Credit with Education

Credit Association Training Manual

By Ellen Vor der Bruegge and Kathleen E. Stack
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Acknowledgments

There were many people who made numerous and significant contributions to the Credit Association Training Manual. In particular, the authors would like to thank Christopher Dunford, Mark Gizzi and Ayele Foly, for their assistance in the development of the content; Wava Haggard, Donna Justice, Christine M. Dodson, Claire Thomas and Julie Uejio, for their help in editing and producing the book; and Cynthia Bates for her artwork.

Freedom from Hunger also gratefully acknowledges the U.S. Agency for International Development for the support it provided to develop the materials used in the preparation of this document. (The opinions expressed in the Credit Association Training Manual are those of Freedom from Hunger and do not necessarily reflect the views of the U.S. Agency for International Development.)
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CREDIT WITH EDUCATION²—THE REGISTRATION PROCESS

PRE-REGISTRATION ACTIVITY IN THE COMMUNITY

1. Explain the Requirements for Solidarity Group Registration

   • An individual desiring to form a Solidarity Group must do the following:
     ♦ Identify other women in her community and invite them to join her to form a Solidarity Group;
     Note: Women living in the same household cannot be in the same Solidarity Group. It is recommended that there be approximately 4 to 6 women in each Solidarity Group.
     ♦ Be willing to guarantee the loans for the other women in her Solidarity Group;
     ♦ Be an established resident in her community;
     ♦ Be able to state a business activity that she wishes to pursue with a loan amount of _____________(the equivalent of up to US$50) to be paid in weekly installments with interest over the 16-week loan cycle; and
     ♦ Be 16 years of age or older and capable of doing a business activity.

2. Explain the Formation of Solidarity Groups into a Credit Association

   • Solidarity Groups desiring to form a Credit Association must do the following:
     ♦ Present themselves along with approximately 4 to 6 other Solidarity Groups to form a Credit Association.
     Note: It is recommended that a Credit Association have approximately 4 to 6 Solidarity Groups. Ideally, a Credit Association has about 30 to 35 members.
     ♦ Be able to demonstrate familiarity with women in the other Solidarity Groups; for example, say their names and where their homes are located.
     ♦ Be willing to guarantee the loans for the members of the other Solidarity Groups.

3. Inform the Community About the Registration Process

   • The time, date, place, requirements for the registration meeting and steps to form a Credit Association should be announced either at a community meeting where Credit with Education services are explained and/or repeated often throughout the community to potential members before registration day.

²Credit with Education is a service mark protected by Freedom from Hunger for the exclusive use of member organizations of the Credit with Education Learning Exchange.
CREDIT ASSOCIATION REGISTRATION

OBJECTIVES
• Record the names of people who want to form a Credit Association.
• Review the steps potential members must take to form a Credit Association.
• Set a schedule of meetings for Credit Association Training.

PREPARATION/MATERIALS
• Table and chairs for registration
• Writing pen
• Registration form (See sample registration form, page 6.)

Note: If more than one Credit Association is being formed, it is helpful to have two staff members present to manage the registration process. Verify that all of the interested members for each Credit Association are present and establish the order in which the different Credit Associations will come to the table to be registered. One field agent asks questions of the individuals as they register while the other records the names of the individuals, the intended loan activities and the requested loan amount within each Solidarity Group.

REGISTRATION STEPS

1. Welcome and Introduction - 15 to 20 minutes
• Greet the group that has gathered and welcome everyone to the meeting.
• Explain that the objective of the meeting is to register individuals interested in joining a Solidarity Group and forming a Credit Association to receive loans for small business activities.
• Determine how many Solidarity Groups are present and how many Credit Associations must be formed. (Recommended: No more than 6 Solidarity Groups per Credit Association.) Ask the members of each Credit Association being formed to identify themselves by gathering together as a group. Ask if all of the intended Credit Association members are present. If not, explain that the group is not eligible for registration until all of the members are present.
• Review the requirements for joining a Solidarity Group. Members must do the following:
  ♦ Present themselves as a Solidarity Group of approximately 4 to 6 members who are able to identify everyone in their group. Members living in the same household cannot be in the same Solidarity Group.
  ♦ Be willing to guarantee each other’s loans.
  ♦ Be established residents in the community.
Be at least 16 years of age and able to do a business activity.
Be able to state a business activity that each individual wishes to pursue with a loan amount of ___________ (the equivalent of US$50) to be paid in weekly installments with interest over the 16-week loan cycle.
Any Solidarity Group that does not comply with these requirements should be asked to make adjustments among its members or to disqualify itself from joining a Credit Association.

- **Review the requirements for forming Solidarity Groups** into a Credit Association. Members must do the following:
  - Present themselves along with approximately 4 to 6 other Solidarity Groups to form a Credit Association.
    **Note:** It is recommended that a Credit Association have approximately 4 to 6 Solidarity Groups. Ideally, a Credit Association has about 30 to 35 members.
  - Be able to demonstrate familiarity with women in the other Solidarity Groups; for example, say their names and where their home is located.
  - Be willing to guarantee the loans for the members of the other Solidarity Groups.

- **For each Credit Association requesting to be registered**, ask a few individuals to name their fellow Solidarity Group members and to explain why they chose to join together. Question the individuals until you are satisfied that the Solidarity Group members know and trust each other and that they have agreed to come together to form a Credit Association.
- **Then ask a few individuals to name members** in other Solidarity Groups and indicate how they know each other.
  **Note:** If individuals do not seem to know and trust each other, the group becomes ineligible for registration until more time has been spent on group formation.

2. **Record Solidarity Group Members’ Names, Business Activities and Loan Amounts - 30 to 60 minutes**

- **Ask the members to come forward** and sit together in Solidarity Groups.
- **Taking one Solidarity Group at a time**, ask each individual to give her name, intended loan activity, and the loan amount requested. Ask questions to clarify statements but not to judge the appropriateness of proposed activities. If it is clearly not a business activity or if the loan amount is outside the permitted range, ask the prospective borrower to propose something else.
- **Record the name, activity and loan amount** by Solidarity Group on the Credit Association Solidarity Group Registration Form (see Appendices).
3. Announce the Credit Association Training Schedule, Savings Deposit and Membership Fee Payment Expectations - 15 minutes

- **Explain to the group** that forming a Credit Association is serious business. It is important for the members to participate fully in decisions involved in the formation of a Credit Association and to be well-prepared to assume membership responsibilities. For these reasons, the organization recommends the following:

  ♦ Anyone interested in being a member of a Credit Association must attend all of the training meetings to be eligible to receive an individual loan.
  
  ♦ Once the training meetings start, new members may not be added to the Credit Association until the second cycle.
  
  ♦ Each person must make a minimum savings deposit with her Credit Association at every meeting. The amount of the minimum savings can be determined in one of two ways:
    
    ⇒ **OPTION #1:** The savings amount is specified by the organization for the training meetings.
    
    ⇒ **OPTION #2:** Let each member decide for herself the amount she will deposit at each training meeting.

- **Let the members know** that each may be required to pay a membership fee at the final training meeting. The amount will be determined by the Credit Association members during the training.
4. Set the Time, Day and Place for the Credit Association Training - 5 minutes

- Negotiate an acceptable day of the week, time, and place for the training meetings with the Credit Association members.

- Ask the group members to give a vocal promise that they will
  ♦ attend all of the training meetings and
  ♦ come with a savings deposit to each meeting.

If they agree, the group is accepted to be trained as a Credit Association.

This process is carried out with each group wishing to be registered as a Credit Association-in-training.
Name of Community: ____________________________________________________________

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<tr>
<th>CREDIT ASSOCIATION SOLIDARITY GROUP REGISTRATION FORM</th>
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*Credit with Education Credit Association Training Manual*
MEETING 1: ORGANIZATION OF THE CREDIT ASSOCIATION—ORGANIZATION RULES AND CREDIT ASSOCIATION BYLAWS

OBJECTIVES

• Take attendance and correct the membership list.
• Review the organization rules for participation in the Credit Association.
• Establish bylaws to safeguard the Credit Association.
• Introduce the savings passbooks and collect savings.

PREPARATION/MATERIALS

• List of registered members
• List of Credit with Education rules, including the terms for loan growth
• Credit Association Training—Meeting Attendance, Savings and Fee Payment Register
• Credit Association Bylaws Form or paper to record the bylaws
• Organization recommendations on membership fees and minimum savings requirements
• Credit Association Training—Savings Passbooks for each member

STEPS

1. Welcome and Introduction to the Training Sessions - 3 minutes

• Welcome everyone to the meeting.
• Remind the potential members that this is the first of a series of training meetings to
  ♦ help them organize their Credit Association;
  ♦ learn the rules and the procedures for approving loans; and
  ♦ discuss how to manage and safeguard the Credit Association.

• If the participants perform well during the training meetings,
  ♦ their Credit Association will be inaugurated;
  ♦ loans will be disbursed; and
  ♦ the regular meetings with learning sessions will begin.

2. Take Attendance - 10 minutes

• Take attendance using the list of names written during the registration meeting. (It is not necessary to read the activities or loan request amounts.)

The order of Meeting One and Meeting Two can be reversed if it is culturally more appropriate to elect officers during the first meeting. It is, however, recommended that the rules and bylaws be clarified and finalized in the first meeting before the election of officers who will be responsible for managing the Credit Association.
♦ Fill out the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register and the Training Savings Passbooks.
♦ If the membership of Solidarity Groups has changed, make changes or corrections to the Credit Association Solidarity Group Registration Form.
♦ Remind the members that attendance at all of the training sessions is necessary for an individual to get a loan.

3. Present and Clarify the Organization Rules for a Credit Association - 30 minutes

- **Read and explain** one at a time the organization rules for a Credit Association.
- **After each rule is read and explained**, ask the members what they understand the rule to mean.
- **Ask** if there are any questions and provide clarification.

Credit with Education Rules (see Appendices)

1. **Membership**
   - Members should be
     - established residents of the community;
     - at least 16 years of age; and
     - people who trust each other.
   - Members will form Solidarity Groups of approximately 4 to 6 persons who agree to personally guarantee each other’s loan principal and interest payments to the Credit Association. If the Solidarity Group cannot pay, then the entire membership of the Credit Association guarantees the individual loans.
   - Members of the same household cannot be in the same Solidarity Group.
   - Normally, a Credit Association has an average of 30 to 35 members but may have no fewer than 4 Solidarity Groups (16 persons minimum) and usually no more than 6 Solidarity Groups (40 persons maximum).

2. **Membership Fee (Optional)**
   - Each member of the Credit Association may be asked to pay a membership fee to the Credit Association.
• The amount and frequency (only once when joining the Credit Association, or each new cycle, or each year, etc.) of payment is determined by the Credit Association.

3. Officers

• Each Solidarity Group in the Credit Association must designate its leader to serve as an officer of the Credit Association.

• From among the Solidarity Group leaders, the Credit Association members must select a Management Committee. At a minimum, the Management Committee should include a (an)
  ♦ president (or chairperson) who can manage the meetings and represent the Credit Association;
  ♦ treasurer who can count accurately and safeguard the money of the Credit Association;
  ♦ secretary/bookkeeper who can read, write, and do basic arithmetic with ease;
  ♦ education animator who can motivate the use of health and better business practices discussed during the learning sessions; and
  ♦ assistant bookkeeper/auditor who can do basic arithmetic to help the treasurer and secretary/bookkeeper record the financial information.

• In general, all of the officers will be trained in all of the roles so that responsibilities can be shared.

  **Note:** Only mention and use the following options if officers do not have the necessary skills: a) other Credit Association members may be appointed as officers; b) if none of the other Credit Association members qualify, someone outside of the Credit Association may be hired with Credit Association funds to do the job; or c) an end-of-cycle evaluation may reveal the need to replace nonperforming officers or may reveal members’ desire for new leaders. If so, new elections can be held.

4. Regular Meetings

• The entire Credit Association membership must meet regularly (at least once each week during the first three cycles) at a time and place agreed upon, except in unusual circumstances as determined by the Credit Association in agreement with the field agent.

• Members are expected to attend all meetings.

5. Regular Savings

• The Credit Association must collect savings from every member at regular meetings.

• The minimum savings amount will be determined by the Credit Association members in agreement with the organization.
6. **Loan Approval**
   - A member’s loan request must first be approved by the other members of her Solidarity Group.
   - The request by the Solidarity Group members must then be presented to and approved by all Credit Association members.

7. **Disbursement and Collection of Money**
   - All disbursement and collection of money must be made in full view of all Credit Association members at the regular meetings, with a public declaration of the amount and the purpose of the transaction.

8. **Loan Size**
   - An individual member can receive up to _____________ (the equivalent of US$50) for a first loan for a business activity.
   - The maximum size allowed for subsequent loans to a member may be increased by 50 percent over the highest loan amount successfully repaid.
   - The Credit Association will need to maintain a reserve fund equal to __% of the outstanding loan (recommended amount: 5 percent).

9. **Credit Association Interest Charge**
   - The Credit Association will decide upon and charge an additional interest fee on the loans it makes. These fees will belong to the Credit Association for its administrative or other expenses.

10. **Regular Payback**
    - All loans must be repaid to the Credit Association within the loan cycle.
    - For the first three loan cycles, part of each borrower’s loan principal and interest must be repaid at each regular meeting.
    - Adjustments can be made in later cycles according to Credit Association performance and organization policies.

11. **Sanctions for Noncompliance**
    - The Credit Association must devise and apply appropriate sanctions to members or Solidarity Groups who fail to comply with the rules of the organization and bylaws of the Credit Association.
    - Provisions must be made for replacement of officers who fail to comply.
    - The Credit Association must exclude or expel any member who repeatedly refuses or fails to comply with its rules and bylaws.

12. **Commitment to Implement Recommended Practices**
    - Each member of the Credit Association must agree to try to use, and/or encourage others to use, the recommended practices decided upon by the members in the learning sessions.
Invite the members to ask any additional questions.

Explain that on the day they receive their loans, all borrowers will be asked to sign a loan agreement listing these rules. Their signatures or fingerprints will signify that they have agreed to uphold them.

4. Establish Credit Association Bylaws - 45 minutes

- **Remind the members** that a Credit Association must follow and enforce the rules in order to qualify for the continuation of the Credit with Education services. The performance of the Credit Association members is judged by the organization in terms of timely payment of principal and interest for each loan to the Credit Association and also on its members’ compliance with the rules required for participation. If the Credit Association consistently allows its members to break these rules, the organization will not extend future loans.
- **Emphasize that the Credit Association** is the members’ association. They are responsible for its success and the way it works. Therefore, they all need to participate in creating bylaws and working together to ensure the success of their Credit Association.
- **Explain that the group** will now prepare its bylaws in order to safeguard its Credit Association. During the preparation, the discussion should focus on identifying situations in which the rules may be broken or in which members may seek exceptions to the rules. The discussion should pose ways to respond to these situations to safeguard the rules. Appropriate methods should be proposed for adoption as part of the bylaws by the Credit Association.
- **Encourage all members to participate** in the discussion by calling on the more timid members to speak up and give their opinions. Often, group consensus or agreement surrounding a given question will be clear. If it is not clear, or when there is considerable debate, the best way to resolve a conflict of opinion is to call for a vote.
- **Use the instructions on pages** 13 to 16 to guide the bylaws formation process.
- **Record in a notebook or on the Credit Association Bylaws Form** (see page 17 and the Appendices) all bylaws as they are approved by the members.
- **Once all the bylaws are written**, read all the bylaws to the Credit Association and call for members’ approval. Explain that the bylaws can be reviewed and modifications made later, as needed.

5. Collect and Record Savings - 20 minutes

- **Ask each Solidarity Group to step forward** one at a time to make their first savings deposit. Because these are training meetings, individuals may deposit any
amount they wish or the amount decided by the members.

- **Take the individual savings deposit**, count the money, announce the amount, and record the amount on the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register.

- **Prepare a Training Savings Passbook for each member** and record the amount of savings deposited.

- **Announce the total amount** of savings when the collection is complete and write it in the register.

- **Ask the members to select one person** in the group to safeguard the savings deposits until the next meeting. Give the money to the person selected. Have her count the money, providing her with assistance as needed. Ask her to state to the group how much money she has been given. Ask a member of the Credit Association to verify that the amount is the same as the amount written in the register. Let her know to bring the money to the next meeting.

- **Ask the women to keep their Training Savings Passbooks** and bring them to all of the training meetings. Explain to them that the passbook is their record of savings deposits.

- **Tell the group that it is the responsibility** of the field agent to keep the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register until the next training meeting.

### 6. Summarize the Events and Decisions of the Session and Close the Meeting - 10 minutes

- **Review what happened during this meeting.** Remind the members of the time and place for the next meeting. It may be that this becomes an appropriate time and place for all regular meetings of this Credit Association. Be sure that the time is not the same as other Credit Association meetings which you must also attend as the field agent.

- **Remind the members to bring their savings deposits and Training Savings Passbooks** to the next meeting. Inform the members that the topics of the following meeting will be the election of the Management Committee and naming of the Credit Association.
Steps to Complete the Credit Association Bylaws Form  
(See Appendices)

Instructions for Credit Association Meeting
- Invite members to suggest a day and time for their weekly meeting.
- Facilitate a discussion to determine the rationale for the options.
- Vote to determine the most acceptable option for each.
- Fill in the blanks on the bylaws form.
- Repeat the same process to decide the place for the meeting.

1. Credit Association Meeting
   - Day ______________________
   - Time _____________________
   - Place _____________________

Instructions for Absences
- Explain that the Credit Association is expected to maintain a good attendance record (85% or more for each cycle). Keeping a good attendance record depends on each member doing her part to attend the meetings regularly.
  
  Note: It is recommended that there be an extra penalty for a member if she misses more than 3 weekly meetings in a cycle.

- Facilitate a discussion to help members determine an appropriate penalty to motivate good attendance.
- Vote to reach a decision.
- Fill in the blanks on the bylaws form.

2. Absences
   - Total number of absences (excused and/or unexcused) permitted each cycle ____.
   - Penalty for unexcused absences ________________________________.
   - Penalty for more than ___ absences (excused and/or unexcused) in one cycle
    ________________________________.

Instructions for Being Tardy to the Meeting
- Facilitate a discussion to help members identify the importance of arriving on time for meetings.
- Facilitate a discussion to help members determine an appropriate penalty to motivate punctuality.
- Vote to reach a decision.
- Fill in the blank on the bylaws form.

3. Tardy to the Meeting
   - Penalty for being late to the meeting ________________________________.
Instructions for Savings Deposit and Withdrawal

- Remind the members that it is a rule of the organization that each member deposit some savings at every meeting. It is recommended that the minimum amount for the savings deposit be between _______ and _______ (see page 4).
- Explain to the members that personal savings belong to the individual and can be withdrawn based on the bylaws of the Credit Association.
- Facilitate a discussion to help the members determine an appropriate amount for the minimum savings deposit. This amount should not be so large that it discourages very poor women from participating in the Credit Association. However, explain that each member is free to save more than the minimum and is encouraged to save as much as is reasonably possible.
  
  **Note:** A target of 20% of the borrower’s loan amount is recommended.
- Explain that some savings must remain on deposit with the Credit Association as a reserve fund to be eligible to receive a loan. This amount is ___% of the loan amount.
  
  **Note:** 5% of the loan amount is recommended.
- Vote to reach a decision on the minimum savings deposit for each member at each meeting.
- Fill in the blank on the bylaws form.
- Review the benefits of the savings service, one of which is access to individual savings when you need them. Facilitate a discussion that helps the members determine the benefit of frequent access to savings vs. the work involved to manage many withdrawals.
- Vote on the frequency of savings withdrawal that will be practiced by the Credit Association.
- Fill in the blanks on the bylaws form.

4. Savings Deposit and Withdrawal

The minimum savings deposit required at each meeting is _________________.
The frequency with which members will be allowed to withdraw savings is _________________.

Instructions for Membership Fee

- When discussing the membership fee, explain that if the members decide to charge a fee, it will be paid at the **Fifth Meeting** of the training to officially qualify the Credit Association member. Membership fees may be paid only once, or regularly, for example, at each cycle. Remind the members that Credit Association expenses such as the registers, pens and possibly a calculator need to be paid for by the Credit Association Group Fund. The group fund is made up of Credit Association interest and membership fees, fines and other earnings.
- Lead a discussion about whether or not to charge a membership fee.
- Vote on whether a fee will be charged or not.
- Lead a discussion among the members to develop options for the amount of money to be charged as a membership fee and the frequency of payment.
- Vote on the amount of the Membership Fee and the frequency for payment.
- Fill in the blanks on the bylaws form.

5. Membership Fee

- The Credit Association members will pay the membership fee: ___ Yes ___ No
  ___ Only once when first joining the Credit Association.
  ___ Once each cycle.
  ___ Other ____________________________ .
- The amount of the Membership Fee to be paid by each member is _______________.

Credit with Education Credit Association Training Manual
Instructions for Credit Association Interest Rates

- When discussing the Credit Association interest rate over and above the organization interest charge, explain that this money belongs to the Credit Association and becomes part of its Group Fund (fees, fines, interest and other earnings) which covers administrative costs (the purchase of pens, notebooks, registers, etc.). It is, however, important that the Credit Association interest rate not be set so high that the poorer members of the community cannot afford to join.
- Facilitate a discussion of an appropriate interest rate and develop options.
- Vote on the amount to be paid.
- Fill in the blank on the bylaws form.

6. The Credit Association interest rate is ___% of the loan amount (or a flat fee of ____________________).

Instructions for Non-Payment

- Explain that the principal and interest payments are due from each member in regular installments. If a member cannot pay, then the Credit Association is expected to find some way to make the payment for her. The Credit Association should decide in advance what it will do if nonpayment occurs.
- Remind the group that Solidarity Group members are responsible to pay for an individual member. If the Solidarity Group cannot pay, repayment becomes the responsibility of the entire Credit Association.
- Facilitate a discussion with the group.
- Vote on the steps to be taken if a member cannot make a scheduled payment.
- Fill in the blanks with the decisions in the order that they will be used.

7. Non-Payment at a Regular Meeting or at End of Loan Cycle

If a member fails to make a principal and interest payment on the due date, either at the regular meeting or at the end of the loan cycle, the following steps will be taken:
   a. _____________________________________________________________________
   b. _____________________________________________________________________
   c. _____________________________________________________________________
   d. _____________________________________________________________________

Other Credit Association Bylaws

Instructions for Other Credit Association Bylaws

- Members may suggest additional bylaws. Other possible options for Credit Association bylaws include the following:
  1. Use of Credit Association Group Fund (Membership Fee, Credit Association Interest, Penalty Payments, other earnings).
     The Credit Association Group Fund will be used for the following:
     - First, for administrative expenses of the Credit Association.
     - Second, for ________________________________.
     - Third, for ________________________________.
     - Other ________________________________.
(Instructions for Other Credit Association Bylaws, continued.)

2. Procedures for new members to join:

- When additional suggestions are made, facilitate a discussion.
- Vote to finalize the decision.
- Fill in the blanks on the form. Add additional numbers as needed.
- Remind the members that additional bylaws can be added or amended by a vote of the Credit Association whenever they like.
Credit Association Bylaws Form

The _________________________________ Credit Association establishes the following bylaws to safeguard the performance of its membership and maintain good standing with the organization. The Credit Association understands that it is the responsibility of the membership to manage its meetings and business and to take responsibility for compliance with organization rules and the Credit Association bylaws.

1. Credit Association Meeting
   • Day _________________________
   • Time ________________________
   • Place ________________________

2. Absences
   • Total number of absences (excused and/or unexcused) permitted each cycle
   • Penalty for unexcused absences _______________________________.
   • Penalty for more than ___ absences (excused and/or unexcused) in one cycle

3. Tardy to the Meeting
   • Penalty for being late to the meeting is _______________________________.

4. Savings Deposit and Withdrawal
   The minimum savings deposit required at each meeting is _______________________.
   The frequency with which members will be allowed to withdraw savings is _______________________.

5. Membership Fee
   • The Credit Association members will pay the membership fee: ___ Yes ___ No ___ Only once when first joining the Credit Association ___ Once each cycle ___ Other _______________________________.
   • The amount of the Membership Fee to be paid by each member is _________________.

6. The Credit Association interest rate is ___% of the loan amount (or a flat fee of ________________).
7. Nonpayment at a Regular Meeting or at End of Loan Cycle

If a member fails to make a principal and interest payment on the due date, either at the regular meeting or at the end of the loan cycle, the following steps will be taken:

a. ____________________________________________

b. ____________________________________________

c. ____________________________________________

d. ____________________________________________

Other Credit Association Bylaws

8. ____________________________________________

9. ____________________________________________

The ________________________________ Credit Association has approved these bylaws on this date (______________________). These bylaws will be included as part of the official records of the Credit Association. These bylaws can be reviewed and altered by consensus of the membership at any time.

___________________________________ _______________________
(President’s Signature) (Date)
MEETING 2: SELECT THE MANAGEMENT COMMITTEE, NAME THE CREDIT ASSOCIATION, DESCRIBE THE EVENTS OF REGULAR MEETINGS AND DISCUSS OWNERSHIP AND SOLIDARITY

OBJECTIVES
• Take attendance.
• Describe the events of a regular meeting.
• Select a Management Committee.
• Deepen the understanding of “Ownership” and “Solidarity.”
• Decide on a name for the Credit Association.
• Collect savings.

PREPARATION/MATERIALS
• Credit Association Training—Meeting Attendance, Savings and Fee Payment Register

STEPS

1. Welcome Participants and Take Attendance - 5 minutes
• Open the meeting by greeting the participants and taking attendance as in the previous meeting. Record the information on the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register (see Appendices).
• Review the major events and decisions from the previous meeting by inviting members to share what they remember. Fill in any important information or decisions not mentioned (such as: reviewed the organization rules and developed the Credit Association bylaws).
• Explain that the purposes of this meeting are to
  ♦ describe the events of a regular meeting;
  ♦ select a Management Committee;
  ♦ discuss ownership of the Credit Association and solidarity among members;
  ♦ give the Credit Association a name; and
  ♦ collect savings.
2. **Describe the Events of a Credit Association Meeting** - 10 minutes

- **Explain to the participants** the importance of the Credit Association meetings. They provide the opportunity for Credit Association members to
  - obtain and repay loans and deposit savings;
  - exchange ideas and learn about health and nutrition practices, better business development and Credit Association management;
  - freely discuss the problems they face in trying new ideas; and
  - give each other encouragement and support.

- **The meetings also offer the opportunity** for participants to build self-confidence and decision-making and management skills. Every member has the opportunity to voice her opinions and take leadership roles in a variety of instances. In fact all Credit Association members, especially the Management Committee, are responsible for managing the meetings. Everyone needs to be active, pay attention, and make wise decisions. This helps ensure a strong and successful Credit Association.

- **Review the usual events of a Credit Association meeting.** The order and events of the meeting are flexible. However, the pattern usually remains the same. Typically, the Management Committee leads the meetings. Ask members to think carefully about what skills are needed for each position and who are the best people for the job.

**The Credit Association Meeting Format**

**Opening**
- President–calls the meeting to order and invites members to sit with their Solidarity Group

**Attendance**
- Secretary–takes attendance

**Reports**
- Secretary–reports on the status of membership issues, attendance, etc.
  - Education Animator–reports on the status of education decisions and actions

**Learning Session**
- Field Agent and Education Animator–facilitate the learning session

**Financial Business**
- Treasurer (with help from all other officers)
  - collects principal and interest payments and savings deposits and
  - manages any sanctions, fees or fines

**Closing**
- Treasurer–announces the totals of the principal, interest, savings, and any other fees or fines collected
  - Secretary–returns the passbooks to the members
  - President–calls for any other business and closes the meeting
After you have reviewed the events and responsibilities for the Credit Association meeting, ask if there are any questions and clarify issues for the participants. Let them know that the order of the meeting and the role of each officer will become more clear once the regular meetings have begun.

3. **Select the Management Committee** - 30 minutes

- **Ask the Solidarity Groups** to identify themselves by sitting together.
- **Explain to the members** that from among the leaders of the Solidarity Groups, the whole Credit Association must select a president, treasurer, secretary/bookkeeper, an education animator, an assistant bookkeeper/auditor, and any other officers they think are necessary to manage the Credit Association. Announce that to select the most qualified person for each job, it is important to discuss the responsibilities of each position on the Management Committee and consider important characteristics of each role before electing a person to fill it.

**a. Overview of Roles, Responsibilities and Characteristics**

Explain to the members that you will outline the responsibilities of each position on the Management Committee. Invite them to identify the characteristics required to handle the duties of each position.

**President**

Tell the group, **"The responsibilities of the president are to"**
- be the spokesperson for the Credit Association;
- motivate members to participate in decision-making;
- make final decisions when a vote is tied;
- manage the meeting; and
- _________________ (invite additional ideas from the participants).

Then ask the members to describe the desired **qualities or characteristics** of a Credit Association president. For example, the president should
- be honest;
- be hard-working;
- be a leader;
- be respected by everyone;
- be respectful of others;
- know how to manage a meeting; and
- _________________
- _________________
Repeat this procedure to discuss the responsibilities and characteristics of treasurer, secretary/bookkeeper, education animator and assistant bookkeeper/auditor.

**Treasurer and the Assistant Bookkeeper/Auditor**

Tell the group, *"The responsibilities of the treasurer and the assistant bookkeeper/auditor are to"*

- keep the Credit Association financial records;
- manage the money for the Credit Association;
- report on the financial status of the Credit Association at each meeting; and
- back up the president and other officers when necessary.

Ask the group, *"What are the desirable characteristics for the treasurer and the assistant bookkeeper/auditor?"* For example:

- honesty;
- ability to write;
- ability to do basic arithmetic;
- being careful with money; and
- being respected and trusted.

**Secretary/Bookkeeper**

Tell the group, *"The responsibilities of the secretary/bookkeeper are to"*

- take regular attendance and record the information;
- report on attendance and other aspects of Credit Association events;
- keep important documents and registers safe; and
- back up the president and other officers when necessary.

Ask the group, *"What are the desirable characteristics for the secretary/bookkeeper?"* For example:

- ability to read and write;
- ability to do basic arithmetic;
- ability to present information clearly to a group; and
- being respected.

**Education Animator**

Tell the group, *"The responsibilities of the education animator are to"*

- help the field agent facilitate the learning sessions;
- provide encouragement and support to Credit Association members to ensure that they follow through on the commitments they make to try new practices in health and better business;
- report on the status of new practices being used by members; and
- back up the president and other officers when necessary.
Ask the group. “What are the desirable characteristics for the education animator?” For example:

- having good relations with everyone;
- being able to motivate others;
- communicating ideas well; and
- being respected.

Note for the field agent: If no Credit Association member has these skills, especially reading and doing mathematics, first encourage the members to select the best persons possible to fill the Management Committee positions. Then facilitate a discussion among the members to identify options and make a decision on how they will fulfill the Credit Association’s management responsibilities. Possible options to consider are searching for and inviting additional women to join who can read and write, or using Credit Association funds to hire an outsider to do the job.

b. Select Solidarity Group Leaders
   After the responsibilities and characteristics of the officers have been discussed, ask each Solidarity Group to select a leader who will become an officer of the Credit Association.

c. Select the President
   Ask the participants to nominate candidates for president from among the Solidarity Group leaders. If more than one person is nominated, the members should discuss the merits for each candidate and vote. The winner will be applauded and asked to come forward to take over the remainder of the electoral process (with assistance from the field agent, as needed).
d. Select the Other Management Committee Members
The selection process should continue with the treasurer and the secretary/bookkeeper, followed by the education animator and the assistant bookkeeper/auditor.

e. Select Additional Management Committee Members
Each Solidarity Group should be represented on the Management Committee. If there are more than 5 Solidarity Groups, ask the Credit Association members to identify specific duties and titles and fill these positions with individuals from the Solidarity Groups that are not represented.

f. Inauguration of Management Committee Members
Remind the group that at the end of training, if the Management Committee members’ performances merit their continuing to fill their roles, they will be officially accepted on the Credit Association inauguration day.

4. Discuss “Ownership” of the Credit Association and the Importance of “Solidarity” - 30 minutes

- **Tell the group that the responsibilities** and characteristics or qualities for Management Committee members were identified. Now it is time to consider the same for regular members of a Credit Association.
- **Ask the Solidarity Groups to work together** to develop a list of the responsibilities and qualities for individual members of a Credit Association. Each group should choose one member to report. Give the groups a few moments to prepare their list.
- **Invite the groups to report. The list should** include such responsibilities or qualities as
  - guarantee each other’s loans;
  - attend all meetings on time;
  - make payments and savings deposits regularly;
  - help other members with family or business problems;
  - participate;
  - listen; and
  - be trustworthy.

- **Summarize the responses from** the Solidarity Groups.
- **Announce that now there will be a discussion** on the issue of who really “owns” the Credit Association and who is responsible for managing its business, including any problems that arise. Explain that you will present three stories or “case studies” for the members to solve (see page 26 for examples). These short stories do not have an ending. It will be the task of the Solidarity Groups to decide the possible consequences of each situation and what must be done to bring the story to a successful ending.
• Ask each Solidarity Group to choose one of the stories to discuss and state which they have selected. Make sure that at least one group selects each example so that all are covered.

• Tell the Solidarity Groups that their tasks are to
  ♦ identify the specific problem or problems in the story and
  ♦ decide what they would tell the woman in the story to do to solve the problem(s). Each Solidarity Group should select a representative to report its conclusions to the whole group. Give the Solidarity Groups about 10 minutes for discussion.

• Let each group report. Facilitate a discussion among the members that includes
  ♦ clarification of the specific issue or problem presented by the case study;
  ♦ the consequences to the Credit Association for allowing the situation to go unanswered;
  ♦ what steps or actions might be taken to repair the problem;
  ♦ who is responsible for implementing the steps to correct the problem; and
  ♦ how members demonstrate that they “own” the Credit Association and have solidarity to work together to implement solutions.

• Summarize the outcome of the comments and final decision.

5. Name the Credit Association - 20 minutes

• Introduce the task to give a name to the Credit Association. Ask the Credit Association members to suggest names for their Credit Association. Keep a list of the proposed names.

• Once all of the suggestions have been offered, repeat all the names. Ask if there are any comments or clarifications on any of the names suggested.

• Call for a vote by a show of hands for each name proposed. If there are a number of names suggested for the vote, you might consider taking a first vote to narrow the number to two choices. Then take another vote between the top two names.

• Announce the winner and record the name in the Credit Association notebook.
Case Studies

Case One: Abbi
I am worried for my Credit Association. One Solidarity Group gave all of its loans to one member’s son. He said he would buy a camera to take pictures at community events and be able to pay the weekly installments for all the Solidarity Group members. My friend said do not worry because the field agent will eventually find out when the Solidarity Group cannot pay and fix the problem. What should I do?

Case Two: Ruth
My friend Joyce said she is not going to the Credit Association meeting today. She said that the Management Committee and her Solidarity Group do not say anything when other members are absent and do not make the payments. No one really cares. What should I do?

Case Three: Margaret
Last week at the Credit Association meeting I learned that a baby with diarrhea needs liquids every time he soils himself to replace the fluids and to prevent dehydration. Yesterday my baby started with diarrhea, and I have been giving him soup and rice water. Today, however, I must go to the city for my business and leave my son with my mother-in-law. She believes the cure for diarrhea is to stop all food and liquids and will not give the soup or rice water to my son. What am I to do?
6. **Collect and Record Savings** - 20 minutes

- **Invite the new Management Committee** to take its place at the table. Ask the president to call each Solidarity Group forward one-by-one so that individuals can make their savings deposit. The president will collect, count and announce the amount of money received from each person. The treasurer records the amount on the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register. The secretary/bookkeeper will record the amounts in each member’s Training Savings Passbook. The other officers may assist in the process.

- **At the end of the savings collection**, the treasurer announces the total amount collected at this meeting and the total cumulative savings of the Credit Association. The treasurer will safeguard the savings until the next meeting. The field agent keeps the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register.

![Image of people at a table]

7. **Summarize the Events and Decisions of the Session and Close the Meeting** - 10 minutes

- **Review what happened during** the meeting by asking members to share the important or interesting points they remember.
- **Announce that the topic** for the next meeting will be how to read the member passbook and handle the money.
- **Remind the members that each of them must make a savings deposit** at each of the training meetings in order to be eligible to receive a loan.
MEETING 3: CREDIT ASSOCIATION MANAGEMENT PROCEDURES AND CREDIT SERVICES

OBJECTIVES
- Review how individual loan size can increase.
- Discuss the importance of savings.
- Review the passbook procedures.
- Explain the procedures for making payments and deposits.
- Discuss the steps to take if there is ever a question about money management.
- Collect savings.

PREPARATION/MATERIALS
- Credit Association Training—Meeting Attendance, Savings and Fee Payment Register
- Large drawing of a member passbook as an example
- Organization’s policy for increasing individual loan size
- Organization’s policy and procedures for making payments and deposits

STEPS

1. Welcome the Participants and Open the Meeting - 5 minutes
   - Ask the president to call the meeting to order, greet the participants and invite the members to sit in their Solidarity Groups. (Give assistance as needed.)
   - Invite the secretary/bookkeeper to take and record attendance in the register. (Give assistance as needed.)
   - Review the results of the previous meeting by asking members to share what they remember. Fill in any important information or decisions not mentioned (such as elected the Management Committee, named the Credit Association, discussed “ownership” and “solidarity,” and reviewed the events of a regular meeting).
   - Announce that the topic of today’s training meeting will be to discuss the management of the Credit Association by the members and the credit and savings services offered by the organization.

2. Review How Loans Increase in Amount - 15 minutes
   - Explain to the members that you are going to review how the individual loan size can increase over time. Review each point in the list and thoroughly describe the process, using examples for each point.
• Describe the range of the first individual loan:
  ♦ The minimum individual first loan is _____________ (US$10 local currency equivalent).
    Note: Setting a minimal loan amount is OPTIONAL.
  ♦ The maximum individual first loan is _____________ (US$50 local currency equivalent).

• Tell the members that all subsequent loans have the potential of increasing by 50 percent of the previous loan amount if all of the following are true:
  ♦ The borrower’s most recent loan was paid in full and on time.
  ♦ The borrower has on deposit with the Credit Association an amount equal to ___ percent (5 percent is recommended) of the loan request.
  ♦ The borrower has a good attendance record.
  ♦ The borrower participates in the learning sessions and is committed to implementing the decisions/practices made by the Credit Association.
  ♦ The Credit Association has conformed to all organization rules and Credit Association bylaws.

• Give an example of a loan increase over a period of several cycles.
  ♦ 1st cycle = _____________ (US$50 local currency equivalent)
  ♦ 2nd cycle = _____________ (US$75 local currency equivalent)
  ♦ 3rd cycle = _____________ (US$115 local currency equivalent)
  ♦ 4th cycle = _____________ (US$175 local currency equivalent)
    Note: Round off the amounts as appropriate in the local currency equivalents.)

• Ask for questions and clarify any points for the members.

3. Discuss the Importance of Saving - 15 minutes

• Open the discussion by asking 2 or 3 members to tell everyone what they plan to do with their savings.

• Ask the group why it is important to save. Facilitate a discussion that generates a list of ideas from the members. The list might include the following:
  ♦ Money available to pay for emergencies
  ♦ Can invest savings in the business activity
  ♦ Serves as the deposit required for increases in individual loan size
  ♦ Opportunity to accumulate money for future needs
  ♦ Contributes to a sense of ownership and solidarity among the members

• Summarize the responses made by the group.

• Review the minimum amount required for savings on deposit to permit access to a new loan. (Refer to the Credit with Education Rule #8 on Loan Size found on page 10.)
• **Emphasize the importance** of saving something regularly, without fail, to form a saving habit.

4. Review the Member Passbook - 20 minutes

• **Show the members** a big drawing of a passbook with typical loan and savings information written on it. Explain to them that they will receive a passbook like this at the inauguration meeting. For now, they are using a Training Savings Passbook.

• **Point to each section of the passbook** and explain its purpose. Give specific examples by filling in the spaces marked on the sample passbook below and describe what the amounts represent.

• **Ask** for and respond to any questions.

• **Explain** that members are responsible for keeping their own passbook. If the book gets lost, the amounts on record in the Credit Association register will serve as the basis for determining the amounts of repayments made and of savings on deposit.

<table>
<thead>
<tr>
<th>Loan Amount + Interest + CA Interest = Total Due</th>
<th>N° of Payments</th>
<th>Regular Payments of</th>
<th>1 Final Payment of</th>
<th>Membership Fee Payment</th>
<th>Cycle N°</th>
</tr>
</thead>
</table>

5. Explain the Process of Making Credit Association and Organization Payments and Deposits - 20 minutes

• **Explain to the members** that it is their responsibility to correctly manage the regular payments and deposits to the Credit Association and to the organization. Describe clearly and carefully the procedures determined by the organization for these activities. (Use the blank lines to write in your organization’s policies.)

• **When** payments are made
  ♦ by members to the Credit Association (for example, at each regular meeting)

  ♦ by the Credit Association to the organization (for example, at the end of the cycle)

• **Where** payments are made
  ♦ by members to the Credit Association (for example, only at the Credit Association meetings)
by the Credit Association to the organization (for example, through deposit at the local bank)

- **Who** collects payments
  - from members for the Credit Association (for example, the Management Committee members)
  - from the Credit Association for the organization (for example, through deposit at the local bank by a Management Committee member)

Carefully discuss and clarify each point. Answer any questions that members may have.

**Note:** For most organizations it is important for the field agent to notify the Credit Association members that the field agent may not be asked to carry money.

6. **Discuss the Steps to Take if There is Ever a Question about Credit Association or Money Management** - 15 minutes

- Explain that it is possible, though unlikely, that there may be a question about some aspect of the management of their Credit Association that they may not know how to handle. To help prepare them to manage unexpected issues, use the following exercise:
  - Divide the members into three groups.
  - Explain that you are going to read three possible situations that could occur. Each group will select one situation to discuss and to decide how they would manage it.

### Possible Management Situations

a) A new field agent arrives at the end-of-cycle meeting and says that the Credit Association should give the repayment to her to deposit in the account. What should the members of the Credit Association do?

b) The Management Committee members are not depositing the payments from each meeting into the Credit Association account within the two-week time period decided by the members. What should the members do?

c) The field agent is frequently absent from the meetings without an explanation and is not facilitating the learning sessions when she does come. What should the members do?

- Have each group pick one situation to discuss. Every group should have a different situation. Give the groups five minutes to prepare their decision. Someone from each group will then be asked to share the conclusions with the whole Credit Association.
• Let each group report. Facilitate a discussion among the members.
• Summarize the outcome of the comments and final decisions.

7. Savings Collection - 15 minutes

• Invite the new Management Committee to take its place at the table.
• Ask the president to call each Solidarity Group forward one-by-one so that individuals can make their savings deposit. The president will collect, count and announce the amount of money received from each person. The treasurer records the amount on the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register. The secretary/bookkeeper will record the amounts in each member’s Training Savings Passbook. The other officers may assist in the process.
• At the end of the savings collection, the treasurer announces the total amount collected at this meeting and the total cumulative savings of the Credit Association. The treasurer will safeguard the savings until the next meeting. The field agent keeps the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register.

8. Summarize the Events and the Decisions of the Session and Close the Meeting - 10 minutes

• Create a summary of the events of the meeting by asking members to recall what they remember or what was interesting to them. Fill in any important information or decisions that are missing.
• Announce that the next training meeting will cover the procedures for loan analysis. Members should carefully consider the business activity and loan amount they want to request and should be prepared to present the information to their Solidarity Group.
• Remind the members of the need to continue to make their savings deposits and of the day and time set for the next meeting.
MEETING 4: “TOUGH LOVE,” LOAN ANALYSIS PROCEDURE AND LOAN APPLICATION PREPARATION

OBJECTIVES

• Discuss “tough love.”
• Help borrowers decide if a business activity is a good one.
• Discuss and approve individual loans.
• Prepare the loan application for the Credit Association.
• Collect savings.

PREPARATION/MATERIALS

• Credit Association Training—Meeting Attendance, Savings and Fee Payment Register
• Role-play with four members to demonstrate the Solidarity Group loan analysis (See guidance on page 38.)
• Loan Application/Promissory Note

STEPS

1. Welcome Participants and Take Attendance - 5 minutes

• Ask the president to call the meeting to order, greet the participants and invite them to sit in their Solidarity Groups.
• Invite the secretary/bookkeeper to take attendance and record it in the register. (Give assistance as needed.)
• Review the major events and decisions from the previous training meeting by inviting members to share what they remember. Fill in any important information or decisions not mentioned (such as how loan sizes increase, information in the individual passbook, how to make deposits and how to manage questions about Credit Association management).
• Explain that the purposes of this meeting are to
  ♦ discuss “tough love;”
  ♦ review the loan analysis procedure;
  ♦ discuss and approve the loan activities of the members;
  ♦ prepare the loan application; and
  ♦ collect savings.
2. Define and Practice “Tough Love” - 30 minutes

a. Define “Tough Love”
• Tell the group that the discussion will focus on the importance of saying “no” to another member’s request even though it is difficult. Tell the following story (or make one up that is similar, but more appropriate for the culture, for example: a mother having to lance an abscess on a young child):

    A small child is about to put her hand into the fire. The mother slaps the child’s hand away from the fire quickly to prevent her from being burned. The child begins to cry.

    • Ask: “Does the mother love the child?”
    “Why did the mother slap the child’s hand?”

    • Explain that there are two ways the child can learn the danger of fire:
        ♦ Putting her hand in the fire and getting burned.
        ♦ Having her hand slapped and being told fire is dangerous.

    • Ask: “Which method do you think is better for the child?”
    “Why?”

    • Ask the group to suggest other examples of “tough love” that participants as parents or friends have experienced. Discuss why it is sometimes hard, but also why it is sometimes quite necessary to use “tough love.” (To keep them out of harm or danger.)

    • Ask the members to name situations where they may need to say “no” to a Credit Association member’s ideas or actions. The list might include the following:
        ♦ Requests for a loan for a business activity that would not be profitable.
        ♦ Absences from three meetings in a row with no good excuse.
        ♦ Coming late to the meetings week after week.
        ♦ Skipping regular payments every other week.
        ♦ Failing to make regular savings deposits.
b. Practicing “Tough Love”
  • **Explain that** this kind of “tough love” must be practiced during the loan analysis and at other times during the loan cycle. Members must say “no” to loan ideas that are not profitable in order to protect the borrower and the other members from loan repayment problems or other types of problems that can occur in the Credit Association. Members must also say “no” when any member is not following the rules and bylaws. “Tough love” keeps the Credit Association strong and eligible for continuing credit and education services.
  • **Ask** all of the members what they might do to improve how they practice “tough love.” Facilitate a discussion that includes ideas such as: be respectful, make clear rules, be consistent in the application of the rules and penalties, etc.
  • **End the discussion** by asking members: “Are you ready to practice ‘tough love’ to keep your Credit Association strong and safe?”

3. **Present the Loan Analysis Procedure** - 30 minutes
  • **Ask several participants** to stand up and state what activities they propose to carry out with their loans and how much money they need.
  • **Point out** that these loans cannot be approved yet because there has been no review to identify whether they are acceptable activities.
  • **Explain to the group** that the decision about who will get a loan is the decision of the members of the Credit Association. The members of the Credit Association are responsible for:
    ♦ approving the loan activity;
    ♦ approving the amount of the loan suitable for a particular business; and
    ♦ repaying the entire loan even if some members cannot pay.
  
  It is therefore important that they think carefully about the loan requests as part of the approval process.
  
  • **Ask the group** members to name the things they should think about when making a decision about the loan request. Ask for an explanation or example of each item mentioned.
  • **Facilitate the discussion** until all of the following topics are covered:
    ♦ **Profitability**—Explain why the activity is profitable.
    ♦ **Risks**—What are the risks involved, and how will the borrower address these risks?
    ♦ **Inputs**—Are the basic materials available? Where will they come from?
    ♦ **Market**—Are there people who will buy the product?
    ♦ **Experience/Skills**—Does the borrower have the skills or experience needed to successfully carry out the activity, or can she obtain the necessary skills relatively easily and at an affordable cost?
    ♦ **Regular Repayment**—Will the borrower be able to make the required repayment at every meeting?
• **Introduce the role-play** to demonstrate a Solidarity Group’s analysis of proposed business activities. Explain that everyone is playing a part but that everyone should pay attention because the real loan approval process for each member is the next step in the meeting. Invite the members to listen to the conversation and be ready to report whether all of the 6 topics are discussed.

• **Present the role-playing exercise.** If possible, prepare the role-play before the meeting begins. Select 4 members of the group to prepare and practice role-playing to demonstrate a Solidarity Group’s review of proposed loan requests. You play the role of the leader of the Solidarity Group and facilitate questioning the members about their activities. Encourage the Solidarity Group members to question each other’s activities (see page 42).

You present one of the loan activities and assign the other activities to the members participating in the role-playing exercise. (Fill in the blank spaces with the loan request ideas decided by the organization.) The loan activities include the following:

a. The first borrower has a good business idea which is ________________.

b. The second borrower has an unsuitable business idea which is ________________.

   Then the second borrower is assisted by the other members of the Solidarity Group to come up with an acceptable idea which is ________________.

c. The third borrower has a good idea which is ________________, but the borrower asks for a loan amount of __________which is a larger loan than is needed. The Solidarity Group helps the third borrower assess the loan size needed which is ________________.

d. The fourth borrower has a loan idea which is ________________. This idea is being financed for so many other members that there will be too much competition and no one will make a good profit. The Solidarity Group helps the fourth borrower find another loan idea which is ________________.

The questions in the Loan Activity Study Guide are meant to provide guidance only. The role-playing exercise is to be a free-flowing discussion representing the typical kind of personal interaction that people who know each other well would have when discussing such questions.

• **At the end of the role-play**
  ♦ summarize the loan analysis by stating the members’ business ideas and why the Solidarity Group agrees that each is a good idea;
  ♦ repeat the key topics that remind the participants of the points to be covered in a loan analysis:
    ⇒ Profitability
    ⇒ Risks
    ⇒ Inputs or Basic Materials
    ⇒ Market
    ⇒ Experience or Skills
    ⇒ Regular Repayment
remind participants of the responsibility that Solidarity Groups and the entire Credit Association have for guaranteeing each other’s loans and of the need to choose good activities to avoid repayment problems.

Not all members will necessarily receive the same loan amount. The Solidarity Group should carefully assess the capacity of each member to manage the loan and approve only an appropriate amount.

4. Implement the Loan Approval Process - 1 hour

- **Invite the members** to implement the loan approval process for each member of their Solidarity Group. Each member should be prepared to report
  ♦ her loan activity;
  ♦ the amount requested; and
  ♦ some specific ideas about how the money will be spent on the business activity.

The Solidarity Group leader should facilitate the discussion and be prepared to report for each borrower
♦ the reason the loan amount requested is reasonable and
♦ the reason the Solidarity Group is confident that the borrower will be able to repay the loan.

- **Give the Solidarity Groups** about 30 minutes (or more if needed) to do their analysis. Move from group to group and assist as necessary.

- **Ask the first Solidarity Group to report** to the entire Credit Association. The leader should help each member of the Solidarity Group state the loan activity, the amount requested, and some specific ideas about how the money will be used. The Solidarity Group leader states whether the loan amount requests are reasonable and whether the group is confident that all will be repaid.

- **After all the members** of the Solidarity Group have stated their loan requests, the president asks for comments and questions from the rest of the Credit Association members. (When it is the turn of the president’s Solidarity Group, the treasurer should assume this role.)

**Note:** Members of the Credit Association should be encouraged to ask questions about the proposed activities. You may need to demonstrate the type of questions to ask by asking a few yourself. Make sure the Credit Association members carefully analyze whether the amounts proposed to finance each activity are reasonable.

If problems are identified regarding the feasibility of certain activities, ask the Credit Association as a whole, or the Solidarity Groups, to propose ways that the activity could be improved or to help the individual identify another activity that would be more appropriate. The Credit Association members must be prepared to reduce the amount of the loan or even withhold the loan for any activity they do not
think is feasible. It may be necessary for some of the Solidarity Groups to do more work before the business ideas and loan requests of their members can be approved.

- **Following any discussion**, the president asks if the members of the Credit Association approve or reject the Solidarity Group’s loan requests.
- **Repeat this process** for each Solidarity Group until all loan requests are considered and approved.

**Note:** If a member’s loan request is not approved or if there is a member who does not want a loan, she may remain a member of the Credit Association as long as she agrees to attend the regular meetings and make a savings deposit at each meeting.

### 5. Complete the Loan Application Form - 15 minutes

- **During the loan approval process**, use the opportunity to fill in the Loan Application/Promissory Note with the names, loan activities and loan requests that have been approved by the Credit Association members.
- **At the end of the loan approval process**
  - ♦ explain that you have recorded the business activity and loan request for each member on the Loan Application form and hold up the form for all to see;
  - ♦ read the total loan amount being requested by the Credit Association;
  - ♦ have the president sign the document; and
  - ♦ let the members know that this is the amount of money the Credit Association can expect to receive if they successfully complete the training.

### 6. Savings Collection - 15 minutes

- **Invite the new Management Committee** to take its place at the table.
- **Ask the president to call each Solidarity Group forward** one at a time so that individuals can make their savings deposit. The president will collect, count and announce the amount of money received from each person. The treasurer records the amount on the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register. The secretary/bookkeeper will record the amounts in each member’s Training Savings Passbook. The other officers may assist in the process.
- **At the end of the savings collection**, the treasurer announces the total amount collected at this meeting and the total cumulative savings of the Credit Association. The treasurer will safeguard the savings until the next meeting. The field agent keeps the Credit Association Training—Meeting Attendance, Savings and Fee Payment Register.
7. **Summarize the Events and Decisions of the Session and Close the Meeting** - 10 minutes

- **Create a summary** of the events of the meeting by asking members to recall what they remember or was interesting to them. Fill in any important information or decisions that are missing.
- **Announce that the next training meeting** will cover the education services of the organization and preparation for the inauguration of the Credit Association.
- **Remind the members** of the need to continue to make their savings deposits and to bring their membership fee to the next meeting.
Loan Activity Study Guide
The Six Study Topics

Profitability
♦ What will this business cost? What is the cost of materials, goods and labor needed to make the product or to provide the service?
♦ How much profit does the borrower think will be made per week? Per month? By the end of the loan cycle?

Risks
♦ What are the potential problems the borrower could have that would prevent the success of the activity (no supplies available, rain, market saturation)?
♦ What will be done to lower the risks?
♦ What will the borrower do to repay the loan if the business fails?

Inputs or Basic Materials
♦ What are the basic materials and where will the borrower obtain them?
♦ Is there a plan for ensuring continuing access to the basic materials?
♦ Are other people involved and have their roles and work time been arranged?
♦ If basic materials must be obtained from far away, has transport been arranged?

Market
♦ Is there a demand for the product or service? Who are the customers?
♦ Where is the product going to be sold? When will it be sold?
♦ How will this product or service be competitive with similar products or services sold in the local area?

Experience/Skills of the Borrower
♦ Does the borrower have the skills to produce a good product or service? Give reasons why you know this.
♦ If the borrower has little or no experience, is there someone to assist the borrower in the business or someone to teach the skills needed?

Regular Repayments
♦ Will the borrower earn enough profit to make loan repayments and savings deposits at each Credit Association meeting?
MEETING 5: DISCUSS THE EDUCATION SERVICES AND PREPARE FOR THE INAUGURATION OF THE CREDIT ASSOCIATION

OBJECTIVES
- Discuss the education services.
- Collect savings and membership fees.
- Prepare for the inauguration day of the Credit Association.

PREPARATION/MATERIALS
- Credit Association Training—Meeting Attendance, Savings and Fee Payment Register
- Two copies of the Loan Application/Promissory Note (see Appendices)

STEPS

1. Welcome Participants and Take Attendance - 5 minutes
   - Ask the president to call the meeting to order, greet the participants and invite the members to sit in their Solidarity Groups.
   - Invite the secretary/bookkeeper to take and record attendance in the register. (Give assistance as needed.)
   - Review the major events and decisions from the previous training meeting by inviting members to share what they remember. Fill in any important information or decisions not mentioned (such as discussion of “tough love,” the loan approval process and the responsibility of Solidarity Group members to guarantee each other’s loan repayment).
   - Announce that the purposes of today’s training meeting are to
     - discuss the education services of the organization;
     - collect savings and membership fees; and
     - make preparations for inauguration day.

2. Discuss the Education Services - 45 minutes
   - Ask the members what might prevent them from being successful in their businesses. Facilitate a discussion that includes
     - lack of time;
     - not knowing how to manage their businesses; and
     - sickness, either of themselves or their children.
• **Ask what expectations members** have for the education services. Encourage four or five responses from the group.

• **Tell the members** that the education services consist of learning sessions at regular Credit Association meetings. The sessions will cover a variety of topics including:

  ♦ **Better Business Development** where the group will discuss and consider how to
    ⇒ select a good business idea;
    ⇒ increase the amount sold;
    ⇒ determine if profits are being made;
    and more....

  ♦ **Health and Nutrition**
    As was discussed earlier, it can be difficult to manage your business if you or your children are sick. Therefore, you will also receive new ideas and information about how to keep your families healthy and how to care for them when they are sick. The learning sessions will cover a variety of **Health and Nutrition topics** such as
    ⇒ ways to prevent certain childhood diseases;
    ⇒ ways to care for your children when they are sick;
    ⇒ ways to nurture your children’s growth to be healthy and strong;
    ⇒ ways to manage decisions about when to have children;
    and more....

  ♦ **Self-Confidence Development**
    Another topic the learning sessions will cover is **self-confidence development** to strengthen skills for problem-solving and decision-making. Solidarity Groups will be encouraged to help members develop and use new skills and practices.
• **The goal of the education services** is to improve your health and well-being and that of your families by
  ◆ **learning** new ideas and practices;
  ◆ **doing** what we learn; and
  ◆ **telling** others about these new ideas and practices.

• **Explain to the members** that we are going to do a quick exercise. Ask everyone to
  ◆ form one large circle;
  ◆ divide into pairs and face each other;
  ◆ look closely at each other’s appearance for a few moments;
  ◆ stand back-to-back and change five clothing- or personal appearance-related things; then
  ◆ face each other again and try to identify the five changes that were made.

• **Now go through** the process again with the same partner, **keeping the first five changes and making five more changes**. Partners face each other again and try to identify the new changes.

• **Now repeat the** process for one last time. Remember that each participant must keep all of the changes and add five more. Afterwards invite the group to look around and admire everyone’s new look!

• **Have participants** sit down again and ask the following questions:
  ◆ What happened in this exercise? (Everyone changed their appearance, etc.)
  ◆ How did everyone react to the first round of change? (It was fun, easy, interesting, etc.)
  ◆ How did everyone react to the second and third rounds? (harder, etc.)
  ◆ Why? How did everyone feel? (uncomfortable, etc.)
  ◆ How can what was felt and learned from this exercise be applied to the learning and use of new practices that will be part of our Credit Association participation? (Change may be uncomfortable but together we can do it.)

• **After** the exercise tell the group:

  *We all just participated in a game which asked us to make a lot of changes (15 in fact!). Some of the changes were easy to make, others were more difficult. The easy changes were fun but those that were harder may have made you feel uncomfortable or made you feel that you had to work too much to make the change.*

  *As a member of the Credit Association participating in new learning sessions, you may at times feel like you did in this exercise. You will be asked to learn new or different ways of thinking and doing things. Sometimes making those changes will be easy and fun. Other times they may seem difficult, uncomfortable or may make you feel that you are being asked to work too much.*
But if you can commit to just trying out the changes to see if they make things better in your lives and those of your families, you just might find that you like the new “way” and that you are better businesswomen, wives and mothers as a result. And we will be learning and changing together as members of this Credit Association.

3. **Savings and Fee Collection - 15 minutes**

- **Invite the Management Committee** to take its place at the table.
- **Ask the president to call each Solidarity Group forward** one at a time so that individuals can make their savings deposit and **pay their membership fee**. The president will collect, count and announce the amount of money received from each person. The treasurer records the amount on the Credit Association Training Meetings Attendance, Savings and Fee Payment Register. The secretary/bookkeeper will record the amounts in each member’s savings passbook. The other officers may assist in the process.
- **At the end of savings and fee collection**, the treasurer announces the total amount of savings collected at this meeting, the total cumulative savings of the Credit Association and the total amount of fees collected. The treasurer will safeguard the money until the next meeting or make a deposit in a bank or credit union account.

**Optional:** It may be appropriate for some organizations to help representatives of the Management Committee open an account for their Credit Association at a selected financial institution (bank or credit union) and deposit the savings and fees that have been collected. Check the policies of your organization for details on the required procedures.

4. **Make Preparations for the Credit Association Inauguration - 30 minutes**

- **Review and rehearse with the Credit Association** members the events of the inauguration meeting, including the following:
  - Opening and welcome by the president.
  - Savings deposit.
  - A complete reading of the Loan Agreement including the approved Credit Association bylaws and organization rules.
  - Official acceptance of the Credit Association members.
  - Official acceptance of the Credit Association Management Committee.
  - Signing of the agreement by the organization representative and the witness selected by the Credit Association.
  - Signing of the agreement by all members and disbursement of the loans to the borrowers.
• Answer any questions about the inauguration day agenda.
• Invite the president to lead a discussion of plans for a celebration (if any) to follow loan disbursement.

5. Summarize the Events and Decisions of the Session and Close the Meeting - 10 minutes

• Create a summary of the events of the meeting by asking members to recall what they remember or what was interesting to them. Fill in any important information or decisions that are missing.
• Announce that the next meeting will be Credit Association Inauguration Day.
• Repeat the day and time for the inauguration.
• Congratulate the group members for successfully completing their training.
INAUGURATION OF THE CREDIT ASSOCIATION AND DISBURSEMENT OF FIRST LOANS TO MEMBERS

OBJECTIVES

- Formally inaugurate the Credit Association.
- Collect savings.
- Officially accept the members and the Management Committee.
- Read and sign the Loan Agreement with the Organization.
- Disburse the first loans to the Credit Association borrowers.

PREPARATION/MATERIALS

- Passbook for each member with the loan terms and other information filled in by the field agent
- Instructions for “swearing-in” ceremony completed for local leaders to use
- Register of Attendance, Repayment and Savings—completed
- Credit Association Bylaws
- Loan Agreement—two copies with all information complete, except signatures
- Money for the loans prepared in packets according to the individual loan amounts requested
- *Credit with Education* Rules
- Pens, ink pad and cloth
- Table, chairs, benches, etc.
- Credit Association has invited a respected community member to serve as a witness and perform the “swearing-in” ceremony
- Accounting Journal

PREPARATION FOR THE INAUGURATION MEETING

- It is important for you and the Credit Association Management Committee members to arrive and meet at least one hour before the inauguration begins. The purpose of this pre-meeting is to make sure that the Management Committee members are familiar with their roles for the meeting and the celebration.
- Review together the Loan Agreement, Organization Rules and Credit Association Bylaws, swearing-in promises, and the order of business for the inauguration meeting. All necessary items should be available including
  - passbooks for each member;
  - two copies of the Loan Agreement, one to be left with the Credit Association and the other retained by the organization;
  - Register of Attendance, Repayment and Savings;
  - loan money ready in individual bundles, secured against windy conditions;
  - pens, ink pad and table, benches and chairs arranged for attendees;
♦ copies of Credit Association Bylaws, *Credit with Education* Rules and instructions for swearing-in ceremony for the local leader; and
♦ Accounting Journal.
THE INAUGURATION MEETING*

STEPS

1. Opening and Welcome

The president opens the meeting and welcomes all special guests and other participants in the inaugural ceremony. This is an opportunity for the president to set an inspirational tone for the proceedings by citing the importance of the Credit Association to the community and to the members.

2. Collect and Record Savings

Savings are collected as in previous meetings. Savings will be recorded in the regular member passbook and the Register of Attendance, Repayment and Savings. (Training Savings Passbooks and Credit Association Training—Meeting Attendance, Savings and Payment Register are no longer required after information has been transferred to the new documents.) The savings collection is followed by the treasurer’s report of how much has been collected today and during the Credit Association training meetings. The treasurer also gives a report on whether all members are able to make a savings deposit and pay the membership fee. Members who comply are eligible to become official founding members of the Credit Association and receive a loan at this meeting.

3. “Swearing In” of Credit Association and Management Committee Members

A local leader from the Credit Association’s community will swear in the Credit Association members and Management Committee. See the Appendices for instructions for the local leader to perform the “swearing-in” ceremony. Complete the blank spaces with the names of the Management Committee members. Give the instructions for the “swearing-in” ceremony to the local leader. Explain the steps and prepare the leader to perform the ceremony.

* The Inauguration Meeting is also the first meeting of the first loan cycle.
4. Read and Approve the Bylaws, Sign the Loan Agreement and Disburse Loans

a. Read and Approve the Bylaws
   • A member of the Management Committee reads the bylaws aloud to the audience.
   • Ask the Credit Association members to approve the bylaws by raising their hands.

b. Read the Loan Agreement and Agree to Guarantee the Loan
   • A representative of the organization reads the Credit with Education rules and the Loan Agreement aloud to the audience.
   • The president should ask the Credit Association members if they agree to guarantee each other’s loans.
   • If they respond positively, the president asks the organization representative for the total amount requested by the Credit Association.

c. Sign the Loan Agreement
   • Ask the president, organization representative and witness to each sign and date both copies of the agreement.

d. Make the Loan
   • State for all to hear the loan amount and hand the money to the Credit Association president. (It is helpful to have the loan prepared in separate packets for each individual.)

e. Disburse Individual Loans
   • The Solidarity Groups come forward one at a time.
   • Assist the president to guide each borrower to sign (or fingerprint) both copies of the promissory note that is attached to the loan agreement.
   • Make sure the secretary/bookkeeper correctly records the loan principal and interest due in the Register of Attendance, Repayment and Savings.
   • Supervise the treasurer, assisted by the assistant bookkeeper/auditor, to count out and record the loan amount for each borrower in her passbook.
   • The money and passbook should be handed to the borrower who then returns to her seat.

Follow this same process with each Solidarity Group until all borrowers have received their loans.
   • The Credit Association president, organization representatives and the local witness initial each page of the promissory note to validate the signatures and fingerprints of each borrower.
f. Management of Credit Association Funds

- At the end of the meeting, guide the secretary/bookkeeper to enter the cash income, withdrawals and balances in the Accounting Journal.
- If cash has been deposited or withdrawn from an account with a financial institution, note these transactions in the “deposit account” column of the journal.
- All of the Credit Association cash should be counted. The balance of cash on hand in the Accounting Journal should equal the total actual cash on hand. The balance of cash in the deposit account column should equal the total on deposit in the financial institution. (This information can be verified by checking the Credit Association account passbook from the financial institution.) (The Credit Association Management Committee Training Manual will provide further guidance on managing Credit Association funds. This manual will be available in the year 2000.)

5. The Celebration Begins

The president announces what events are planned to celebrate the inauguration and invites the witness, local leader(s), organization representatives and other guests to join the festivities.
APPENDICES
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<th>Members’ Names</th>
<th>Business Activity</th>
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Credit with Education Rules

1. **Membership**
   - Members should be
     ♦ established residents of the community;
     ♦ at least 16 years of age; and
     ♦ people who trust each other.
   - Members will form Solidarity Groups of approximately 4 to 6 persons who agree to personally guarantee each other’s loan principal and interest payments to the Credit Association. If the Solidarity Group cannot pay, then the entire membership of the Credit Association guarantees the individual loans.
   - Members of the same household cannot be in the same Solidarity Group.
   - Normally, a Credit Association has an average of 30 to 35 members but may have no fewer than 4 Solidarity Groups (16 persons minimum) and usually no more than 6 Solidarity Groups (40 persons maximum).

2. **Membership Fee (Optional)**
   - Each member of the Credit Association may be asked to pay a membership fee to the Credit Association.
   - The amount and frequency (only once when joining the Credit Association, each new cycle, each year, etc.) of payment is determined by the Credit Association.

3. **Officers**
   - Each Solidarity Group in the Credit Association must designate its leader to serve as an officer of the Credit Association.
   - From among the Solidarity Group leaders, the Credit Association members must select a Management Committee. At a minimum, the Management Committee should include a (an)
     ♦ president who can manage the meetings and represent the Credit Association;
     ♦ treasurer who can count accurately and safeguard the money of the Credit Association;
     ♦ secretary/bookkeeper who can read, write, and do basic arithmetic with ease;
     ♦ education animator who can motivate the use of health and better business practices discussed during the learning sessions; and
     ♦ assistant bookkeeper/auditor who can do basic arithmetic to help the treasurer and secretary/bookkeeper record the financial information.
   - In general, all of the officers will be trained in all of the roles so that responsibilities can be shared. If officers do not have the necessary skills, other Credit Association members may be appointed. If none of the members qualify, someone outside of the
Credit Association may be hired with Credit Association funds to do the job. An end-of-cycle evaluation may reveal the need to replace nonperforming officers or may reveal members’ desire for new leaders. If so, new elections can be held.

4. **Regular Meetings**
   - The entire Credit Association membership must meet regularly (at least once each week during the first three cycles) at a time and place agreed upon, except in unusual circumstances as determined by the Credit Association in agreement with the field agent.
   - Members are expected to attend all meetings.

5. **Regular Savings**
   - The Credit Association must collect savings from every member at regular meetings.
   - The minimum savings amount will be determined by the Credit Association members in agreement with the organization.

6. **Loan Approval**
   - A member’s loan request must first be approved by the other members of her Solidarity Group.
   - The request by the Solidarity Group members must then be presented to and approved by all Credit Association members.

7. **Disbursement and Collection of Money**
   - All disbursement and collection of money must be made in full view of all Credit Association members at the regular meetings, with a public declaration of the amount and the purpose of the transaction.

8. **Loan Size**
   - An individual member can receive up to ___________(the equivalent of US$50) for a first loan for a business activity.
   - The maximum size allowed for subsequent loans to a member may be increased by 50 percent over the highest loan amount successfully repaid.
   - The Credit Association will need to maintain a reserve fund equal to ___% of the outstanding loan (recommended amount: 5%).

9. **Credit Association Interest Charge**
   - The Credit Association will decide upon and charge an additional interest fee on the loans it makes. These fees will belong to the Credit Association for its administrative or other expenses.

10. **Regular Payback**
    - All loans must be repaid to the Credit Association within the loan cycle.
    - For the first three loan cycles, part of each borrower’s loan principal and interest must be repaid at each regular meeting.
• Adjustments can be made in later cycles according to Credit Association performance and organization policies.

11. Sanctions for Noncompliance
• The Credit Association must devise and apply appropriate sanctions to members or Solidarity Groups who fail to comply with the rules of the organization and bylaws of the Credit Association.
• Provisions must be made for replacement of officers who fail to comply.
• The Credit Association must exclude or expel any member who repeatedly refuses or fails to comply with its rules and bylaws.

12. Commitment to Implement Recommended Practices
• Each member of the Credit Association must agree to try to use, and/or encourage others to use, the recommended practices decided upon by the members in the learning sessions.
Credit Association Bylaws Form

The _________________________________ Credit Association establishes the following bylaws to safeguard the performance of its membership and maintain good standing with the organization. The Credit Association understands that it is the responsibility of the membership to manage its meetings and business and to take responsibility for compliance with organization rules and the Credit Association bylaws.

1. Credit Association Meeting
   - Day _________________________
   - Time ________________________
   - Place ________________________

2. Absences
   - Total number of absences (excused and/or unexcused) permitted each cycle _____.
   - Penalty for unexcused absences ________________________________.
   - Penalty for more than ___ absences (excused and/or unexcused) in one cycle ___
     ____________________________________________________________________.

3. Tardy to the Meeting
   - Penalty for being late to the meeting ________________________________.

4. Savings Deposit and Withdrawal
   The minimum savings deposit required at each meeting is _______________________.
   The frequency with which members will be allowed to withdraw savings is
   ____________________________________________________________________.

5. Membership Fee
   - The Credit Association members will pay the membership fee: ___ Yes ___ No
     ___ Only once when first joining the Credit Association
     ___ Once each cycle
     ___ Other ________________________________.
   - The amount of the Membership Fee to be paid by each member is _____________.

6. The Credit Association interest rate is ___% of the loan amount (or a flat fee of
   _________________________).
7. Non-payment at a Regular Meeting or at End of Loan Cycle

If a member fails to make a principal and interest payment on the due date, either at the regular meeting or at the end of the loan cycle, the following steps will be taken:

a. ____________________________________________________________________
b. ____________________________________________________________________
c. ____________________________________________________________________
d. ____________________________________________________________________

Other Credit Association Bylaws

8. ____________________________________________________________________
    ____________________________________________________________________
    ____________________________________________________________________
    ____________________________________________________________________
    ____________________________________________________________________

9. ____________________________________________________________________
    ____________________________________________________________________
    ____________________________________________________________________
    ____________________________________________________________________
    ____________________________________________________________________

The ____________________________ Credit Association has approved these bylaws on this date (__________________). These bylaws will be included as part of the official records of the Credit Association. These bylaws can be reviewed and altered by consensus of the membership at any time.

___________________________________ _______________________
(President’s Signature) (Date)
<table>
<thead>
<tr>
<th>Name</th>
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<td>Meeting Date</td>
<td>Amount of Savings Deposit</td>
<td>Cumulative Balance</td>
<td>Signature</td>
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(member name)________________________

(community)________________________
Loan Terms

The Credit Association of __________________________ , located in __________________________ accepts a loan of __________________________ from __________________________. The loan disbursement is on ___/___/___ for the N°______ loan cycle. The interest due is _________________________ which is _____ percent of the loan amount for a __-week loan cycle.

The loan repayment with interest is due on___/___/___.

Repayment Commitment

The signature of the president signifies the commitment of all Credit Association members to repay the loan with interest as described in this agreement.

The Credit Association will qualify for a new loan if
- there is full and timely payment of the loan with interest;
- Credit Association management and solidarity are strong; and
- members are committed to trying the practices decided in the meetings.

Late Payment Penalties

If the loan is not paid on the due date, a late fee on any unpaid balance will be charged:

___% for the 1st week
___% for the 2nd week
___% for the 3rd week and each week beyond.

President, Credit Association
Signature
Date

Organization Representative
Signature
Date

Witness Name
Signature
Date
Credit with Education

LOAN APPLICATION

The Credit Association of ____________ located in ____________ requests a loan in the amount of ____________ from

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The following documents have been purchased by the Credit Association or its members in preparation for receiving the loan.

______ passbooks at the price of ____________ each were purchased by members for a total of ____________.

(Other, specify) were purchased for a total of ____________.

(Attach a copy of the receipt for the transaction(s).)
Credit with Education
PROMISSORY NOTE

Promissory Note for ____________ Credit Association in the amount of ____________ to be disbursed on __/__/__.  

Name of Credit Association                               (Amount of Loan)               Day Month Year

The individual loan requests and activities have been approved by each member’s Solidarity Group and the entire Credit Association. The total amount of the loan requested equals the sum of these individual requests. Our signatures or fingerprints below indicate that we have received the individual loan amounts as they appear below, and we agree to repay the loan and interest according to the conditions described in the attached Loan Agreement.

<table>
<thead>
<tr>
<th>Name</th>
<th>Loan Activity</th>
<th>Loan Amount</th>
<th>Signature/Fingerprint</th>
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</thead>
<tbody>
<tr>
<td>President</td>
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<td>Education Animator</td>
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<td>Bookkeeper/Auditor</td>
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<td>__________ Initials of Organization Representative</td>
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<td>__________ Initials of Credit Association President</td>
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<tr>
<td>__________ Initials of Witness from the Community</td>
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</table>
Promissory Note for ____________ Credit Association in the amount of ____________ to be disbursed on ___/___/___.

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<th>Name</th>
<th>Loan Activity</th>
<th>Loan Amount</th>
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_______ Initials of Organization Representative  _____ Initials of Credit Association President  _____ Initials of Witness from the Community
ADDITIONAL MATERIALS NEEDED FOR INAUGURATION
Credit Association Member Passbook

Credit Association: _______________________
Community: _______________________
Member Name: _______________________

Loan Principal and Interest Payments

<table>
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<th>Meeting N</th>
<th>Date</th>
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<th>Balance</th>
<th>Signature</th>
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Savings Record—Balance=__________

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<th>Deposit</th>
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<th>Balance</th>
<th>Signature</th>
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Credit with Education Credit Association Member Passbook

Loan Amount + Interest + CA Interest = Total Due \( \div \) N° of Payments = Regular Payments of _____ 1 Final Payment of _____ Membership Fee Payment Cycle N°
Instructions for “Swearing-In” Ceremony

The following instructions explain the steps to use to “swear in” first the members of the new Credit Association and then the Management Committee members. The ceremony is usually performed by a local leader identified by the Credit Association members. The steps in the process and words for the “swearing-in” ceremony should be modified to suit local customs.

It may be appropriate for the Credit Association president to introduce the local leader.

A. Swearing-in of Credit Association Members

The local leader should
1. stand in front of the members and invite them all to stand;
2. ask the members to raise their right hands (or whatever is appropriate); and
3. read the following promise:

   Leader: “Do each of you, members of the _______________________ (name of the Credit Association), solemnly promise to honor this Loan Agreement and uphold the rules of the organization and the bylaws that you yourselves have created, and to repay all your loans? If you promise, then please say: ‘Yes, we promise.’ ”

   Members: “Yes, we promise.” [All members should repeat the response together.]

   Leader: If this is true, may God, your country, and your community applaud you. (All applaud.)

Invite the members to be seated.

B. Swearing-in of Credit Association Management Committee Members

The local leader should
1. invite the Management Committee members to stand together at the front;
2. read the name and position for each member of the Management Committee:

   President: _________________________
   Treasurer: _________________________
   Secretary/Bookkeeper: _________________________
   Education Animator: _________________________
   Assistant Bookkeeper/Auditor: _________________________
   (Other): _________________________

   (Other): _________________________

   (Other): _________________________

   (Other): _________________________
3. read the following promise:

   Leader: “Do each of you promise to faithfully and honestly perform the responsibilities of the office for which you are elected? If you promise, then please say, ‘Yes, we promise.’ ”

   Management Committee Members: “Yes, we promise.”

   Leader: “If this is true, may God, your country and your community applaud you.” (All applaud.)

C. Speech by the Local Leader
   The local leader is welcomed to make a short speech to the members in honor of the occasion.
REGISTER OF

ATTENDANCE, REPAYMENT AND SAVINGS

________________________________________

Name of the Credit Association

________________________________________

CA N°.
<table>
<thead>
<tr>
<th>Cycle #: _____</th>
<th>Attendance for a 16-Week Cycle</th>
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<td>Total Savings Withdrawal:</td>
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<td>Cumulative Total:</td>
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Cycle #:

**Loan Terms and Savings Balance for a 16-Week Cycle**

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<th>Loan Amount</th>
<th>Interest</th>
<th>CA Interest</th>
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<th>Total Beginning Savings</th>
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</table>
## Loan Repayments and Savings Deposits for a 16-Week Cycle

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<thead>
<tr>
<th>1st Meeting</th>
<th>2nd Meeting</th>
<th>3rd Meeting</th>
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<td>Savings</td>
<td>Repayment</td>
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<tr>
<th>4th Meeting</th>
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### Payment of Fees, Fines and Other for a 16-Week Cycle

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# Payment of Fees, Fines and Other

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Savings Withdrawal for a 16-Week Cycle

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Total Savings Withdrawal: 

Total Ending Savings:
THE ACCOUNTING JOURNAL

Name of the Credit Association

CA N°.
# THE ACCOUNTING JOURNAL

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