VSLA Constitution (Village Savings and Loan Association)

Association name: _____ *Date agreed:* _____

1. Name and area

The association is called _____ Village Savings and Loan Association. It operates in _____ (village / parish / town).

2. Objectives

- To help members save regularly.
- To lend to members from the association's own savings.
- To share the savings and profit among members at the end of each cycle.
- To support members in hardship through the social fund.

3. Membership

- The association has between ___ and ___ members (example: 15 to 25).
- Members are people who live or work in _____ and agree to follow this constitution.
- New members join only at the start of a cycle, unless ___ % of members agree otherwise.
- A member who wishes to leave gives notice of ___ (example: one month). Their savings are returned as set out in clause 14.

4. Cycle

- One cycle lasts ___ months (example: 9 to 12). It starts on _____ and ends on _____.
- Meetings are held every ___ (example: week or two weeks) on _____ at _____.

5. Management committee

The committee has five members, elected by the members for one cycle:

1. Chairperson.
2. Secretary.
3. Money counter.
4. Key holder 1.
5. Key holder 2.

A box keeper (a member who is not a key holder) keeps the box between meetings. No person holds more than one role. See VSLA committee roles.

6. The cash box and keys

- The association's cash is kept in a box with three padlocks.
- The three keys are held by three different people: key holder 1, key holder 2 and a third member chosen by the association. None of them is the box keeper.
- The box is opened only at a meeting, in front of all members, with all three key holders present.
- The money counter counts the cash at the start and end of every meeting, and the secretary records the amount.

7. Shares

- One share costs _____.
- A member may buy between 1 and ___ shares at each meeting (example: up to 5).
- The share price does not change during the cycle.
- Shares are recorded in the member's passbook and the group register at the meeting.
- Shares are not returned until the share-out.

8. Loans

- A member may borrow up to ___ times the value of their shares (example: 3 times).
- Loans are approved by the members at the meeting.
- A loan lasts up to ___ months (example: 3 months) and may be renewed by agreement.
- Interest is ___ % per ___ (example: month), calculated on the _____ (reducing balance / flat) basis. See flat vs reducing-balance interest.
- Repayments go to interest first, then the loan.
- A loan to a committee member is approved by the members, not by that member.

9. Social fund

- Every member contributes _____ at each meeting to the social fund.
- The fund is kept separately from the loan fund.
- It is used for _____ (examples: illness, bereavement, other agreed welfare needs), up to _____ per member per case, as a grant / as an interest-free loan.
- Requests are approved by the members at a meeting. See VSLA social fund rules.

10. Fines

- Late arrival: _____
- Absence without notice: _____

- Late repayment: _____
- Fines are paid at the meeting and added to the loan fund.

11. Records

- The secretary keeps the register of attendance, shares, loans, repayments, fines and the social fund.
- Each member has a passbook, which the secretary updates at the meeting.
- Entries are never erased. Mistakes are corrected with a dated new entry.
- Any member may see the register at any time.

12. Meetings and decisions

- A meeting requires at least ___ % of members present (example: two thirds).
- Decisions are made by majority vote, except changes to this constitution, which need ___ % (example: three quarters). See VSLA meeting procedure.

13. Share-out

- At the end of the cycle, all loans are repaid or deducted from the member's payout.
- The loan fund (shares, interest and fines, less expenses) is divided in proportion to each member's shares. See how a share-out works.
- The social fund balance is: _____ (carried to the next cycle / shared out).

14. Leaving and death of a member

- A member who leaves during the cycle receives their share value at the share-out / after ___ days, less any loan.
- Each member names a next of kin in the register. If a member dies, their share value and any profit due are paid to the next of kin after any loan is settled. See when a member leaves or dies.

15. Changes and disputes

- Disputes are discussed at a meeting. The decision of the members, with the vote, is recorded.
- Changes to this constitution are recorded with the date and apply from that date forward.

Agreed on _____ (date). Signed or thumb-printed by all members.

Member name	Signature or thumbprint	Date

Member name	Signature or thumbprint	Date

General template, not legal advice. Adapt to your association and local rules.