



**EGERTON  
UNIVERSITY  
SACCO**  
Together We Prosper

# NEWSLETTER

JULY-SEPTEMBER  
**2023**





# KEEPING IN TOUCH WITH MEMBERS

Welcome to the third quarter edition of our newsletter.

Our aim is to keep you informed on what is happening within and around the Sacco throughout the year. Whether you are new to the Sacco or an existing member, the information and highlights in this newsletter will make you understand Egerton Sacco better. We hope you enjoy this third edition. Please give us feedback and send us ideas for subsequent issues by email to [info@egertonsacco.coop](mailto:info@egertonsacco.coop)



# UNDERSTANDING GUARANTORSHIP ON SACCO LOANS:

## RESPONSIBILITIES AND IMPLICATIONS



A guarantor is an individual who vouches for the borrower's ability to repay the loan. By providing their guarantee, the guarantor agrees to take on the financial responsibility if the borrower defaults on the loan. Essentially, they are offering their financial stability as collateral to secure the loan for the borrower.

## THE ROLE OF A GUARANTOR: UNDERSTANDING YOUR COMMITMENT

1. A guarantor is an individual who vouches for the borrower's ability to repay the loan. By providing their guarantee, the guarantor agrees to take on the financial responsibility if the borrower defaults on the loan. Essentially, they are offering their financial stability as collateral to secure the loan for the borrower.
2. Evaluation of the Borrower: Before agreeing to be a guarantor, it is crucial to assess the borrower's financial situation. Are they a responsible borrower? Do they have a history of meeting their financial obligations? These are essential questions to consider.
3. Trust and Relationship: Is the borrower well known to you, either personally or professionally? Trust is a vital component of guaranteeing a loan. Knowing the borrower's financial habits, history, and reliability can provide valuable insights.
4. Communication: Maintain open and honest communication with the borrower. Discuss their reasons for taking out the loan, their repayment plan, and what measures they have in place to ensure timely payments.





# The Liability of a Guarantor:

Being a guarantor carries significant financial liability. In the unfortunate event that the borrower defaults on the loan, you are legally obligated to step in and cover the outstanding amount.

- Here is a reminder of your responsibilities as a guarantor:
- Be prepared to meet the financial obligations of the loan if the borrower cannot.
- Stay informed about the status of the loan and the borrower's repayment progress.
- Maintain clear lines of communication with the borrower to address any issues promptly.

## The Implications of Guarantorship:

**Financial Risk:** The primary implication of being a guarantor is the financial risk involved. If the borrower defaults, you are legally obligated to cover the outstanding loan amount.

**Creditworthiness:** Guarantorship can affect your own creditworthiness. If you guarantee multiple loans, it could affect your ability to secure credit for your own needs.

## In Conclusion:

While serving as a guarantor can be a valuable way to support someone in their financial journey, it is essential to enter into this commitment with a clear understanding of the responsibilities and potential risks. It is advisable to only agree to be a guarantor for someone you know well and trust to honor his or her financial obligations. Additionally, evaluate your own financial capacity to cover the loan if the need arises.

---

## Unlocking Financial Flexibility: Self-Guaranteed Loans



A self-guaranteed loan is a unique lending arrangement that allows members to leverage their uncommitted deposits as collateral to secure a loan. What sets this apart from traditional loans is the ability for members to act as their own guarantors. In other words, you can access a loan without needing an external guarantor, even if you have previously guaranteed loans for other members. Uncommitted deposits are funds within your Sacco account that are not allocated as collateral for any other loan. The best part? You can secure a self-guaranteed loan of up to 90% of your uncommitted deposits, unlocking significant financial potential.

### Why Consider a Self-Guaranteed Loan?

1. **Independence:** With a self-guaranteed loan, you do not need to rely on external guarantors. You are in control of your loan application, making the process more streamlined and efficient.
  2. **Flexible Usage:** Self-guaranteed loans can be used for a variety of purposes, whether for education, home improvements, business ventures, or other personal financial goals. The choice is yours.
  3. **Maximizing Resources:** By utilizing your uncommitted deposits, you can put your financial resources to work for you. This means you can access the funds you need without depleting your savings in the Sacco.
-

# Diversify Your Loan Qualification Options

While serving as a guarantor can be a valuable way to support someone in their financial journey, it is essential to enter into this commitment with a clear understanding of the responsibilities and potential risks. It is advisable to only agree to be a guarantor for someone you know well and trust to honor his or her financial obligations. Additionally, evaluate your own financial capacity to cover the loan if the need arises.



This shift will enable members to leverage their diverse income streams and valuable assets to secure the financing they need. Whether you are an entrepreneur running a small business, a farmer with a thriving agricultural venture, or engaged in any other income-generating activities, this change means that you have more pathways to access the financial support you require.

## Pioneer Membership for Retiree Members: Your Sacco Journey Continues

Retirement marks the culmination of one's professional journey, but did you know that retirement does not mean bidding farewell to your Sacco? In fact, your membership can continue to provide you with financial benefits and opportunities well into your retirement years.

Our **Pioneer Membership** is tailored to meet the unique financial needs of our senior retired members so that they can continue to enjoy the benefits of Sacco membership well into their retirement years.

It offers a seamless way for retirees to continue contributing deposits to the Sacco, utilizing their monthly pension and/or business income to save and access loans.

Retiree members are entitled to apply for loans and access other Sacco products, just like any other member. They can commit pension for saving and loans through standing orders, direct debits, or deposit business income.

---

## Know our products

# EDUCATION LOAN

At Egerton Sacco we understand the importance of quality education, and we are here to support our members every step of the way.

Our Education Loan is designed to ease the financial burden of school fees and related educational expenses.

Key Features of our Education Loan:

- **Loan Purpose:** Specifically tailored to cover school fees and other essential education-related necessities.
- **Loan Term:** Enjoy the convenience of borrowing up to four times your member deposits, with a maximum repayment period of 12 months.
- **Competitive Interest:** Benefit from a competitive interest rate of just 1.25% per month on reducing balance, ensuring affordable monthly repayments.
- **Loan Security:** Guarantors whose deposits adequately cover the loan applied.







# EGERTON UNIVERSITY SACCO

Together We Prosper



Office Lines: 0110009393/0770999002

Loans Office: 0769988873

Finance Office: 0743898157

Email: [info@egertonsacco.coop](mailto:info@egertonsacco.coop)

Website: [www.egertonsacco.coop](http://www.egertonsacco.coop)

---

We value your feedback. It helps us to understand what is important to you.

## TALK TO US

**Egerton University Sacco Society Limited,  
P.O. BOX 178 - 2015,  
EGERTON.**

JULY-SEPTEMBER  
**2023**