

CONSTITUTION

of

[CHAMA NAME]

Registered under the Societies Act (Cap. 108)

Republic of Kenya

Adopted on **[DATE]**

at **[VENUE]**

Preamble

WE, the members of **[CHAMA NAME]**, having come together for the mutual benefit of all members through pooled savings, investments and welfare support, DO HEREBY adopt this Constitution to govern the affairs of our group in accordance with the laws of the Republic of Kenya.

Article 1 — Name, Objectives & Area of Operation

1.1 Name

The group shall be known as **[CHAMA NAME]** (hereinafter referred to as "the Chama").

1.2 Objectives

1. To promote a culture of saving and investment among members.
2. To extend affordable credit to members from pooled funds.
3. To establish a welfare fund for the support of members in times of need.
4. To invest the Chama's funds in profitable, lawful ventures for the long-term benefit of members.
5. To promote financial literacy and entrepreneurial skills among members.

1.3 Area of Operation

The Chama shall operate within **[COUNTY/REGION]** and may extend its activities to any other area as agreed by a Special General Meeting.

Article 2 – Membership

2.1 Eligibility

Any person who is:

- a. At least 18 years of age;
- b. Of sound mind and good character;
- c. Willing to abide by this Constitution;
- d. Recommended by at least two existing members;

shall be eligible for membership, subject to approval by a simple majority vote at a General Meeting.

2.2 Admission Fees

A new member shall pay a non-refundable registration fee of **KES [AMOUNT]** upon admission.

2.3 Rights of Members

- a. To vote and be voted for in elections;
- b. To access loans from the Chama as per Article 4;
- c. To receive welfare support as per Article 5;
- d. To inspect the Chama's books and records during reasonable hours;
- e. To receive a financial statement of their account at each AGM.

2.4 Obligations of Members

- a. To pay all required contributions on time;
- b. To attend all General Meetings (unless excused);
- c. To uphold the good name and reputation of the Chama;

d. To repay any loans taken in accordance with agreed schedules.

2.5 Exit and Expulsion

A member may resign by giving 90 days' written notice. Upon exit, the member's contributions less any outstanding loans, fines and a 10% administrative deduction shall be refunded within 90 days. A member may be expelled by a two-thirds majority vote for: gross misconduct, defaulting on loans, or failing to contribute for three consecutive months without justification.

Article 3 – Contributions

3.1 Monthly Contribution

Each member shall contribute **KES [AMOUNT]** on or before the **[DAY]** of every month.

3.2 Welfare Contribution

Each member shall contribute an additional **KES [AMOUNT]** per month into the Welfare Fund.

3.3 Mode of Payment

Contributions shall be paid via the Chama's official M-Pesa Paybill **[PAYBILL NO.]**, with the member's ID number as the account reference, OR by direct deposit into the Chama's bank account at **[BANK NAME & A/C NUMBER]**.

3.4 Late Payment

Late contributions shall attract a fine of **KES [AMOUNT]** per week of delay, automatically deducted from the member's savings balance.

Article 4 – Loans

4.1 Eligibility

A member is eligible for a loan after **[6]** months of consistent contribution and may borrow up to **three (3) times** their current savings balance.

4.2 Interest Rate

Loans shall attract a flat interest rate of **[1.5]** % **per month** on the reducing balance.

4.3 Guarantors

Every loan shall be guaranteed by at least **two (2) members** in good standing, whose savings shall serve as security up to the value of the loan.

4.4 Repayment Period

Loans up to KES 100,000 shall be repayable within 12 months; loans above KES 100,000 within 24 months. No member may hold more than one active loan at a time.

4.5 Default

Loans more than 30 days in arrears shall be recovered from the borrower's savings, then from guarantors' savings, in that order.

Article 5 – Welfare Fund

The Welfare Fund shall pay out the following benefits to members in good standing:

- **Bereavement (member):** KES [AMOUNT]
- **Bereavement (immediate family – spouse, child, parent):** KES [AMOUNT]
- **Hospitalisation (3+ days):** KES [AMOUNT]
- **Wedding:** KES [AMOUNT]

Claims must be submitted within 30 days of the event with supporting documentation.

Article 6 – Meetings

6.1 Frequency

The Chama shall hold General Meetings on the [DAY] of every month at a venue agreed upon by members.

6.2 Quorum

Quorum at any General Meeting shall be **two-thirds (2/3)** of all paid-up members.

6.3 Annual General Meeting (AGM)

An AGM shall be held within three months of the close of every financial year (31st December) to: receive audited accounts, elect officials, review the Constitution, and set the budget for the coming year.

6.4 Special General Meeting (SGM)

An SGM may be convened by the Chairperson or upon written request of at least one-third of members, with 14 days' notice.

Article 7 – Officials

7.1 Officials

The Chama shall elect the following officials at every AGM for a term of **two (2) years**, renewable once:

- **Chairperson** — presides over meetings, signs official documents
- **Vice-Chairperson** — assists the Chairperson
- **Secretary** — records minutes, maintains member register
- **Treasurer** — keeps books of account, prepares financial statements
- **Three (3) Committee Members** — assist with day-to-day operations

7.2 Signatories

All withdrawals from the Chama's bank account shall require the signatures of **any two (2) of three (3)** designated signatories: Chairperson, Secretary, and Treasurer.

Article 8 – Dispute Resolution

Any dispute between members, or between a member and the Chama, shall first be resolved by the Committee. If unresolved within 30 days, the matter shall be referred to mediation by a neutral party agreed upon by both sides. Court action shall be a last resort.

Article 9 – Amendments and Dissolution

9.1 Amendments

This Constitution may be amended only at an AGM or SGM, by a **two-thirds (2/3) majority** of paid-up members present, provided that the proposed amendment has been circulated to all members at least 21 days in advance.

9.2 Dissolution

The Chama may be dissolved by a **three-quarters (3/4) majority** vote at an SGM convened specifically for that purpose. Upon dissolution, all outstanding loans shall first be recovered, all liabilities settled, and the remaining funds distributed to members in proportion to their contributions.

Adoption & Signatures

We, the undersigned founding members, do hereby adopt this Constitution and bind ourselves to its terms.

Date of Adoption: **[DATE]**

_____ Chairperson

_____ Secretary

_____ Treasurer

_____ Member

_____ Member

_____ Member

_____ Member

_____ Member