

**Botswana Public Officers SACCOS**

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Registration No. 261/2013

**BPOSACCOS PERSONAL LOAN PRODUCT GUIDELINES**

BPOSACCOS Personal Loan Product Guidelines

**Khumo Personal Loan**

1. Product Overview

The **BPOSACCOS Khumo Personal Loan** is a financial product tailored to meet the diverse personal financial needs of BPOSACCOS members. Whether it is for educational expenses, medical emergencies, home renovations, or other personal projects, this loan provides an affordable and accessible financing option. Members can borrow up to BWP 500,000.00 with a maximum repayment period of 10 years at a competitive interest rate of 9% per annum. The product is designed to support the financial growth and well-being of members while promoting responsible borrowing.

2. Loan Features

* Loan Amount:
* Minimum Loan: BWP 250,0001.00.
* Maximum Loan: BWP 500,000.00.
* Members can borrow amounts within this range based on their creditworthiness, disposable income (take-home), and the BPOSACCOS’s lending policies.
* Product Variations:
1. My House
* Up to P500 000.00
* Buy a house
* Building a house from scratch
* Repayment period of 120 months
* Interest per annum 9%
1. House Upgrade
* Up to P350 000.00
* House extension or renovation
* Repayment period 96 months
* Interest per annum 9%
1. Moraka Starter
* Up to P300 000.00 - drilling a borehole & water reticulation, including reservoir etc.
* Repayment period 96 months
* Interest per annum 9%
1. Moraka Booster
* Up to P100 000.00 - reticulation, including reservoir
* Repayment period 24 months
* Interest per annum 9%
* Interest Rate:
* Fixed interest rate of 9% per annum.
* Interest is calculated on a flat rate basis.
* Repayment Period:
* Minimum Repayment Term: 6 months.
* Maximum Repayment Term: 10 years (120 months).
* The repayment period will be determined based on the loan amount, purpose, and the member’s ability to repay.
* Disbursement:
* Approved loan amounts will be disbursed directly into the member’s BPOSACCOS payroll account. No payments will be made directly to members suppliers for any project they may undertake.

3. Eligibility Criteria

* Membership:
* The applicant must be an active member of BPOSACCOS, with at least 12 months of consecutive savings and consistent membership.
* Income:
* The applicant must demonstrate stable payroll income.
* Proof of income, such as payslips or bank statements, must be provided.
* Credit History:
* The applicant must have a positive credit history with BPOSACCOS and other financial institutions.
* Members with past loan defaults or outstanding arrears may be subject to additional assessment or decline.
* Savings Requirement:
* Members must have a minimum savings contribution as per BPOSACCOS by-laws.
* The loan amount shall be restricted to a ratio of 1:4 of the member’s savings.
* Bulk deposit will be subjected to a three months waiting period.

4. Application Process

* Loan Application Form:
* Members must complete a loan application form, available at the BPOSACCOS office or via BPOSACCOS’s online platform.
* The form must be fully completed, signed, and submitted along with all required documents.
* Supporting Documents:
* Proof of Income: Recent payslips (for employed members).
* Identification: A valid national ID (citizens), passport (non-citizens).
* Employment confirmation letter.
* Proof of Residence: Acceptable documents showing current residence.
* Spousal Consent Forms: If applicable, consent forms signed by the spouse.
* Loan Purpose Documentation: Documentation on the application form stipulating the purpose of the loan (e.g., farm development, school fees structures, medical bills).
* Loan Appraisal:
* BPOSACCOS will conduct a thorough appraisal of the loan application, including assessing the member’s credit history, ability to pay, existing liabilities, and the purpose of the loan.
* Members should be more than three (3) years from retirement on receipt of their application.
* Loan Approval:
* The loan application will be reviewed by BPOSACCOS’s Credit Committee which will make the final decision on approval or rejection.
* Members will be notified of the decision within a stipulated period, typically within 3 to 5 working days.

5. Repayment Terms

* Monthly Repayments:
* Repayments will be structured on a monthly basis and will include both principal and interest.
* Members repayment day will be aligned with their income cycle (e.g., salary date) and deduct directly from source.
* Loan repayment period cannot go beyond the mandatory retirement age of 60, or contract expiry period.
* Repayment Mode:
* Additional repayment arrangements can be made via debits orders, mobile money transfers, or cash deposits at the BPOSACCOS bank account.
* Members can make extra payments at any time to reduce the outstanding balance, thereby reducing the interest payable.
* For all additional payments/settlements, proof of payments should be forwarded to the BPOSACCOS office.
* Early Repayment:
* Members are encouraged to repay their loans earlier than the agreed term if possible.
* There are no penalties for early repayment, and doing so can save on interest costs.

6. Penalties and Charges

* Late Payment Penalty:
* A penalty of 2% per month will be applied on the overdue amount for any default repayments.
* Continuous default could result in legal action, ITC listing or recovery from recovery agents.
* Loan Admin Fee:
* A non-refundable loan admin. fee of 1.5% fee will be deducted from the loan amount before disbursement.

7. Loan Security

* Member Deposits:
* Member’s savings shall be held as security for the loan.
* Loan applications against bulk deposits shall be subjected to a three-month waiting period.
* Certificate of land ownership, approved plan, quotations, disbursements in instalments per stage

8. Loan Insurance

* Mandatory Loan Insurance:
* BPOSACCOS offers a mandatory credit life insurance policy that covers the outstanding loan balance in the event of the borrower’s death or permanent disability.
* The cost of the insurance premium will be included in the loan amount and remitted to the insurer.
* In the event of a claim, the insurance will pay off the remaining loan balance, relieving the member’s family from the financial burden.

9. Monitoring and Review

* Loan Monitoring:
* BPOSACCOS will regularly monitor the repayment status of all outstanding loans.
* Members will receive loan statements on request showing the balance, interest accrued, and any payments made.
* Arrears Management:
* Members experiencing financial difficulties should inform BPOSACCOS as early as possible.
* BPOSACCOS may offer restructuring options to assist members in financial distress.
* Loan Review:
* BPOSACCOS will periodically review its lending policies and interest rates to ensure they remain competitive and sustainable for the society.
* Members will be informed of any changes in terms and conditions well in advance.

10. Amendments

* Guideline Amendments:
* BPOSACCOS reserves the right to amend these guidelines at any time.
* Members will be notified of any changes through official communication channels.
* Amendments will take effect 30 days after the notification, unless stated otherwise.

**12. Loan Consolidation Overview**

BPOSACCOS Khumo Loan offers consolidation and allows members to merge multiple loans—whether they are from BPOSACCOS or other financial institutions—into a single manageable Khumo loan. This consolidation provides the benefit of easier management, potential cost savings, and reduced stress related to handling multiple loan payments. The consolidated loan can cover various types of personal loans, other outstanding debts but excluding credit card debts.

1. Eligibility Criteria

* Existing Loans:
* The loans to be consolidated must be current (not in default).
* The loans to be consolidated must have run for 3 months and have 3 months’ instalments.
* Loans can be from BPOSACCOS or other recognized financial institutions.
* Revolving debts will not be consolidated, e.g. credit cards.
* Creditworthiness:
* Members must demonstrate a consistent repayment history and good credit standing.
* The consolidated loan amount must not exceed the member's repayment capability.
* Consolidation Amount:
* Members can consolidate up to BWP 500,000 in total loan balances.

2. Benefits of Loan Consolidation

* Single Monthly Payment:
* Members will benefit from having a single monthly repayment instead of multiple payments, simplifying their financial obligations.
* Potential Savings:
* By consolidating at a lower interest rate, members may save on interest costs compared to their previous loans.
* Extended Repayment Period:
* Members can extend their repayment period, which may result in lower monthly payments and reduced financial strain.
* Improved Cash Flow:
* Lower monthly payments can free up cash flow for other financial needs or savings.

3. Application Process

* Loan Consolidation Application:
* Members must complete the loan application form available at the BPOSACCOS office or via the BPOSACCOS online platform and indicate the loans consolidation aspect on the application.
* The form should include details of all loans to be consolidated, including outstanding balances, interest rates, and remaining terms.
* Supporting Documents:
* Proof of Loans: Statements or documentation from existing lenders confirming the loan details.
* Proof of Income: Recent payslips, bank statements.
* Identification: A valid national ID (Citizens), passport (Non-citizens).
* Loan Appraisal and Approval:
* BPOSACCOS will assess the member’s overall financial situation, including the amount of debt to be consolidated, income, and repayment capability.
* The appraisal will also consider whether the consolidated loan will improve the member’s financial position.
* Disbursement:
* Upon approval, BPOSACCOS will directly pay off the consolidation balances of the loans being consolidated directly to the debtors.
* The new consolidated loan balance will then be reflected in the member’s BPOSACCOS account, with repayments scheduled accordingly.

4. Repayment Terms

* Monthly Repayments:
* BPOSACCOS shall deduct from source on a monthly basis a single payment to cater for the entire consolidated loan as per the agreed terms.
* Additional payments can be made via debits orders, mobile money transfers, or cash deposits at the BPOSACCOS office.
* Proof of these additional payments should then be submitted to the office.

5. Amendments

* Guideline Amendments:
* BPOSACCOS reserves the right to amend these consolidation features at any time, with prior notice to members.

These loan consolidation features are designed to help members manage their debts more effectively, reduce financial strain, and improve overall financial stability while maintaining a positive relationship with BPOSACCOS.

These comprehensive guidelines are designed to ensure the efficient and responsible management of members loans, aligning with BPOSACCOS's objective to support members' financial well-being while maintaining the financial health of the society.