shares/contributions pledged as security for another member's loan shall not be surrendered to off-set his/her outstanding loan unless the former can provide alternative security or guarantors for the latter's loan.
- g) All loans shall be repaid in the mode prescribed in the finance policy i.e. cheques, or mobile banking. No cash will be accepted.

10. Loan Delinquency

- a) In case a loan is not repaid in a particular month, the Group shall inform the loanee immediately in writing with a copy to each guarantor.
- b) If no repayment is effected during the second month, the guarantors shall be informed of this/her fact and be notified that they will be called upon to honor their obligations if no repayments are effected at the end of the third consecutive month.
- c) After 90 days, the loan shall be said to be in default, and the entire balance of the loan becomes due. All deposits owned by the member and any interest on deposits due to the member will be used to offset the balance owed.
- d) Any loan balance remaining thereafter will be recovered from the contributions of the guarantors immediately.
- e) The member may present a repayment proposal to the Finance, Loans and Investments Committee for consideration.
- f) The member will be liable for any costs incurred in collection of the loan balance and accumulated interest.

11. Withdrawal from Membership

1. Where a member wishes to withdraw from the Group's membership, he may be required to give the Group a written notice of up to 90 days, of his/her intention to withdraw.
2. A member shall not withdraw his/her membership from the Group while still on loan or whilst a guarantor to a member on loan unless he/she clears the outstanding loan or makes a suitable substitution of a guarantor in consultation with the borrower. In both cases ninety (90) days written notice will be required except as provided under Section 3.12 of the Group's Constitution.

12. Dispute Resolution

Any difficulties encountered in the implementation of this/her loan policy should be referred to the Executive Committee. Individual Committee Members have no powers to vary, amend or in any way disregard any provision of this policy.

Acceptance

We the undersigned Executive Officers of Neptune Investments Group do hereby accept and adopt this loan policy for and on behalf of Neptune Investments Group together with any changes or alterations that have been initialed or signed by us.

_____ Chairperson	_____ Signature	_____ Date
----------------------	--------------------	---------------

_____ Vice Chairperson	_____ Signature	_____ Date
---------------------------	--------------------	---------------

_____ Secretary	_____ Signature	_____ Date
--------------------	--------------------	---------------

_____ Treasurer	_____ Signature	_____ Date
--------------------	--------------------	---------------

_____ Investments Manager	_____ Signature	_____ Date
------------------------------	--------------------	---------------