

HOMES & CONSTRUCTION

FROM RENTALS TO HOMEOWNERS: HOW SACCOS ARE BUILDING UGANDANS' DREAMS

BY RITAH MUKASA

For years, owning a home was top on Urbans Benywanira's bucket list. The father of two first saved and bought land in Gayaza, Wakiso district. But for some reason, he failed to build a house. But things changed when he joined Ruhinda sub-county Kampala Residents United SACCO (RUKUSA). He saved and later on acquired a sh10m loan under the decent living project. He used the loan to kick-start construction.

The following year, his wife also joined the savings and credit co-operative society (SACCOS) and together, the couple secured sh30m; each sh15m. It was a big push for the project. In three months, they were able to complete their five-bedroomed home thanks to RUKUSA. Benywanira says: "You don't have to be stuck in a rental when a SACCOS can make your dream come to reality."

Ivan Kamusiime, a businessman, agrees. He joined the SACCOS in 2012 and got his first loan amounting to sh5m in 2014. He used it to build rentals on his plot located in Kirinya, a suburb of Kampala. In 2016, he secured another sh6m and completed them.

Similarly, Synab Muhumuza, a transporter and chairperson of the RUKUSA supervisory committee, joined the SACCOS at its inception in 2010.

He says: "Those who know me well will tell you that I wouldn't be where I am today if it wasn't for RUKUSA."

Muhumuza owns a four-bedroomed house and he calls it a dream come true. He received a sh9m loan in 2017, topped up with his savings and bought land worth sh15.5m. When he completed the loan in 2000, he applied for sh15m, which he topped up and built his house.

Another member, Andrew Rwashema, used a sh15m loan to buy two acres of farm land in Zirowe, Luwero district. He completed the loan in two years. He joined the SACCOS in 2014 and has since enjoyed a fruitful



Some of RUKUSA's members at their annual general meeting

journey. "A SACCOS will not only help you to own a home or land, but you will get cheap credit to do business," he says, adding that SACCOS loans are accessible yet they come with low interest rates.

FRIENDLY PRODUCTS

You can also use your salary to access cheap credit towards home ownership. Richard Wafula, a manager for the New Vision Staff Co-operative Savings and Credit Scheme Limited, says they have a wide range of products such as the home improvement product issued out at 15% per annum.

Under this, members receive building materials such as iron sheets at discounted prices thanks to the memorandum of understanding between the

SACCOS and Uganda Baati. The SACCOS serves Vision Group employees and has been in operation for over a decade.

Beyond that, under open

financing, Wafula says members can also buy land. On how this works, he says a member identifies titled land and does due diligence to ensure it is not

HOW RUKUSA SACCOS WORKS

Vanansio Natuhwera Bagateireyo, the chairperson of RUKUSA SACCO, says they have different loan products under the decent living project, which aims at empowering the 200 members to become landlords. They strictly use the money to build homes or acquire land for commercial purposes such as farming or building rentals. They have three products. Under the decent living one, a member can access up to sh20m, which they use to buy land anywhere in the country. After paying up this loan, one qualifies for decent living two; up to sh30m. They can decide to construct a house. Decent living three goes up to sh100m. "Renting a two-bedroomed house in Kampala costs about sh700,000," Natuhwera says, adding, "Instead of spending that much over three years, it's cheaper to join a SACCOS, get a loan and build a home in less time at as low as 15% per annum."



Urbans Benywanira (Inset, right), built his home using a loan from his SACCOS



Richard Wafula

encumbered.

After the negotiations with the seller are done, the member hands over to the SACCOS all the documents that the seller has given them, including a photocopy of the land title. The SACCOS evaluates them and agrees with the member on a repayment plan before paying off the seller. The land title is retained by the SACCOS but it is first transferred into the member's name and a caveat is also lodged because it now acts as the security. The member repays the loan using their salary or any other alternative sources of income.

Members can also buy land from the SACCOS estates. You just have to inspect and verify that the land exists. Thereafter, you are given 48 months to complete payment at 14% per annum. The beauty with this arrangement, Wafula says, is that there are no risks.

The SACCOS does all the due diligence to ensure members get genuine land. But also, if you fail to complete payment, you are free to find a buyer or the SACCOS does that and refunds the money you have paid so far.

The Wazalendo SACCOS also enables soldiers to own homes under the Nyumba (Housing) loan. This loan product is designed for members who want to construct or complete both commercial and residential buildings. The Wazalendo website indicates that the maximum loan of up to sh100m attracts an interest rate of 13% per annum. Loans above sh40m can be secured by depositing collateral of 33% with a repayment period of up to five years and refinanced at 75%. The SACCOS is a Ministry of Defence and Veteran Affairs and Uganda People's Defence Forces co-operative society that enables its members to pool funds (savings) in order to access credit for improving their welfare.