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# COMMON FRIENDS CLUB



## MULEMBE FUND CONSTITUTION AND RULES


**“MAKING FRIENDS SINCE 2000”**


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## **MULEMBE FUND CONSTITUTION**

### **1 Terms and Definitions**


- 1.1 The following terms and definitions apply:
- 1.2 Financial Year means the period from 1<sup>st</sup> January to 31<sup>st</sup> December.
- 1.3 CFE Limited refers to a registered company that owns assets on behalf of the Common Friends Club (the Club/CFC).
- 1.4 The Fund Manager/Administrator refers to the officials of the Common Friends Club who are also the officials of the Common Friends Enterprises.

### **2 Establishment and purpose of the Mulembe Fund**

- 2.1 The Common Friends Club hereby establishes a fund for its members to be known as Mulembe Fund (the Fund) and a Benevolent Fund.
- 2.2 Every member of the Common Friends Club is a mandatory contributor to the Fund and to the Benevolent Fund
- 2.3 The main purpose of the fund is to pool Members' resources for investment purposes.
- 2.4 The main purpose of the Benevolent Fund is to promote the sharing of common risks facing members.

### **3 Records and categories of Members**


- 3.1 Records of Members will be maintained and updated monthly.
- 3.2 All Members will be required to save a minimum as follows:
  - 3.2.1 Directors -KES 12,500(out of which Kes 10,000 is allocated to Directors Contributions)
  - 3.2.2 Associate Directors-KES 5,000.
  - 3.2.3 Gold Members-KES 2,500.
  - 3.2.4 Silver Member-KES 1,500.
  - 3.2.5 Bronze Member-KES 1,000.
  - 3.2.6 Ivory Member-KES 500.
- 3.3 A member may upgrade or downgrade their membership at any time depending on their ability to pay and their savings plan,

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- 3.4 Every member is required to maintain a minimum of KES 6,000 in their Benevolent Fund account.
- 3.5 The savings are refundable and may be withdrawn at any time subject to giving a **three-month** notice.
- 3.6 The monthly saving should be paid by the 10<sup>th</sup> day after the month upon which they fall due. Outstanding contributions will be charged a **late payment penalty of Kshs 200 per month** which will be debited to a Members Account.
- 3.7 The savings above will accrue interest in arrears at a minimum rate of 9% p.a or such rate as will have been approved by the Manager of the fund.
- 3.8 The applicable interest above will be determined before the beginning of each financial year.
- 3.9 A Member becomes eligible to qualify for benefits under the Fund six months after joining and subject to the Member's savings being up-to date.

#### **4 Management/Administration and Utilization of the fund**

- 4.1 The Fund will be Managed/Administered by Common Friends Enterprises.
- 4.2 The Fund Manager/Administrator will charge a flat annual management/administration fee at the rate of 3% p.a ( i.e 0.25% per month) of the fund balance at the end of each month. Each Member on record will be debited with his share of the fee on a pro-rata basis.
- 4.3 The Fund Manager/Administrator will maintain proper and complete records (including financial statements) of the Club and of the fund in all material respects and table the same to the Members during the AGM.
- 4.4 A record of each Member's account will be maintained, and the Member will be entitled to a statement of contributions, interest earned and charges made on his account for each year.
- 4.5 Officials of the fund will comprise the office bearers of the Common Friends Enterprises and such other number (not exceeding three) as may be nominated during an AGM.
- 4.6 For every financial year, the financial statements will be audited by an auditor appointed by the Members.

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4.7 The Members will hold an AGM once every year to be updated on the progress and status of the fund.

4.8 The AGM shall be held within six months after the end of the Financial Year.

## **5 Utilization of the fund**

5.1 The Fund may be utilized:

5.1.1 To pay for death benefits: (i) in the case of the death of a member- KES 250,000; (ii) in the case of death of a member's spouse-KES 100,000; (iii) in the case of death a member's child KES 100,000; and (iv) in the case of death of a member's biological parent Kes 80,000.

**NB: Child refers to a person who is older than 6 months and younger than 30 years**

5.1.2 To pay for the destruction of a Member's property through fire-maximum of Kshs 100,000(based on the value of the property).

5.1.3 To pay to a Member who is permanently employed and is summarily dismissed from employment-Kshs 50,000 to assist the member to resolve immediate issues.

5.1.4 To pay hospitalization charges of a Member (except those covered by the NHIF or a registered insurer) because of an accident/violent robbery up-to a maximum of Kshs 25,000.


5.2 Members may be required to submit a claim form and attach the necessary proof.

5.3 Payment of prescribed benefits from the Fund will be shared out equally amongst the registered Members.

## **6 Other Benefits to Members**

6.1 Members of the fund will be eligible invest in any projects being undertaken by CFE Ltd upon such terms and conditions to be agreed upon.

6.2 Members will also be eligible to loan the Club money or participate in any Capital Call so that they can earn attractive interest rates.

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6.3 Subject to any required guarantees, Members will be eligible to borrow funds to finance personal emergencies, education, asset purchase and personal business from time to time on terms and conditions to be agreed upon.

## **7 Termination of membership**

7.1 Membership can be terminated at any time. Termination can be of three types:

7.1.1 Termination because of death of a Member.

7.1.2 Termination by resignation.

7.1.3 Termination by the Manager/Administrator.

7.2 The Manager/Administrator may terminate any Member where:

7.2.1 It is found that the Member submitted false/misleading information when he applied to join the Fund.

7.2.2 A Member at any time submits false (fraudulent or exaggerated) information to the Club with a view to making a profit.

7.2.3 A Member's monthly savings falling in arrears for more than three months.

7.2.4 A Member conducts himself in a manner that undermines or is prejudicial to the Club.


7.3 Any Member who resigns or is terminated by the Manager/Administrator will forfeit to the Fund interest earned for the previous year i.e 12 months prior to the date of termination.

7.4 A member who resigns or is terminated within 12 months after benefiting from a welfare related contribution will be recovered 50% of the amount contributed towards the member.

7.5 A member who resigns or is terminated will be refunded all the contributions plus interest after recovery of the amounts indicated above and any other applicable charges.

7.6 Upon death, the nominated next of kin may elect to join/continue investing in the fund. If they do not elect to continue, the balance in a Member's Fund account and any investments will be paid to the nominated next of kin. Such payment will automatically absolve the Common Friends Enterprises of any further liability.



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7.7 Amendments of the rules and regulations may be done at any time by the Fund Manager/Administrator provided that no amendment can be made to be effective retroactively.

I \_\_\_\_\_ hereby confirm that I have read and understood the above terms and conditions. I further confirm that no other representations have been made to me to influence my application to become a Member of CFC.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Witnessed by: \_\_\_\_\_

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## **APPENDIX: MULEMBE FUND OPERATIONAL RULES**

### **1. RULES FOR THE MANAGEMENT OF THE MULEMBE FUND**

- 1.1 The Fund shall be managed by Common Friends Enterprises.
- 1.2 The Executive Committee (the Executive) of the Common Friends Enterprises and such other number of Members elected in an Annual General Meeting (AGM) shall be responsible for the overall management of the Fund.
- 1.3 In every year, the Fund shall hold an AGM and such other meetings as the Executive deems appropriate.
- 1.4 During the AGM Members shall be updated on the financial performance of the Fund.
- 1.5 Every Member is entitled to an annual statement of the performance of his/her account.
- 1.6 Every member is entitled to express his/her opinion and suggestions of how the Club can be better managed. Such an opinion may be made during a meeting, through a letter, electronic mail or any other appropriate means of communication.
- 1.7 The affairs of the Club shall be conducted based on respect of every Member.
- 1.8 The Executive Committee may appoint any committee or sub-committee deemed necessary to better further the objectives of the Fund. The terms of the committee shall be specified in the appointment instrument.
- 1.9 Each Member is entitled to receive a quarterly bulletin (Mulembe Newsletter) on significant developments/events of the Club that have happened during that quarter.

### **2. RULES FOR ATTENDANCE OF AND CONDUCT DURING MEETINGS**

- 2.1 Members are expected to attend all general meeting for Members which are properly convened.
- 2.2 The quorum for meetings shall be 1/3(one-third) of the registered members or thirty members whichever is lower.
- 2.3 Notice of any meeting shall be sent at least 5 days in advance of the date of the meeting.
- 2.4 Any apology for non-attendance shall only be accepted if it is sent at least 24 hours in advance of the appointed time of the meeting.

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2.5 Members who fail to attend a meeting shall be required to pay fines as follows:

2.5.1 Absence without apology-200

2.5.2 Lateness for more than 1 hour from scheduled time-KES 100

2.5.3 Absence with apology-fine N/A

2.6 Any fines not paid shall be directly debited to the Member's account.

2.7 The fine may be waived in instances where the meeting is being held in a town where the Member is not normally resident or if the Member is having a hardship that is well known to the Executive.

2.8 The following shall be offences shall be subject to disciplinary action and shall where guilt is determined by the Chairman be subject to the stipulated disciplinary action: :

2.8.1 Nuisance, drunk and disorderly conduct during a meeting-fine KES 5,000

2.8.2 Arrogance and use of abusive language-fine KES 5,000

2.8.3 Personalisation of issues raised in meetings-fine KES 1,000

2.8.4 Disobedience to the Chair-fine KES 2,500 per incident after being warned.

2.8.5 Deliberate physical injury or harm to any Member during a meeting-fine KES 100,000 and expulsion from the Fund.

2.9 Where a Member is not satisfied by the ruling, he can appeal in writing to the Executive Committee for consideration and where applicable, provide evidence/reasons why the Chairman's decision should be varied/set aside.

2.10 The Executive Committee decision on any fine is final and shall not be contested in any manner or to any other authority.

2.11 All fines/penalties shall be summarily recovered from Member's contributions in case of non-payment.


### **3. RULES FOR ELECTION AND ELECTION PROCEDURES**

3.1 The CFC may during the AGM conduct an election of representatives of Members.

3.2 An elected office bearer shall serve a maximum of two terms.

3.3 A term shall be equivalent two years of continuous service.


3.4 A candidate offering himself for election shall be nominated by at least two fully paid-up Members who have been Members of the Club for at least six (6) months.

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- 3.5 The notice of the AGM shall include the names of eligible candidates for election.
- 3.6 Where more than one candidate is nominated for a specific post, the candidates shall be subjected to polling.
- 3.7 Polling shall be by means of completing a ballot paper.
- 3.8 To be eligible for election, one must have been a Member for a minimum period of 12 months and must be a fully paid up member.
- 3.9 Only fully paid-up members shall be entitled to vote during any election.
- 3.10 Each member can cast his/her vote only once. Voting by proxy shall not be allowed.
- 3.11 In case of a tie in votes, the Chairman can cast a second vote to break the tie or in the alternative find a mechanism to break the tie.

#### **4. RULES FOR MEMBERSHIP AND TERMINATION OF MEMBERSHIP**

- 4.1 A Member shall be required to save a minimum of Kshs 2,500 per month or such other amounts as agreed upon for the category of Member.
- 4.2 The savings are refundable and may be withdrawn at any time subject to giving three-month notice.
- 4.3 The monthly saving should be paid by the 10<sup>th</sup> day after the month upon which they fall due. Outstanding contributions will be charged a penalty of Kshs 200 per month which shall be debited to a Members Account.
- 4.4 The savings above will accrue interest in arrears at a minimum rate of 9% p.a.
- 4.5 The savings will be charged a minimum administration fee of 3% p.a.
- 4.6 A Member becomes eligible to qualify for benefits under the Fund six months after paying the 1<sup>st</sup> months subscriptions and subject to the Member's savings being up-to date.
- 4.7 If subscriptions for any months are not paid, the Membership lapses.
- 4.8 A person whose Membership has lapsed shall NOT be eligible for any benefits for a period of three-months after regularizing their position in the Club.

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4.9 To avoid the lapse of Membership and late payment fines, Members are encouraged to ensure that their monthly subscriptions are paid at least three months in advance.

4.10 A person whose membership has lapsed shall continue be charged/debited with any expenses debited to Members during the period his/her membership had lapsed.

## **5. RULES FOR UTILIZATION OF THE FUND**

5.1 Every Member shall make an equal contribution towards any expense of the Club.

5.2 The amount due from any Member shall be debited in his account directly.

5.3 A Member will be notified of any amounts recovered from his/her account and may elect to restore his/her account balance by paying the same to the Club.

5.4 The funds may be utilized to:

5.4.1 Assist members during times of bereavement affecting the nuclear family of a Member.

5.4.2 Assist any other cases of hardship as approved by the Members.

5.4.3 Meet any legitimate cost of the Club as per existing rules and regulations.

5.5 To protect the interest of all Members deductions from a Member shall be done from Members within the same category of benefits or higher.

5.6 Where a benefit does not apply to a category of Members, no deduction shall be done from those Members.


5.7 Deductions effected above shall be equal for each Member contributing.

## **6. RULES FOR ADMISSION OF NEW MEMBERS**

6.1 To be considered/admitted into the Membership, a prospective Member shall complete an application form and fulfil all necessary conditions.

6.2 Prospective Members must be well known by at least one of the Members who shall introduce the prospective Member to the Club.


6.3 Any person introducing a new Member automatically stands surety to the Club for a period of 6(six) months for any financial loss that may be incurred by the Club because of the person being introduced joining or failing to join.

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- 6.4 Members are encouraged to introduce their spouses and qualifying relatives.
- 6.5 The prospective Member shall be required to pay KES 1,000 application fee before his application is considered.
- 6.6 The Executive shall decide to admit/not admit a Member after taking into consideration the interest of the Club and its existing Members.

## **7. RULES FOR GENERAL MATTERS**

- 7.1 Every Member of the Club is expected to act in utmost good faith on any dealing affecting the Club and shall declare any conflict of interest.
- 7.2 No Member is expected to make/attempt to make a secret profit on any transaction they are processing, negotiating, dealing, affected by or otherwise involved in the execution.
- 7.3 Upon discovery of such “secret” profit made/attempted to be made, the amount involved shall where it is established be recovered summarily from the Member. In addition, a penalty equivalent to 200% of the amount will also be recovered.
- 7.4 Any Member summoned by the Chairman or the Executive Committee to be present during any meeting shall be required to obey the summons.
- 7.5 Any Member who fails to obey the summons without a reasonable cause shall be required pay an automatic fine of KES 5,000.
- 7.6 In addition to the sanction above, the Executive may suspend the affected member.
- 7.7 The Executive and/or Members may propose any other matter for resolution.
- 7.8 Such matter shall be subjected to a poll.
- 7.9 The poll shall be considered won if at least two-thirds of the Members vote for the proposed resolution.
- 7.10 When it is considered cost effective, a poll may be conducted electronically.
- 7.11 The results of any poll conducted electronically shall be published and the position taken by each Member on the matter indicated.
- 7.12 The Executive shall update the Members on important activities happening in the Club on a quarterly basis.

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## 8 REVISION HISTORY

Revision No.	Page	Details of change and reason for change	Effective date of the change
1.	3	The clause on persons covered in case of death was mother-in-law and father-in-law. It was agreed that couples be encouraged to join. This was necessary also to lower the risks associated with loss of parents.	January 2014
2.	3	The clause on persons covered in case of death was amended to eliminate siblings. It was agreed that siblings be encouraged to join individually.	January 2015
3.	1	The contributions were separated into Mulembe Fund and Benevolent Fund. This was necessary to ensure that welfare contributions do not affect investment contributions.	January 2016
4.	1-10	Document was revised to provide expand categories of contribution and introduce contributions of Kes 1,500, Kes 1,000 and Kes 500 following approval of the Strategic Plan 2018-2022(SP 2018-2022).	January 2018
5.	1	The joining fee was reduced from Kes 2,500 to Kes 1,000 as per SP 2018-2022.	January 2018
6.	2	The minimum interest accruing to members saving was adjusted from 12% p.a to 9% p.a.	January 2018
7.	4	Clause to encourage members to stay together by penalizing those who want to leave after having benefited from welfare.	January 2018.
8.	3.	Clause on child changed to limit age of child to 30 years	August 2019