

**UNITED NATIONS STAFF CO-OPERATIVE SAVINGS AND CREDIT SOCIETY  
LIMITED  
(UNS-SACCO)**



**LENDING AND CREDIT POLICY MANUAL**

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**MARCH 2021**

Approval

This Lending and Credit policy manual was approved by the AGM

Held on the 27<sup>th</sup> Day of MARCH 2021

DR. KACIWA MUGAGGA Muntu

CHAIRPERSON

## **FOREWORD**

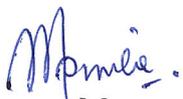
The development of this manual was necessitated by the need to have guidelines in the UNS-SACCO to assist UNS-SACCO Leadership in the governance of the UNS-SACCO business operations. The manual acts as a practical guide to both leaders and management staff in the process of executing their duties in a more efficient and effective manner. The main output of this manual is having a more enlightened and professional leadership and management delivering better services to their members sustainably.

The objective of this manual is to provide technical approach to UNS-SACCO lending and saving mobilization operations: The core business for UNS-SACCO is to mobilize and lend to members for betterment of their individual livelihoods. This can only be done in a carefully regulated framework that speaks of objective criteria and to the satisfaction of all members.

The process of formulating this manual was conducted through a lot of consultations at all levels including key stakeholders, professionals, cooperative development organs, the legal and banking fraternity and all relevant policies and guidelines related to cooperative business with technical support of the consultant.

This work is by no means complete and we consider this to be a living document has to be regularly updated as our operations deem it necessary. I therefore beseech all members and staff to carefully study, comprehend and adhere to the provisions in this manual which if there are any practical challenges, they are documented and brought to the attention of management and finally to the Board for consideration.

I thank you all.



Kaggwa Mugagga

**Chairperson**

## PREFACE

This manual has been reviewed to streamline the operations of UNS-SACCO based on the experience gathered during the past years. The manual will go a long way in building on the positives realized and strive to make the UNS-SACCO an efficient and admirable SACCO in Uganda a class above the rest.

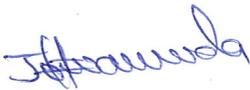
The manual will be useful in ensuring that the highest ethical and professional standards which are a prerequisite in handling savings and credit operations are upheld and confidence built in the UNS-SACCO systems of operation. It will go a long way in assuring the stakeholders that objectivity and prudence are exercised in handling every client without discrimination. It is also to assure members that their savings are being preserved and the value maintained if not improved

The manual is founded on good lending and credit standards nationally and strives to realize more beyond good practices.

It is cognizant of the regulations in the sector of credit and also of the many actors out in the field. It endeavors to ensure that individuals are aware of their credit obligations and at the same time the challenges faced in handling credit money.

I therefore appeal to management and other stakeholders to take time and understand the provisions in this manual so that they are served with transparency and understanding. To all staff, you are enjoined to speak with confidence and transparency if only within the confines of this manual.

Thank you



Oliver Wananda

**General Manager**

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## **0.1 General Provisions**

This manual and its provisions shall be cited as ‘The Lending and Credit Policy Manual.

## **0.2 Mandate of the manual**

0.2.1 This manual derives its mandate from Cooperative Societies Act Cap 112 section 28, The Cooperative Societies Regulations, 1992 section 26, UNS-SACCO Bye-laws as registered under 9020/RCS Article 26; Amended Cooperative Act 2020 and UNS-SACCO Strategic Plan.

## **0.3 Objectives of the manual**

0.3.1 To provide a framework for offering microfinance and other financial services to all its members regardless of their gender, creed, religion, race or marital status.

To create a conducive environment and promote efficiency and effectiveness

To guide the technical staff, management and Credit committee in performing their various roles in accordance with the laws and best practices.

To respond to the regulatory challenges imposed on the UNS-SACCO

To promote high ethical and professional standards necessary for building trust and confidence in the activities of the UNS-SACCO

## **0.4 Scope**

This manual applies to all stakeholders of the UNS SACCO (members, staff, Board, Supervisory Committee, Vendors, Interns and Volunteers).

The manual covers the conduct of business in lending and credit management to ensure objectivity and consistency.

This manual will apply to individuals who are directly or not directly involved in dispensing credit on behalf of the UNS SACCO.

## **0.5 Responsibility for implementation**

0.5.1 The Annual General Meeting shall be responsible for approval through a resolution, the Board shall authorize the manual and Lending and Credit Committee for oversight.

The General Manager shall be responsible for its implementation and interpretation of its provisions however it shall be a responsibility of all UNS SACCO staff to read and understand this manual.

## **0.6 Revision and amendment**

0.6.1 Any member of UNS-SACCO may with justifications request the Board through the credit committee in writing for changes. The Board may amend the provisions to conform to changes in higher regulations.

This manual shall remain in force until such a time when the UNS SACCO deems it fit for review in line with the prevailing laws, regulations and best practices. Revisions shall become effective when approved and authorized as in 0.5.1 above.

## **0.7 Distribution of the manual**

0.7.1 A hard copy of this manual shall be provided to all staff of the UNS-SACCO and Board members. An electronic copy shall be stored on the UNS-SACCO Server. A copy shall be available in the office for reference on request by any stakeholder.

Table one: **Definition of terms used in this manual**

Loan Officer	Savings and Credit Officer
Manager	General Manager – UNS-SACCO
Committee	Savings and Credit Committee of the Board
Board	Board of UNS-SACCO
The Act	Cooperative Societies Act CAP 112
Regulations	Cooperatives Societies Regulations 1992
Bye-laws	Bye-laws under registration 9020/RCS of 2009

Table Two: **Abbreviations and acronyms**

EC	UNS-SACCO Board
EFT	Electronic Funds Transfer
GM	General Manager
MFI	Microfinance Institution
MSC	Microfinance Support Centre Limited
PMT	Performance Monitoring Tool
RTGS	Real Time Gross Settlement
UGX	Uganda Shillings
UNS-SACCO	United Nations Staff Cooperative Savings and Credit Society Ltd

## **1.0 Introduction**

The United Nations Staff Cooperative Savings and Credit Society Ltd (UNS-SACCO) was registered under the Co-operative Societies Act 2004 vide registration Number 9020/RCS and was established in 2009. The aim of the UNS SACCO is to provide its members and their families access to affordable and manageable financial services (savings and credit facilities.

The UNS SACCO draws its members from UN agencies' staff both national and international operating in Uganda.

### **1.1 Background**

The UNS-SACCO has grown its membership and continues to grow, consequently improving its financial base and operations which necessitates detailed guidelines in handling the two outcomes of its growth. According to the UNS-SACCO's Bye-laws Article 2, there are 10 objectives of forming this SACCO:

Offer Members Savings and credit services and other financial products as may be required by members from time to time;

Provide members with credit facilities for purposes of development through acquisition of assets;

Provide an opportunity for members to improve their respective economic, social and financial conditions;

Encourage and develop a savings culture among members so as to develop a wide capital base for accessing external sources of funds at fair and reasonable interest rates as a result of enhanced bargaining power;

Offer savings, deposits and related services earning competitive rates of interest while minimizing financial risk on such savings;

Provide loan services at costs allowing the Society to cover its costs including legal reserves, reserves for loans and other required reserves;

Minimize the risks of loan defaulters through efficient and effective loan recovery mechanisms;

Facilitate members to set up development and/or investment projects through continuous training programs on the proper use of credit;

Professionally manage the SACCO to ensure operational and financial sustainability.

Any other necessary and legally authorized and economically feasible financial services demanded by its members.

### **1.2 Strategic direction**

The manual will be guided by Strategic Plans which will be developed by the SACCO governance bodies and adopted as a guiding tool in the operations. In a nutshell, the SACCO has substantial business to transact and can only do so in a carefully regulated and guided environment to minimize risk and moderate personal discretion.

### **1.2.1 The Vision:**

A leading SACCO promoting member prosperity for generations.

### **1.2.2 The Mission:**

To mobilize financial resources and provide affordable financial services to members.

### **1.2.3 The Core Values:**

#### **i. Accountability**

The SACCO is accountable to its members, the Government and all its stakeholders. It ensures that the culture of accountability is embodied in its internal stakeholders both individually and collectively.

#### **ii. Member Orientation.**

In developing its products /services as well as in the provision of its services, the SACCO ensures that these are customer-driven so as to satisfy diverse members and their changing needs.

#### **iii. Transparency**

The SACCO endeavors to ensure transparency at all times when dealing with stake holders. The internal stake holders are also expected to be sincere and transparent in their dealing with the SACCO

#### **iv. Professionalism**

The SACCO adheres to impeccable and beyond reproach professional and personal standards in the conduct of its affairs. The SACCO offers its services effectively and efficiently to all its members.

#### **v. Integrity**

The SACCO upholds a high degree of honesty and integrity in serving its members and other stakeholders.

#### **vi. Teamwork**

The success of the SACCO in pursuit of its mission will be ensured by the close collaboration among its members. EC, SUPCO and the staff. This will enhance the quality of services to its stakeholders.

#### **vii. Respect for diversity**

UNS-SACCO also encourages respect for diversity among its members, the Board, Committees and Management to ensure that they uphold the above values in fulfilling the SACCO mandate.

## **2.0 LOANS ELIGIBILITY**

### **2.1 Criteria for loan applicants**

#### **2.1.1 All applicants shall satisfy the following criteria without exception:**

- I. Must be a fully paid up member.
- II. Members must be aged 18 years and above;
- III. Must be of sound mind;
- IV. Must be a shareholder; the amount of shareholding must be in commensurate with the amount applied for;
- V. Must not have outstanding loans of the same loan product;
- VI. Must have a good credit history;
- VII. Guarantors should not be defaulters;

### **2.2 Type of Business**

2.2.1 UNS-SACCO shall provide savings and credit products for economic purposes to eligible members.

2.2.2 The areas that are eligible for financing shall include but not limited to:

Trade - Vending, wholesalers, retailers, etc.;

Services -Repairs, construction, transport, clinics, food, mechanics etc.;

Manufacturing - carpentry, etc.;

Agribusiness - Crop and animal husbandry, food processing, resource extractors, produce trade, etc.;

### **2.3 Loan size**

#### **2.3.1 The loan size shall depend on the following:**

- I. Number of shares the applicant has.
- II. The savings factor – how active the account is.
- III. The credit history of the applicant.
- IV. The size and viability of the project.
- V. The loan graduation stages of the borrower.

2.3.2 The loan size shall be determined by the savings to loan requirement which shall be reviewed from time to time by the Board using management recommendations to the Credit Committee. It is a percentage of the loan amount at point of appraisal and this should grow mandatorily at a rate defined by the SACCO on a monthly basis over the loan lifetime.

2.3.3 The ratio of share capital to the loan size shall be review by the Board from time to time basing on management recommendations or proposal through the credit committee.

2.3.6 The maximum loan size/amount shall be determined by the Board basing on management proposals through the Credit Committee.

### **2.4 Loan purpose**

- 2.4.1 UNS-SACCO shall extend loans to members to cover their working capital needs.
- 2.4.2 Loans for acquiring assets to improve the performance of their businesses.
- 2.4.3 Loans for any other products available at UNS-SACCO.
- 2.4.4 Members shall apply for loans of their choice using loan application in soft or hard copy. (*See appendix 9.1: Loan Application Form*).
- 2.4.5 The loan application duly filled shall be appraised using a loan appraisal Form (*See Appendix 9.2: Loan appraisal Form*)

## **2.5 Loan Interest**

- 2.5.1 Loan interest shall be determined by the Credit Committee with management technical guidance in case a borrower pays before the expiry date of the loan.
- 2.5.2 Loan interest shall be reviewed from time to time based on prevailing economic conditions by the Board through management recommendation to the credit committee.

## **2.6 Fees on Loan Processing and Documentation**

- 2.6.1 Successful loan applicants shall pay a onetime loan processing and documentation fee as determined by the UNS-SACCO from time to time.
- 2.6.2 UNS-SACCO shall charge a fee determined by the Board through the Credit Committee basing on Management recommendations for loan application forms.
- 2.6.3 Loan insurance premium shall be charged at a fee determined by the Board with management guidance and Credit Committee recommendations or in line with terms of the Policy Provider.
- 2.6.4 Fees will be reviewed from time to time.

## **2.7 Penalties on Late Payment**

- 2.7.1 Delayed or late repayment of loan installment(s) may attract a penalty fee per month determined by the Board basing on Management proposals through the Credit Committee in addition to the normal interest rate charged and calculated on the outstanding loan balance from the date of default.
- 2.7.2 Penalty shall be considered on loans overdue as per the established criteria by the Credit Committee.
- 2.7.3 Penalties shall be reviewed from time to time.

## **2.8 Guarantors**

- 2.8.1 At least one guarantor who must be a shareholder with an active account shall be accepted except if the borrower undertakes a self guarantor ship (more savings and shares than the loan applied for)
- 2.8.2 The guarantor must be a person who can pressurize the borrower to repay the loan.
- 2.8.3 In case of failure to repay, the guarantor shall provide SACCO with information about the whereabouts of the member with a loan in default. In the event that the guarantor does not cooperate in locating the defaulter, the guarantor will be held liable (be made to pay) with approval of the Board.
- 2.8.4 The guarantor may be an individual or a group of individuals who shall do so by declaring it on a loan guarantee form (*See appendix 9.3: Loan Guarantee Form*)

2.8.5 Shall be a credible person, have the capacity to pay the loan, be willing to repay the loan when called upon after the principal debtor has failed to repay the loan, and shall not be a defaulting borrower or a guarantor of a loan in default.

2.8.6 No single guarantor shall guarantee more (4) four loans and no guarantor shall guarantee loans more than the current maximum loan size with UNS SACCO

2.8.7 UNS-SACCO shall explain the following to the guarantor to the effect that:

- i) Bears the responsibility to service the loan if the principal borrower defaults.
- ii) May be sued in case the loan is not paid.
- iii) Required to make regular monitoring visits to the client
- iv) Free to visit UNS-SACCO any time to check and confirm that the client is paying the loan on schedule.

## **2.9 Other third parties to sign**

2.9.1 For special categories of loans that may require security from the applicant to seek consent from their spouse or other parties that have stake in the security provided.

## **2.10 Collateral for Loans**

2.10.1 The first line and major security for loans is savings and shares. Savings should be a percentage of the loan amount and Shareholding should be a percentage of the loan amount at the point of the loan appraisal that shall be determined by the Board basing on management proposals through the Credit Committee from time to time.

2.10.2 UNS-SACCO individual loans shall be secured and the realizable value of the collateral shall be at least 150% of the value of the loan plus interest thereon.

2.10.3 The collateral pledged to secure the loan must be free from any encumbrance and as long as the loan has not been fully repaid, the ownership of the collateral shall still be with UNS-SACCO.

2.10.4 Acceptable loan collateral: Land titles (Leasehold and Bibanja titles and agreements), motor vehicles logbooks and chattel items with evidence of comprehensive insurances, livestock are not allowed. Allowable collateral will be savings, shares, guarantors, pension/gratuity where applicable and post-dated cheques.

2.10.5 Security/collateral shall be determined or decided by the Board with management guidance from time to time.

2.10.6 The client shall sign a transfer agreement (section in the loan agreement) in favor of UNS-SACCO.

2.10.8 Non-payroll based borrowers, shall be required to deposit post-dated cheques of a commercial bank or a standing order and a bank statement as may be determined from time to time by the Credit Committee. The cheques or standing order shall be equivalent to the principal loan amount and interest..

2.10.9 Where a loan is not repaid within the agreed period, UNS-SACCO shall be at liberty to sell the collateral to settle the outstanding loan without any hindrance from the borrower.

## **2.11 Client Preparation**

2.11.1 Members applying for individual loan products shall be provided with off-the counter business counseling and training to help them make informed decisions.

### **2.12 Client obligation**

2.12.1 Members must provide correct information on the application forms (not to withhold any information that may help UNS-SACCO to take correct decisions about their businesses).

2.12.2 Members must keep their loan documents such as payment receipts, loan repayment schedules etc. with a lot of care.

2.12.3 They must have discipline and shall follow the UNS-SACCO policy and procedures.

2.12.4 Pay all fees (stationery, commission and penalties) as and when they fall due.

2.12.5 Members must pay all loan installments on time

2.12.6 Process any securities pledged to secure the loan.

## **2.13 Board Members and UNS-SACCO Staff Borrowing**

2.13.1 No Staff member shall be eligible to borrow when she/he is under probation

2.13.2 If a member of the Credit committee applies for a loan, she/he will not sit in decision making for his/her loan approval.

2.13.3 No UNS SACCO leader (Board, SUPCO and VETCO members) shall be permitted to guarantee each other's loan or to guarantee an ordinary member loan holder.

2.13.4 A loan to UNS SACCO leaders (Board, SUPCO and VETCO member) or staff shall be guaranteed by two guarantors who are ordinary members of UNS-SACCO.

2.13.5 Like any other ordinary member or borrower, the loan size to any individual UNS SACCO leaders (Board, SUPCO and VETCO member) or UNS-SACCO staff shall be in consonance with set limits for loans to other clients.

2.13.6 Like any other ordinary member borrowers, UNS SACCO leaders (Board, SUPCO and VETCO member) and UNS-SACCO staff must provide adequate collateral to secure their individual loans.

2.13.7 Where, after the proceeds from the realized collateral does not cover the loan, the UNS SACCO leaders (Board, SUPCO and VETCO member) and the guarantor shall be liable.

2.13.8 UNS SACCO leaders (Board, SUPCO and VETCO member) and UNS-SACCO staff who default should be disciplined according to the standing regulation or by-laws.

## **2.14 Loan Size**

2.14.1 Management through the credit committee shall propose to the Board the minimum and maximum loan amounts review from time to time for different loan categories for approval.

2.14.2 Members can concurrently benefit from different loan products depending on the proved capability of the borrower.

## **2.15 Loan Term**

2.15.1 The loan repayment period shall range from one (1) month to Sixty (60) months depending on the loan product and its terms and conditions.

2.15.2 No grace period shall be granted to borrowers unless specified in the terms of a particular loan product.

2.15.3 The loan term shall be determined in relation to the products being offered and these will be determined by the Board basing on management proposals through the credit committee from time to time. -

## **2.16 Interest Rates**

2.16.1 Interest on UNS-SACCO loans shall be charged as per product per month (p.m.) or per annum (p.a) on declining principal balance or on straight line basis.

2.16.2 Loans to staff shall be at the same rate as any UNS-SACCO member except staff loans

2.16.3 The interest rate shall be determined and reviewed regularly and in line with changes in factors on which the pricing was based.

## **2.17 Grace period**

2.17.1 This is a period when a client shall be exempted from paying principal loan instalment amount.

2.17.2 A client will however be required to pay interest during the grace period. The period shall vary for different loan products.

### **3.0 Loan application processing**

#### **3.1 Loan Application**

3.1.1 UNS-SACCO individual loan products shall be accessible to applicants as direct members of UNS-SACCO.

3.1.2 The applicant shall be interviewed to ascertain whether they satisfy UNS-SACCO eligibility criteria for individual loans and shall be informed of the terms and conditions and the roles and responsibilities of the client.

3.1.3 If satisfied, the client shall purchase (loan and documentation fee) and complete a Loan Application form (**appendix: 9.1**).

#### **3.2 Loan Assessment/Appraisal process**

3.2.1 Loan appraisal process is aided by an appraisal form (*See Appendix 9.2: Loan Appraisal Form*).

3.2.2 The Loans Officer and General Manager or any authorized staff shall conduct Desk Appraisal.

3.2.3 The Credit/Loans Officer shall make a report on his findings (Loan appraisal report), which he submits to the Manager.

The General Manager appraises the application form basing on the report from the loans officer and recommends approval or rejection to the Credit committee. The General Manager shall give reasons for his decision.

In appraising a loan applicant, it shall be based on capacity to pay back the money borrowed with interest thereon. For each loan appraisal, the General Manager shall consider whether the household income could cover the household expenses and leave enough cash to service the loan.

#### **3.3 Loan Approval process**

3.3.1 The Credit committees shall review the loan applications recommended by the Loans Officer and General Manager and either approves or rejects the loan application basing on the management appraisal report and knowledge of the applicant's character, purpose, amount, source of repayment and risks associated with the business or project to be financed.

3.3.2 Where a loan has been rejected, the applicant shall be informed immediately in writing indicating the reasons for the rejection.

3.3.3 Where a loan has been approved, the Credit committee shall give recommendations and sign as proof of approval.

3.3.4 All approved loans shall be recorded in a Loans register.

#### **3.4 Loan Approvals**

There shall be two levels of approving loans in the UNS-SACCO:

3.4.2 Management Loan Approvals: Management shall approve Loans of an amount that is determined by the Board; with exception of staff member loans. All management approved loans shall be ratified by the Credit Committee.

3.4.2.1 The Management Loans Approval Team shall be comprised of the General Manager, and any TWO of the following staff

Savings and Credit Officer

Accounts Officer

Membership Relations Officer

3.4.3 The Credit Committee: This is the Executive Sub-Committee (Lending and Credit Committee) to handle loans and loan disbursement reports of loans handled under 3.4.2 above.

3.4.3.1 The Credit Committee shall handle all loans above the approved limit for Management loan approvals.

3.4.4 All loans to members may be approved online by the committee (Credit committee).

### **3.5 Loan Disbursement process**

3.5.1 The time between application and disbursement of the loan shall be determined as per service standards from time to time.

3.5.2 A basic desk training spelling out the clients' obligations and responsibilities before loan disbursement shall be carried out by the General Manager or Credit Officer.

3.5.3 Training on basic business and entrepreneurial skills shall also be carried out to enhance the capacity of customers in utilizing their loan packages. Loans shall be disbursed by open cheque, EFT, RTGS, Mobile money, Interswitch and any other mode that shall be deemed appropriate by the Board

3.5.4 After signing the Loan Agreement form, the loans shall be disbursed to the members through their savings accounts (the client's Loan Account shall be debited and the savings account credited).

3.5.5 Every loan disbursed shall be registered in a Loans.

3.5.6 Loan commission (loan processing and documentation fees) shall be deducted from the approved loan amount.

3.5.7 The loan client shall be provided with a Loan repayment schedule which is system generated.

### **3.6 Loan Agreement**

3.6.1 The Loan Agreement shall then be prepared in duplicate, the original loan agreement shall be maintained by UNS SACCO and the duplicate provided to the member on request.

3.6.2 The agreement shall be signed by:

i) The General Manager or the Savings & Credit Officer

ii) The Client or Member

3.6.3 The Loan Agreement shall be a legally binding contract between UNS-SACCO and the client or member. The Loan Agreement shall contain the following information:

i) The purpose of the loan.

ii) Amount of loan

iii) A transfer section of collateral from borrower into UNS-SACCO's names (provided that this does not contravene the law).

iv). Documentation on security guarantee (a guarantee instrument shall be prepared for each of the client's guarantors and each of them shall sign the document).

v) The guarantor's membership number shall be indicated on the guarantor's instrument. The loans officer shall verify the membership of the guarantor as indicated in 2.8.

vi) Conditions and schedule for disbursement and repayment.

3.6.4 A loan file shall be opened for every member which shall contain the following:

i) Official identification (National ID, Passport, Driving License, Official ID)

ii) A copy of the Loan Agreement

iii) Guarantee agreements

vi). Loan application

Any other documents that may be determined from time to time as part of the checklist

### **3.7 Loan Repayment Schedule**

3.7.1 Loan repayments shall be made through salary deductions, direct bank deposits, Standing orders or debits on the borrower's account. In any case, the UNS-SACCO shall, to the extent possible keep the borrower informed of his/her loan status throughout the loan term. (*See Appendix 9.4: Salary Deduction Authorization Form and Appendix 9.5: Voluntary Assignment Form*)

3.7.2 A loan repayment schedule shall be prepared in duplicate and the borrower shall be given a copy for information and record upon disbursement of the loan.

3.7.3 Preferably a client shall maintain a savings account and sign a Standing Order so that loan repayments as per schedule are automatically transferred to the loan account.

3.7.4 The client shall have an option of repaying his/her loan by cash provided 10% of the cash amount is paid to the UNS-SACCO. The receipt should clearly indicate that 10% has been paid to the UNS-SACCO.

3.7.5 Early loan repayment shall be at a less interest rate and terms to be determined by the Board basing on management recommendation to through the credit committee.

## **4.0 LOAN ADMINISTRATION**

### **4.1 Loan monitoring**

4.1.1 Loan monitoring shall be done during the course of the loan life cycle.

4.1.2 A Savings and Credit Officer shall follow up the loan even before the due date preferably three days before repayment date.

### **4.2 Overdue loans and handling of defaulters**

4.2.1 A loan shall be considered overdue if the loan remains outstanding after close of business on the day when it should have been fully repaid according to the repayment schedule.

4.2.2 Overdue loans arise where the balance on the savings account is not sufficient to meet the loan repayment, in which case the penalty may be imposed and recovery enforced.

4.2.3 UNS-SACCO shall take the following steps a day immediately following the due date of the overdue loan:

i. Loan officer's visit: Immediately the loan becomes delinquent, the Loans Officer shall engage the client and discuss the state of the due loan. An understanding/resolution to repay the loan in a minimum of seven days shall be reached and shall be signed by the borrower and the loans officer. The commitment shall be filed in the Loan file of the client.

ii. Intervention by the General Manager: If no repayment is received in a minimum of 7 days, the client shall be summoned to see the General Manager, be briefed on loan recovery process (including the guarantor's liability).

iii. Issuing of notice to defaulter: If the installment is not repaid in a minimum of 7 days the General Manager shall issue a notice of loan recall with a copy to the guarantor.

iv. Liquidating the security: Efforts by UNS-SACCO to realize the security shall be after 6 months when the security shall be liquidated after completion of the whole legal process. All confiscation and Liquidation expenses shall be debited to the client's account. Proceeds from sale of loan security shall be credited to the client loan account and any surplus to his/her savings account.

v. If there is a balance remaining outstanding on the loan account even after applying the proceeds from sale of security, call upon the guarantor to make good of the indebtedness.

vi. Guarantor's savings account can be blocked and debited at an early stage of default since it is clear that the guarantor is liable. UNS-SACCO should take advantage of the guarantor's account to offset the loan in default **BUT** with approval of the Board.

vii. In case of big loans with a substantial loan outstanding balance, UNS-SACCO may, as last resort, institute legal or court proceedings against the defaulter.

viii. Other loan recovery means shall be determined by the management loan committee on approval of the Board.

### **4.3 Loan Loss provisions and write-offs**

4.3.1 Loan Loss Provisions definition

4.3.1.1 UNS-SACCO shall on a regular basis review the Loan portfolio and identify loans that are not performing to expectations.

4.3.1.2 UNS-SACCO shall create a provision for possible loan losses following the aging of all loans where it has become evident that the loans have not been repaid in spite of the UNS-SACCO efforts to recover the amounts due.

4.3.1.3 The portfolio shall be aged to show the number and amount of loans that have passed due payment indicating the period past due.

4.3.1.4 The rates for provisioning shall be reviewed by management and shall vary with the period by which a loan is past due.

4.3.1.5 Provisioning for loan losses shall be made by DEBITING “Provisions for Loan Losses Expense Account” and CREDITING a liability account: “Loan Loss Reserve Account”.

4.3.1.6 UNS-SACCO shall apply the following provisioning rates for the aged Portfolio:

Number of days overdue	provisioning (rates)
All loans	1%
1-30 days	5%
31-60 days	15%
61-90 days	30%
91-120 days	50%
121-180 days	85%
181 days and above	100%

4.3.1.7 In addition to ageing portfolio at risk, management shall also age late installments or arrears. This provides an additional signal on where recovery efforts should be intensified. A sample format of the Loan Ageing Schedule is given below:

Client	Amount			Aged Portfolio at Risk (in Days)					
	Disbursed	Outstanding Balance	Arrears	1-30	31-60	61-90	91-180	>180	Total (1-4)
1									
2									
3									
4									
Current									
Total		Y	O	P	Q	R	S	T	X
Total Portfolio at Risk (X/Y) = Z%				P/Y	Q/Y	R/Y	S/Y	T/Y	Z%

### **4.3.2 Loan Write-offs**

4.3.2.1 When a loan misses a payment, UNS-SACCO shall ensure that the client pays up.

4.3.2.2 If the situation does not improve, the above outlined recovery efforts including legal means, realization of securities and peer pressure shall apply.

4.3.2.3 After all effort have failed and there is no more hope of recovery, the General Manager shall recommend to the Board to write off the loan.

4.3.2.4 After the Board approval, the loan shall be written off. DEBIT "Provision for Loan Losses Account" and CREDIT "Outstanding Loan Portfolio". For exceptional cases, all loans due for write-off shall have been fully provided for (by 100%).

4.3.2.5 Writing off a loan does not mean forgetting it.

4.3.2.6 Effort to recover the loan must continue and once recovered, treat it as other income.

4.3.2.7 When a written off loan is recovered, the amount shall be realized as income from written off loans.

### **4.4 Loan monitoring and tracking**

4.4.1 Loan monitoring refers to the observation of the loan account performance to ensure that installment repayments are made when due, and regularly visiting of the borrowers and their businesses to get acquainted with their operations and business performance.

4.4.2 This helps in detecting and preventing potential defaults in time. Monitoring is important because:

The clients' business may be encountering problems that may be solved on the advice of management.

Potential loan defaulters are talked to in the early stages and probably the underlying problems can be addressed.

4.4.3 The Credit/Loans Officer shall on a regular basis throughout the life of the loan reach every client under his/her jurisdiction (in his case load).

4.4.4 Where UNS-SACCO's geographical outreach is large, the loans in the area shall be zoned and distributed among UNS-SACCO's Credit/Loans Officers.

4.4.5 Why loan tracking: to maintain a healthy portfolio, obtain and document information on outstanding loan balances, arrears and Portfolio at Risk (PAR).

4.4.6 Loan tracking shall be carried out at two levels:

At UNS-SACCO level

At individual client member level.

4.4.7 The Credit/Loans Officer shall carry out the loan tracking including providing loan repayment reminders where repayment lapses into arrears or ensuring that repayments are as scheduled.

4.4.8 UNS-SACCO shall put in place a simple loan tracking system including:

Member clients' files at UNS-SACCO showing among other things:

Client profile information including Savings and loan files

Application for loans (different types of loans).

The Loan Agreement

The repayment schedule

Other documents that shall help in loan monitoring include:

Monthly Loan tracking schedules

Monthly loan ageing schedules

Updated loans register

Updated Loans ledgers

The Credit Officer shall prepare monthly reports indicating progress made in identification, selection and monitoring of loans.

Post disbursement training shall be part and parcel of Loan monitoring and tracking.

#### **4.5 Completion of Loan Repayment, Graduation and Exit Policy**

4.5.1 When a loan is fully repaid, make a transfer of all records pertaining to the repaid loans category.

4.5.2 Retain the records for a minimum of 5 years before disposal.

4.5.3 Access to the records shall be restricted.

4.5.4 A client who has no outstanding liability with UNS-SACCO can leave the UNS-SACCO voluntarily.

4.5.5 If a client dies or is incapacitated UNS-SACCO management shall arrange the declared beneficiary to get any access in the deceased's savings account.

#### **4.6 Graduating to different loan sizes**

4.6.1 Individual loan borrowers shall be able to graduate from lower loan cycles to higher loan cycles of bigger loans and longer repayment periods.

4.6.2 UNS-SACCO management shall propose to the Board through the loan committee the loan size in each loan cycle.

#### **4.7 General Roles and Responsibilities in loan handling**

##### **4.7.1 Management Staff**

4.7.1.1 Administering the fines that loan members are charged.

4.7.1.2 The pre-determined amount of the fine shall be compounded in the outstanding loan amount.

4.7.1.3 Charging fines may apply against borrowers for:

Late payment of a loan installments

Outright/willful defaulting

4.7.1.4 The borrowers shall be informed of the UNS-SACCO principles, rules and regulations.

4.7.1.5 Ensure that the database and the Loan Accounting Ledgers are always updated with the same client information. There must be regular reconciliation and summaries of the portfolio.

4.7.1.6 UNS-SACCO staff must actively market the services of UNS-SACCO through discussions with potential clients.

4.7.1.7 Ensure accurate accounts are maintained and books of UNS-SACCO are kept up-to-date.

4.7.1.8 Create trust and public confidence in UNS-SACCO

4.7.1.9 Analyze financial information from operations and make periodic reports to the Board.

4.7.1.10 Draw up operational plans and budgets.

4.7.1.11 Recommend policy to Board.

4.7.1.12 Run day to day UNS-SACCO operations

4.7.1.13 Ensure that the liquidity levels are sufficient to meet the seasonal and end of year withdrawals.

#### **4.7.2 Credit Committee**

4.7.2.1 In processing and approving loans, preferential treatment to Credit Committee members, the Board, Staff and the general membership shall not be permitted (UNS-SACCO policies and guidelines shall apply equally to all members).

4.7.2.2 Any member with personal interest in any loan application before the Credit Committee must declare the interest to other members present.

4.7.2.3 The member shall disqualify himself from the approval process of that application.

4.7.2.4 The following shall be the responsibilities of the Credit Committees:

Appraising and approving loans to limits set under 3.4.2;

Monitoring all lending operations and the portfolio quality.

Helping management to enforce loan recovery in case of stubborn and overdue loans.

Planning and monitoring the loan portfolio growth.

## **5.0 SPECIAL OPERATIONS**

### **5.1. Waiver of penalty interest**

Penalty interest can only be waived off by a unanimous decision of the Credit Committee. Members of this Committee shall sign the document authorizing the waiver of the penalty interest. The document shall be filed in the members-borrower's loan file.

5.1.1 Penalty interest is waived only if:

- i. The delay in payment was caused by an error in the SACCO e.g. the installment was not deducted in time from the members account.
- ii. The member-borrower was subjected to unforeseen circumstances beyond his/her control, which affected timely repayment.

### **5.2. Rescheduling of a loan**

Rescheduling is a practice, which is discouraged. However, when it is unavoidable, in all cases a loan to be rescheduled has to be reassessed by a responsible credit official using the official application form for rescheduling. The decision to reschedule a loan can only be taken by the Credit Committee. All rescheduling is subject to Board ratification.

Loans may only be rescheduled IF the borrower's past and/or future cash flow is affected by one of the following:

1. Permanent illness
2. Death of the borrower, and relatives or guarantor takes over the loan repayment
3. Robbery, theft;
4. Accident destroying a major earning ASSET/source of income;
5. Temporary incapacitation
6. Unforeseeable change in (local) government policy;
7. Natural calamities

AND the borrower has a steady cash flow from which the loan can be repaid.

## **6.0 Handing Over By Outgoing Credit Officers**

The intention of a hand over report is to ensure that by referring only to the hand over report prepared by the outgoing Credit Officer, the incoming Credit Officer is able to have a clear impression of the members operations as if the new Credit Officer had been monitoring the members himself/herself.

The handover process will therefore include the following:

Comprehensive loans audits and the member hand over report

The incoming Credit Officer, within two weeks of taking over the members will do a takeover audit and prepare a takeover that verifies the hand over report plus future plans for the members.

This report will be handed over to the General Manager who will verify it with the hand over report and address any discrepancies with the two credit officers. In the absence of any issues the handover will have been successfully completed.

## **7.0 Reporting**

### **7.1 Credit officers**

The reporting by the credit officers will largely constitute end of month reporting unless one is requested to report specifically on some issues for which the time frame of reporting will be provided in that request.

The end of month reports will compose of the summary portfolio and outreach report. This report shall give a summary of the branch or head office portfolio and outreach information. The report should be produced by the fifth (5<sup>th</sup>) day of the following month.

### **7.2 Credit Supervisor**

#### **7.2.1 End of Month Activity Report:**

This is a comprehensive report on all the members and portfolios of the credit officers.

It is extracted from the Credit Officers end of month report, which in turn is extracted from the end of month member audit report. This report should be completed and submitted in hard and soft copy form by the seventh (7<sup>th</sup>) day of the following month to General Manager.

*Note:* All material errors in the reports will be interpreted as gross negligence on the part of the reporting officer and their inability to exercise due care in preparing the reports. Disciplinary action will be taken as will be necessary for those errors. In this regard all the hard copies must be signed by the authors and a copy maintained at source.

## 8.0 PERFORMANCE INDICATORS

8.1 In managing the lending operations, indicators in the PMT (Performance Monitoring Tool) shall be consistently applied.

8.2 The following performance indicators shall also be used to ensure effective and efficient delivery of financial services.

Loans to savings + share capital ratio	To what extent are the mobilized savings and share capital meeting funding needs for loans	<u>Total loans outstanding</u> Total savings + share capital Standard: High ratio above 60% signals liquidity difficulties
Loans to Assets Ratio	Financial strength: To what extent is UNS-SACCO capable of providing loans to its members	<u>Total loans outstanding</u> Total Assets Standard: shall be as low as possible
Cost of lending	Operating efficiency: Are loans being given at the lowest cost? What is the average cost per loan?	<u>Total expenses</u> Total loans disbursed Standard: shall be as low as possible
Cost per shilling lent	Operating efficiency: What is the average cost incurred for each shilling lent?	<u>Total expenses</u> Total loans Standard: shall be as low as possible
Rate of Returns on loans	Financial strength: What is the rate of return on loans	<u>Total income from loans</u> Loans outstanding Standard: shall be greater than the lending rate
Liquidity	How able can the institution meet the cash demands of its members and member deposits?	<u>Cash+ Near Cash investments</u> Total savings Deposits + share capital + any other monies on call Standard: 30%
Delinquency Indicator	Measure of the portfolio quality (Portfolio at Risk). To what extent is non-payment of loans a common occurrence?	<u>Total loans past due date</u> Total loans outstanding Standard: 2%

8.3. The following ratios shall also be applied:

INDICATORS		FORMULA	DEFINITION
Profitability Ratios	Yield on Portfolio	$\frac{\text{Interest and fee Income from Loans}}{\text{Average Net Portfolio Outstanding}}$	Measures the income generated by the portfolio
	Operational self sufficiency	$\frac{\text{Operating Income}}{\text{Total Operating Expenses}}$	The degree to which operating income covers operating expenses. Ratio >100%
	Financial self sufficiency	$\frac{\text{Operating Income}}{\text{Adjusted Operating Expenses}}$	The degree to which operating income covers the adjusted operating expenses. Ratio >100%
Performance Ratios	Arrears Rate	$\frac{\text{Amount past due}}{\text{Outstanding portfolio}}$	Indicates percentage of loan portfolio past due
	Portfolio at Risk by Age	$\frac{\text{Unpaid Principal Balance of all loans with payments at least (1,31,61,91 ... days) past due}}{\text{Outstanding portfolio}}$	Measures amount of default in the portfolio and shall not exceed 5% to ensure maintenance of a healthy portfolio
Efficiency Ratios	Operating Efficiency Ratio	$\frac{\text{Total Operating Expense}}{\text{Average Net Portfolio outstanding}}$	The ratio measures operating expenses as a function of average portfolio. It reflects how much of the yield on portfolio goes to cover Salaries, administrative expenses, depreciation, etc.
	Borrowers per Credit Officer ratio	$\frac{\text{Average Number of Borrowers}}{\text{Average Number of Credit Officers}}$	This ratio reflects the CASE LOAD of credit staff and is a gauge of credit officer productivity.

8.4 The list of performance indicators is not exhaustive and the UNS-SACCO shall introduce more indicators as they grow. Such indicators shall include:

Portfolio per Credit Officer that shall measure how much of the portfolio is managed on average by each credit officer

Percentage growth in portfolio that shall move UNS-SACCO steadily towards increased client impact and institutional profitability while at the same time not placing too much strain on UNS-SACCO institutional capacity.

Value of ending portfolio as of end of each FY as a gauge of UNS-SACCO service outreach

Number of active loans and savings

Savers' percentage growth and number

Retention Rate: maintaining a high percentage of repeat borrowers is key to the UNS-SACCO' expansion capacity. Repeat members represent lower credit risk as well as greater amounts disbursed per loan and per staff time invested. A low ratio results in high costs to maintain the projected level of the portfolio in terms of locating, screening and overseeing of greater portion of first-time clients.

**8.5 UNS-SACCO** shall determine what financial ratios are key to its analysis and understanding of its projections and ongoing operations. Other ratios that shall be of value include:

Credit officers as a percentage of total staff

Overhead costs as a percentage of total expenses

Financial costs as a percentage of average portfolio (the ratio becomes important as UNS-SACCO access funds from wholesalers of funds to MFIs such as MSC).

The loan loss provisions as a percentage of average portfolio.

## 9.0 APPENDICES

### 9.1 Loan Application Form



## | LOAN APPLICATION FORM |

Bank: ABSA, Branch: Hannington rd | Accname: UN-SACCO LTD | Acc no: UGX: 6004851976 USD:6004456139

Please fill in using **BLOCK LETTERS**  
 Please "v" where applicable

Loan application number:   
 (For SACCO use only)

Date:

Loan Product Type		
<input type="checkbox"/> Debt Consolidation	<input type="checkbox"/> Business loan	<input type="checkbox"/> Quick loan
<input type="checkbox"/> Standard Basic loan	<input type="checkbox"/> Shares Top up Loan	<input type="checkbox"/> Nanziga Land Loan
<input type="checkbox"/> Standard loan		
Applicant's Details		
Name: <input type="text"/>		
Date of Birth: <input type="text"/>	Job Title: <input type="text"/>	
UN Agency/Other: <input type="text"/>	Contract Expiry Date: <input type="text"/>	
Contract type: <input type="checkbox"/> Service	<input type="checkbox"/> Fixed term	<input type="checkbox"/> Temporary/SSA <input type="checkbox"/> Other:
Index/CO-OP/ID No. <input type="text"/>	Permanent Address: <input type="text"/>	
Next of Kin : <input type="text"/>	Cell Phone : <input type="text"/>	
Personal & Official Email: <input type="text"/>		
Cell phone: <input type="text"/>	Official phone: <input type="text"/>	Home phone: <input type="text"/>
Bank: <input type="text"/>	Branch: <input type="text"/>	
Acc. Name: <input type="text"/>	Acc. No.:	<input type="text"/>
Loan Details		
Mode of disbursement: <input type="checkbox"/> RTGS <input type="checkbox"/> CHEQUE		
Amount applied UGX: <input type="text"/>	Amount in words: <input type="text"/>	
Repayable in <input type="text"/> months.	Loan purpose: <input type="text"/>	
Other Obligations		
Bank/Micro Finance/SACCO/Other	UN Agency Staff Association	
Name: <input type="text"/>	Name: <input type="text"/>	Monthly Savings: <input type="text"/>
Loan balance: <input type="text"/>	Loan balance: <input type="text"/>	
Monthly repayments: <input type="text"/>	Monthly repayments: <input type="text"/>	

#### Declaration/Acceptance of Loan Terms and Conditions

I certify that the above info is correct. I am aware, if the info given is proved to be false, it will tantamount to automatic disqualification of my loan application. I hereby accept and authorize a deduction to be made up on approved loan amount to cater for Insurance, Commission and payment to offset my loan balance.

Loan applicant's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Terms and conditions apply.

9.2 Appendix: Loan appraisal Form



**| LOAN APPRAISAL FORM |**

Pre-Credit committee submission Assessment form.

Personal details:

Names ..... Agency..... Duty station  
.....

Contract type (FT, SC, SSA) Expiry date .....

Registered member since: ..... Membership No: .....

Loan details:

Amount Applied For Ugx ..... For a Period of ..... Months in  
installments of Ugx .....

Outstanding loan(s):

Ordinary loan.....

Emergency  
loan..... Express..... Weekend.....

Savings and shares:

Number of shares..... Additional shares.....

Monthly savings..... Cumulative savings to date.....

Cumulative savings to qualify for the loan: .....

Monthly Savings amount required.....

Security Details:

1..... 2.....

3..... 4.....

UPFRONT DEDUCTIONS.

Insurance..... Commission..... Savings top up.....

Shares top up..... Loan application.....

Outstanding loan .....

Total Deductions..... Net Cheque.....

Prepared by..... Checked by..... Date.....

**9.3 Appendix: Loan Guarantee**



UNS - SACCO

Bank: Barclays, Branch: Hannington rd | Acc name: UN-SACCO LTD | Ac no: UGX: 6004851976 USD: 6004456139

**| LOAN GUARANTEE FORM |**

Date:

**Applicant's Name:**

**Repayment Guarantee**

We, the undersigned, hereby accept jointly and severally liability for the repayment of the loan amount of UGX \_\_\_\_\_, amount in words \_\_\_\_\_.

For period of \_\_\_ months, to be paid in installments of UGX \_\_\_\_\_. At an interest of \_\_\_% p.a. in the event of the borrower's default. We understand that the amount in default may be recovered by an equal offset against our shares and savings in the organization or by attachment of our property, salary and other benefits, and we hereby jointly and severally authorize the organization to recover the amount from our shares and savings in the organization, attachment of our property, salary and other benefits (as the organization may elect) in the event of the borrower's default.

**Caution – Guarantor Details**

Guarantors are advised to read all the information supplied in this form by the applicant and terms and conditions contained here in order to understand the full implications of signing this part.

All information in this form must be provided.

Name	Agency/Other	Membership Number	Telephone	Email

Signature \_\_\_\_\_

Name	Agency/Other	Membership Number	Telephone	Email

Signature \_\_\_\_\_

Name	Agency/Other	Membership Number	Telephone	Email

Signature \_\_\_\_\_

Name	Agency/Other	Membership Number	Telephone	Email

Signature \_\_\_\_\_

UNITED NATION STAFF SAVINGS & CREDIT COOPERATIVE SOCIETY LIMITED P.O Box  
 21412 Kampala Uganda | Plot 89 Mawanda Road Kampala | Tel: +256414258935  
 info@uns-sacco.com | www.uns-sacco.com

( For SACCO use only)

Witnessed by UNS-SACCO (Official)

Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: DD.MM.YYYY

9.4 Appendix: Salary deduction Authorization Form



**| SALARY DEDUCTION FORM |**

Bank: Barclays, Branch: Hannington road | Account name: UNS-SACCO LTD | Account Number: 6004851976

Please fill in using **BLOCK LETTERS**  
 Please "v" where applicable

Date:

**Personal Details**

First name: Middle name: Last name:

**Employment Details**

UN Agency/Other:

Duty Station/City/Town: Country: Level: GS/NPO/INT/Other

Position:

Email: Phone:

Since: DD.MM.YYYY UGX Net Monthly Salary: Contract type:  
Service/FT/TEMP-SSA/Other

**Deduction Details**

I hereby request the following payroll deductions to be made effective: DD.MM.YYYY  
\_\_\_\_\_ Monthly \_\_\_\_\_ installments of  
\_\_\_\_\_ each.

The above deductions are to be deposited directly with:

Bank: Barclays

Branch: Hannington road

Account name: UNS-SACCO LTD

Account number: 6004851976

The purpose of the deduction is to:  Make a savings account deposit  Pay back a Loan

I undertake to maintain this payroll deduction until UNS-SACCO LTD has certified to maintain that the loan or credit has been paid.

Client Signature: \_\_\_\_\_

Date: DD.MM.YYYY

Membership No.:

Approved by UNS-SACCO LTD General Manager

P.O. Box 21412 Kampala

Date: DD.MM.YYYY

Signature: \_\_\_\_\_

UNITED NATION STAFF SAVINGS & CREDIT COOPERATIVE SOCIETY LIMITED P.O Box 21412 Kampala  
Uganda | Aga House, Plot 89 Mawanda Road Kampala | Tel: +256414258935 info@uns-sacco.com | www.uns-sacco.com

**9.5 Appendix: Voluntary assignment Form**  
**FORM B.**

TO: THE CHIEF, FINANCE DEPARTMENT,

UN AGENCY: \_\_\_\_\_ CONTRACT: FIXED/SERVICE/TEMP

VOLUNTARY ASSIGNMENT

TO: UNITED NATIONS STAFF SAVINGS & CREDIT CO-OPERATIVE ORGANISATION

I MR/MRS/MISS/DR. \_\_\_\_\_

INDEX No. \_\_\_\_\_ HEREBY AUTHORIZE AND REQUEST YOU TO  
DEDUCT FROM MY SALARY EACH PAY DAY THE SUM OF SHILLINGS  
\_\_\_\_\_ (Ugx \_\_\_\_\_)

(Amount in words)

(Figures)

WITH EFFECT FROM \_\_\_\_\_ 20\_\_\_\_\_

THE DEDUCTIONS ARE TO BE DEPOSITED DIRECTLY TO:

UNITED NATION STAFF COOPERATIVE SAVINGS & CREDIT

SOCIETY LIMITED.

ACCOUNT.

THIS INSTRUCTION SHALL TERMINATE ONLY WITH THE KNOWLEDGE AND WRITTEN  
APPROVAL OF THE ADMINISTRATOR / SECRETARY OF THE ABOVE ORGANISATION.

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

MEMBERSHIP NO: \_\_\_\_\_

C.C: ADMINISTRATOR,

UNITED NATION STAFF COOPERATIVE SAVINGS & CREDIT SOCIETY LIMITED.

P.O. Box 21412, Kampala

FORWARDED ON: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DESIGNATOR: \_\_\_\_\_

**9.6 Appendix: Member's Loan agreement**

Form: PM001/LCD/005



**Loan Agreement**

This Agreement is made this .....day of ...../20.....between

Mr/Mrs/Ms..... and United Nations Staff-SACCO Ltd (here referred to as Lender).And where as the lender is desirous of Lending to the borrower and whereas the borrower is also desirous of borrowing from the Lender under the terms herein below agreed.

THIS AGREEMENT WITNESSETH AS FOLLOWS.

The lender lends the borrower the principal sum of UGX.....(in words).....

.....for the period of.....months to be repaid to the lender as principle and interest thereon at the rate of .....% Per annum in monthly installments of shs.....each. The final installment shall be paid on or before.....date.

With out prejudice to the provisions above, it is here by agreed between the two parties that in the event of the borrower failing to pay back in time, the borrower shall be liable to pay in full .....%(on compounded rate basis) of the principal and interest due from the date of default to Payments, together with any expenses incurred during the recovery process.

All transactions for loan repayments, interest and any other cost(s) shall be deducted from the borrower's Salary /Savings/ accounts/Pension funds. The borrower under takes to use the money Lent by the lender for

..... in accordance with the purpose stated in the loan application form duly signed by the borrower.

At any time, for any reason ,the lender reserves the right to recall in full, the principal and the interest then due with out following the repayment schedule here to

For the purpose of repaying the loan, the borrower authorizes a deduction of shs.....Per month from his/her salary. In case of failure to pay, the borrower authorizes UNS-SACCO Ltd to recover all the out standing Principal and interest from his/her Shares, savings and Pension Fund. The borrower also here by surrenders to the lender items, which are fully owned by the borrower

- 1).....
- 2).....
- 3).....

Signed ..... by ..... the borrower.....Date...../...../.....

In the Presence of.....

Sign.....

Date...../...../.....

(UNS-SACCO OFFICER )

**9.8 Appendix: Loan reschedule application form**



**| LOAN RESCHEDULE APPLICATION FORM |**

Bank: Barclays, Branch: Hannington rd | Acc name: UN-SACCO LTD | Acc no: UGX: 6004851976 USD: 6004456139

Please fill in using **BLOCK LETTERS**

Loan application number:

Date:

Please "✓" where applicable

(For SACCO use only)

<input type="checkbox"/> Debt Consolidation	<input type="checkbox"/> Weekend	<input type="checkbox"/> Express	<input type="checkbox"/> Standard
<input type="checkbox"/> Standard Basic	<input type="checkbox"/> Medical Loan	<input type="checkbox"/> School Fees	<input type="checkbox"/> Business Loan

Name:	
Date of Birth: DD.MM.YYYY	Job Title:
UN Agency/Other:	
Contract type:	Service <input type="checkbox"/> Fixed term <input type="checkbox"/> Temporary/SSA <input type="checkbox"/> Other: <input type="checkbox"/>
Index/CO-OP/ID No.	Duty Station/City/Town:
Appointment Date: DD.MM.YYYY	Contract Expiry Date: DD.MM.YYYY
Personal & Official Email:	
Cell phone:	Official phone: Home phone:

Outstanding Loan Balance	
Amount for reschedule UGX:	Amount in words:
Repayable in ___ months. Effective Date	Reason for Reschedule:

Bank/Micro Finance/SACCO/Other	UN Agency Staff Association	
Name:	Name:	Monthly Savings:
Loan balance:	Loan balance:	
Monthly repayments:	Monthly repayments:	

**Declaration/Acceptance of Loan Terms and Conditions**

I certify that the above info is correct. I am aware, if the info given is proved to be false, it will tantamount to automatic disqualification of my loan Reschedule application.

Loan Reschedule applicant's signature: \_\_\_\_\_ Date: DD.MM.YYYY

Terms and conditions apply.

**UNITED NATION STAFF SAVINGS & CREDIT COOPERATIVE SOCIETY LIMITED P.O Box 21412 Kampala Uganda | Aga House, Plot 89 Mawanda Road Kampala | Tel: +256414258935 info@uns-sacco.com www.unssacco.com**