



Associates Inc.

PJ-ABS-120

**FINANCING  
FOR  
HOUSING  
COOPERATIVES  
IN ZIMBABWE**

**May 1994**

**prepared by**

**James McGregor, Consultant to Abt Associates Inc.**

**prepared for**

**U.S. Agency for International Development  
Mission to Zimbabwe  
Delivery Order No. 7  
IQC PDC-1008-I-00-2064-00**

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	i
PREFACE .....	vi
ACRONYMS .....	vii
1. BACKGROUND .....	1
2. THE COOPERATIVE INVESTMENT AND MORTGAGE SCHEME (CIMS) .....	2
2.1 SAVINGS .....	2
2.1.1 Individual Savings .....	3
2.1.2 Pooling the Savings .....	4
2.1.3. Considerations .....	5
2.1.4 Next Steps .....	5
2.1.5 Recommendations: .....	6
2.2 LENDING .....	6
2.2.1 Central African Building Society (CABS) .....	7
2.2.2 Zimbabwe Building Society (ZBS) .....	8
2.2.3 Mortgage Management Services (MMS-ZBS) .....	9
2.2.4 Next Steps .....	9
2.2.5 Recommendations: .....	10
2.3 LOAN STABILIZATION FUND .....	10
2.3.1 Next Steps .....	11
2.3.2 Recommendations: .....	12
2.4 LOAN MONITORING/DEFAULT .....	12
2.4.1 Next Steps .....	13
2.4.2 Recommendations: .....	13
3. HOUSING COOPERATIVE VIABILITY UNDER CIMS .....	13
3.1 AFFORDABILITY .....	15
3.2 MONTHLY CONTRIBUTIONS .....	16
3.3 SIZE OF COOP .....	17
3.4 LAND ALLOCATION .....	17
3.5 SERVICED VERSUS UN-SERVICED LAND .....	18
3.6 ROLE OF THE MPCNH .....	19
3.7 TITLE .....	20
3.8 DEVELOPMENT PLAN .....	20
3.8.1 Next Steps .....	21
3.8.2 Recommendations: .....	22
4. HOUSING COOP DOCUMENTATION .....	22
4.1 CONSIDERATIONS .....	23
4.1.1 Savings .....	23

15

## TABLE OF CONTENTS

4.1.2 Allocation . . . . .	23
4.1.3 Death, Divorce, Resignation . . . . .	23
4.1.4 Subletting and Renting . . . . .	24
4.1.5 Equity . . . . .	24
4.1.6 Arbitration/Appeal . . . . .	24
4.1.7 First Right of Refusal . . . . .	24
4.1.8 Stamp Duty . . . . .	25
4.2 COOPERATIVE CONSTITUTION . . . . .	25
4.3 MEMBERS PURCHASE AGREEMENT . . . . .	26
4.4 MEMORANDUM OF AGREEMENT . . . . .	26
4.5 MORTGAGE AGREEMENT . . . . .	26
4.6 NEXT STEPS . . . . .	27
4.7 RECOMMENDATIONS: . . . . .	27
5. THE HOUSING COOPERATIVE MOVEMENT IN ZIMBABWE . . . . .	27
5.1 PRIMARY COOPERATIVES . . . . .	27
5.2 NATIONAL TASK FORCE . . . . .	28
5.3 HOUSING PEOPLE OF ZIMBABWE . . . . .	28
5.4 NEXT STEPS . . . . .	29
5.5 RECOMMENDATIONS . . . . .	29
6. CONCLUSIONS . . . . .	30
6.1 PRIORITIES . . . . .	30
6.2 RECOMMENDATIONS . . . . .	32

## LIST OF APPENDICES

APPENDIX A.	COOPERATIVE INVESTMENT AND MORTGAGE SCHEME (CIMS) . . . . .	A-1
APPENDIX B.	REQUEST FOR FINANCIAL SERVICES . . . . .	B-1
APPENDIX C.	COOP FINANCING SCENARIOS . . . . .	C-1
APPENDIX D.	MEMBER PURCHASE AGREEMENT . . . . .	D-1
APPENDIX E.	LIST OF PERSONS MET . . . . .	E-1

C

## EXECUTIVE SUMMARY

Savings are essential to borrowing. Pooled savings should offer a better rate of return and a possibility of tax exemption. A collective savings scheme will be important in terms of self-financing in the future and recommendations are made as to the mechanisms available and how to proceed.

Three loan packages are offered to cooperatives. They are sufficiently different that most cooperatives will find one that is best suited to their situation. All three are still subject to modification since the lenders have tended to shift their positions with negotiations and time. This offers the potential of improving the products but has created some confusion with the cooperatives.

- CABS will lend on a loan to value ratio of 75%, is asking 14.5% per annum but will offer certain reductions to cooperatives in recognition of expected economies of scale. CABS also offers to all borrowers of Z\$30,000 or less, a life assurance package covering their mortgage balance. This will be available to coop members.
- ZBS is the smallest and newest building society. It will offer 10% loans of twice the cooperatives' deposits. It will lever no other money from the private sector for coops nor take any real risk since the other half of the loan will come from the GOZ/USAID grant. For this reason it has few conditions and will no doubt be highly accommodating of more difficult to underwrite projects.
- MMS is a private mortgage company working with ZBS and linked to GS Developments, a construction company. They propose to raise private sector money which will be matched with GOZ grant funds. The coop will use its funds as cash down and will sign a 30 year mortgage at a rate of 10%. The coop must build a minimum of 200 houses using GS Developments. MMS requires that all members have an employer guarantee or additional security of a similar nature.

Recommended Guidelines for Loans were developed by the consultant and are found in Appendix A.

The Loan Stabilization Fund included in the original CIMS proposal is not a requirement of any of the lenders but discussions with various parties indicate a continuing need. It is felt that one coop default would probably jeopardize new coop borrowing and that everything should be done to avoid such an occurrence. A safety net is recommended consisting of a (i) frank discussion among all coops to recognize the issue (peer pressure), (ii) an internal welfare fund, (iii) a stabilization fund and (iv) regular monitoring of coop

books and payments. The best guarantee against loan default is proper evaluation of risk. Considerable time was spent by the consultant looking at individual cooperatives' finances and progress in order to identify reasonable parameters of viability without requiring individual income verification. These are incorporated in the Recommended Guidelines for Lending in Appendix A.

Proper documentation is key to a clear delineation of coop - member responsibilities and lender recourse. The consultant worked with Housing People and their lawyers to elaborate a Member Purchase Agreement which establishes an individual's link to the collective loan and gives recourse to the cooperative and the lender in event of default.

Housing cooperatives are a relatively new phenomenon in Zimbabwe. The oldest housing cooperative was registered in 1986 as a "general purpose" cooperative and has built some 200 houses using members' savings and other income. While cooperatives have gained credibility and support in the last few years, they have yet to house significant numbers of members. Housing People of Zimbabwe is a local "welfare organization". Its Board is made up solely of Zimbabweans and includes a mix of individuals and cooperative representatives.

The question has been asked why involve an intermediary? While cooperatives have shown themselves successful at mobilizing savings of fairly low income households, these same people have experienced how difficult it is to prepare a multi-million dollar business plan, purchase land and hire professionals and contractors without assistance. Housing People has been established as a specialty intermediary and partner to housing coop development, providing training and sourcing expertise specifically adapted to their needs. Housing People includes cooperatives in its management structure, does not offer services available in the private sector nor in government and has shown imagination in the hosting of the Low Cost Housing Design Competition.

Coops have proven their savings capacity. They represent a population that is considerably below the median income for the country. They offer good potential to exploit economies of scale/purchasing power to access land and expertise, make appropriate choices in project phasing and building standards, obtain loans and house their members. They have the possibility with the Private Sector Housing Program to build a solid basis for their existence and continued borrowing capability and offer an opportunity for USAID to improve the penetration of the Private Sector Housing Program in the lower income groups.

## **RECOMMENDATIONS:**

### ***Priorities***

On the basis of their strengths and weaknesses, opportunities and obstacles, the following priorities for action are recommended:

1. **(Next 3 months) The first is to sign and implement a cooperative block loan. Necessary conditions are:**

- Viable project as defined above.
- Necessary documentation.

Discussions with Housing People indicate that the first loan could be signed by June. An additional five loans could follow by the end of the year. The critical point is to establish the right precedents, not to sign as many loans as possible.

2. **(Next 9 months) The second is to put into place default prevention measures, including:**

*Viability*

- Implement the viability criteria as defined in the Recommended Guidelines for Loans.

*Monitoring & Stabilization*

- Develop a strategy which might include monitoring, stabilization.

3. **(Next 12 months) The third is to set up a collective savings mechanism.**

It is further recommended that:

*Lending*

- That all lenders recognize the importance of serious underwriting referring to the section below on housing coop viability.

*Viability*

- That loan repayments not exceed by more than 15% the market rent for equivalent accommodation.
- That a viable development plan showing how the coop intends to use its savings, loans and any other income to eventually house all of its membership be a prerequisite for land and loans.

- That every effort be made to allocate to cooperatives sufficient land to house all the membership provided that their development plan is acceptable.

### ***Monitoring***

- That lenders require cooperatives to provide a quarterly report prepared by an independent "Monitoring Agent" stating that there are no members in default.
- That the lenders collect a monitoring fee from all cooperatives which will be remitted to a designated Agent.
- That the Agent be chosen by the cooperatives and approved by the lenders.

### ***Stabilization Fund***

- That USAID offer technical and financial assistance as might be requested (loan underwriting, risk management, guarantee funds) to develop possible scenarios for a loan stabilization fund.
- That USAID consider instructing building societies to set aside and contribute to a coop stabilization fund in the same manner that they are authorized to do for interest rate stabilization (Terms and Conditions of Grants, Section VII, Article 2).

### ***Documentation***

- That the model Constitution and Member Purchase Agreement be completed rapidly.
- That USAID consider, if requested, assisting Housing People to pay the cost of developing these standard documents.
- That USAID examine the impact of Stamp Duty on the affordability of housing to low-income households.

### ***Savings***

- That savings be pooled in order to obtain the best rates of return and create the necessary conditions for future cooperative financing.
- That the process be incremental, allowing coops to develop expertise and confidence before moving to a more formal structure.

### ***Coop Movement***

- That USAID continue offering limited technical and financial support to the housing cooperatives and Housing People in order to build their internal expertise.



## PREFACE

This report is one of a two part contract undertaken by Abt Associates Inc. for USAID/Zimbabwe. Its purpose is to consolidate and operationalize the "Cooperative Investment and Mortgage Scheme" (CIMS). The CIMS is an initiative of Housing People of Zimbabwe, a local non-government organization that provides assistance to housing cooperatives, with the technical input of USAID/Zimbabwe. It aims to use the cooperatives' savings as a basis for obtaining loans from Building Societies under the USAID Private Sector Lending Program in a four part package: savings, loans, loan stabilization fund and loan monitoring.

A housing finance specialist and a housing policy specialist from Abt Associates Inc. provided policy recommendations concerning how governmental policies affected the operation of housing cooperatives, completed the negotiations with the Building Societies and put into place the necessary procedures.

In February and March 1994, James McGregor carried out the work of operationalizing the housing finance scheme with housing cooperatives. He is an urban planner with substantial background with housing cooperatives in several countries, with particular experience in Zimbabwe.

His work accomplished the task of operationalizing the program as envisioned by USAID. There were numerous obstacles to overcome. To highlight the most significant of these obstacles, consider that prior to this report there was no consideration of block titles in Zimbabwe. McGregor succeeded in devising a scheme of block titles that fit within the law of Zimbabwe and was satisfactory to Building Societies as collateral for loans.

Other significant problems are also presented in the report, especially concerning the internal workings of cooperatives. Such questions as death, divorce, resignation from the cooperatives, and subletting and renting, had not previously been confronted directly. The report provides a model Member's Agreement and Model Cooperative Constitution that have been thoroughly discussed with housing cooperatives throughout Zimbabwe.

The companion report, by Dr. J. M. Pogodzinski, considers how the policies of the City of Harare and the Government of Zimbabwe impact upon the operation of housing cooperatives. That report focuses primarily on the effect of the land allocation system.

John Miller  
Abt Associates Inc.

May 1994

## ACRONYMS

<b>CABS</b>	<b>Central African Building Society</b>
<b>CIMS</b>	<b>Cooperative Investment and Mortgage Scheme</b>
<b>GOZ</b>	<b>Government of Zimbabwe</b>
<b>HPZ</b>	<b>Housing People of Zimbabwe</b>
<b>MMS</b>	<b>Mortgage Management Services</b>
<b>MPCNH</b>	<b>Ministry of Public Construction and National Housing</b>
<b>NACSCUZ</b>	<b>National Association of Cooperative Savings and Credit Unions of Zimbabwe</b>
<b>PUPS</b>	<b>Paid Up Permanent Shares</b>
<b>USAID</b>	<b>United States Agency for International Development</b>
<b>ZBS</b>	<b>Zimbabwe Building Society</b>

## **1. BACKGROUND**

Housing cooperatives came into existence in Zimbabwe in the second half of the 1980's. Encouraged as part of government policy, and as pressure on the housing waiting lists mounted around the country, they have been particularly successful in mobilizing savings of their members. By the end of 1992, some 6,000 coop members had saved over Z\$9 million, and had an additional Z\$4 million in other assets, but had made little progress in producing housing. Local authorities only started allocating land in significant quantities to housing coops in 1992. These allocations occurred in two fashions: small numbers of serviced stands encouraging a piecemeal approach, and large blocks of un-serviced land in recognition of the fact that cooperatives are in a position to do what individual purchasers cannot do: subdivide and service land.

Since housing finance has been un-available in Zimbabwe since 1990, the only source of finance available to coops was the monthly contributions of their members. They tended to build a few houses using most of their savings encouraged in this by the land allocation process. This piecemeal approach negates one of the potential strengths of the cooperative which is that of scale economies (see companion report by J. M. Pogodzinski). The cooperatives have had great difficulty imagining a comprehensive approach to providing housing to their members. Indeed some projects seem closer to a pyramid scheme where those at the top benefit from the efforts of the majority at the bottom.

The United States Agency for International Development (USAID) is in the process of implementing a US\$ 77 million "Private Sector Housing Program" of which a major component is the establishment of a low-income mortgage loan program with the local building societies. Conditional zero interest grants are to be made to the building societies who must match these with commercially raised funds, blending the rates to obtain affordable loans for low income Zimbabweans. While the Program was not designed with cooperatives in mind, they were not excluded from accessing loans, and indeed USAID has supported community or cooperative mortgage programs with success in both the Philippines and Kenya. In 1993, a local non-governmental organization, Housing People of Zimbabwe, approached USAID in order to ensure that cooperatives would be able to access loans under the program and to obtain assistance in convincing the building societies to lend to housing cooperatives.

To this end, USAID/Zimbabwe recommended a strategy whereby cooperatives would pool their savings and offer them to Building Societies conditional upon obtaining block loans using matching funds from the financial market and from the Government of Zimbabwe/USAID. Housing People issued in October 1993 a call for proposals to all four building societies. In November 1993 societies were selected for the scheme: Central African Building Society (CABS) and Zimbabwe Building Society (ZBS). Intensive work took place with all the 40 coops in the country during the months of November through January in order to explain the scheme and obtain their backing. A majority of coops supported the scheme and the National Task Force of housing cooperatives was delegated by them to

follow through with Housing People. In February cooperatives started depositing their savings.

The scheme is poised to proceed with some 9 cooperatives representing over 2,900 members immediately ready to develop 2,000 stands representing an investment of Z\$12 million to 20 million. Loans will be made to the cooperative as block loans to develop housing for members. While the cooperative will proceed to obtain the legal subdivision of its property, title will remain with the cooperative until such time as all the members are housed. At that time the members may take title to their stands and the loan will be individualized

Four advantages of cooperatives are used in this approach: (i) cooperatives have shown themselves to be good vehicles for mobilizing savings of members; (ii) as a single title holder they can mortgage, build and occupy their property without individual subdivision; (iii) through planning and executing a comprehensive project they can make trade offs between costs, design and standards; (iv) the collective approach offers economies of scale. Much of the work and the recommendations are focused on obtaining maximum benefit from these advantages. The present Program offers the cooperatives an opportunity to develop a working relationship with lenders and a structured approach that should contribute to their continued borrowing in the future. Attention has been paid to putting into place the mechanisms that will reinforce this potential.

## **2. THE COOPERATIVE INVESTMENT AND MORTGAGE SCHEME (CIMS)**

The Cooperative Investment and Mortgage Scheme (CIMS) is the strategy developed by the cooperatives with assistance from USAID. It involved pooling savings in order to leverage mortgage lending from the building societies and make the best use of the opportunity offered by the USAID Private Sector Housing Program. It comprises four elements: savings, loans, a loan stabilization fund and loan monitoring. While packaged together in the initial CIMS proposal, they will be treated as four separate elements.

### **2.1 SAVINGS**

Cooperatives must start their development process by saving. This they have done relatively successfully. A survey of housing cooperatives conducted by Housing People of Zimbabwe estimated pecuniary savings of 22 cooperatives at over Z\$9 million, with an additional Z\$4 million in other assets (mostly land). Presently there are 43 housing cooperatives in Zimbabwe with about 10,000 members, of which 33 are registered (as of February 1994) with the Ministry of National Affairs, Employment Creation and Cooperatives. Usually members will contribute Z\$50 to Z\$100 per month into the cooperative account. As a group, through peer pressure and mutual encouragement, low income families manage levels of savings that individually would be unlikely. Savings are

essential to borrowing and indeed the level of cooperative savings is an important factor in their present credibility, both in terms of the quantity and in terms of regularity.

Cooperatives must obtain the best rate of return in order to maintain the real value of its members' savings before undertaking a project. Presently funds are dispersed in many institutions and in most cases could be earning higher rates of interest if they were pooled and properly invested. Almost no savings offer the possibility of maintaining real value against inflation, particularly when withholding tax is factored into the calculation. Withholding tax is charged at 30% in banks and at 20% in building societies with the exception of tax-free Paid Up Permanent Shares (PUPS) and deposits at the Post Office Bank, both for a two year minimum term. Building societies and the Post Office Bank remain the only financial institutions still subject to Government controlled interest rates.

Under the original CIMS proposal of October 1993, it was assumed that building societies would seek and even require that coops deposit their savings with them in view of future borrowing. The financial situation of the building societies has improved with the economy and this is not a requirement. For instance, CABS requires no deposits in order to qualify for loans but will allow coops to invest their money and use it as collateral, thereby increasing their loan-to-value ratio. ZBS will require deposits in PUPS at the time of borrowing but will charge a lower rate of interest on loans.

### **2.1.1 Individual Savings**

Presently cooperatives use a number of systems to collect and manage members' savings. Typically, members meet once a month where their contribution is handed over to the coop. A receipt is issued and the coop deposits the money. One coop takes the cash to the local police station, where a member remains with it until the next day when banks are open. Another uses a security firm. A third uses a system whereby members deposit directly in the coop account and a upon presentation of the deposit slip to the coop, receive a receipt.

A standard system of pooled savings should be made available to cooperatives. Each coop member could be issued a book of savings coupons identifying the coop, the member and the amount. The member would directly deposit their contribution at the coop's financial institution. These could be produced by the selected financial institution like check books. The member's deposit book would be stamped as a receipt. The coupon would be processed by the institution and returned to the coop with its monthly statement. In this way the coop would not handle any cash, receipts would be automatic and the coop would have a copy for its records.

### **2.1.2 Pooling the Savings**

There are various advantages to pooling funds and cooperatives should continue to pursue this objective. Some of the advantages are:

- **Return.** Pooling should offer better rates than individual accounts;
- **Flexibility.** By not locking into PUPS of one building society, coops will have the option of choosing which financial package best suits their situation when they are ready to borrow;
- **Liquidity.** With good management, cooperatives should be able to obtain better rates and liquidity.
- **Market power.** Pooling should allow coops a better negotiating position with lenders in the future. This is not a hypothetical situation. The CIMS proposal was possible because cooperatives had liquid savings. Future borrowing might be dependent on representing a substantial market force;
- **Options.** Future possibilities could include savings along the Swedish model and even lending as part of the housing cooperative approach;
- **Tax exemption.** It is thought that a single housing coop fund might obtain tax exemption on its interest income. This would provide significant benefits to the cooperatives.

The coops would commit themselves to transferring a certain amount each month from the coop deposit accounts into the pooled account from where it would be invested according to the policies and procedures approved by the appropriate coop body. There are four organizational options that seem available to the cooperatives to accomplish the pooling and investment of their savings:

**1. Coop Savings Account:** create with the collaboration of a financial institution a coop savings account. This would include the above mentioned savings mechanism. The financial institution would pool and manage the cooperative savings while maintaining the individual cooperative accounts. The institution should propose a range of investment options and offer an advantageous rate of return on the pooled funds by investing them in instruments approved by the cooperatives. These might include tax-free PUPS.

**2. Housing People Savings Package:** this would function in the same way as above with the difference that there would be a number of joint accounts opened in the names of Housing People and each individual coop. The financial institution would manage the individual accounts. Housing People would offer its tax exempt status.

The increased administration and audit fees to Housing People would have to be covered.

**3. Housing Coop Credit Union:** create a credit union for housing coops, registered under the Cooperative Societies Act. This would offer a legal structure, consistent with the coops themselves and support could be expected from the National Association of Cooperative Savings and Credit Unions of Zimbabwe (NACSCUZ) for training and organization. This would not address the tax question directly but opinions have been expressed that this might be solved through dividends. This structure would offer the possibility of lending between coops but the coops would have to charge each other real rates.

**4. Trust:** create a savings or unit trust which could be exempted from tax. Essentially coops would entrust their savings to trustees who would invest them for the "greater common good" and return the savings plus interest when the coop is ready to build. While the cooperatives have accepted this idea in principle and even named some of the trustees, no other progress has been made.

### **2.1.3. Considerations**

There are important considerations when considering pooling large sums of money. The most important is the absolute security of the system and the avoidance of mismanagement and fraud. Additionally, the structure must be seen to be credible to the coops and responsive to their needs. There are also costs associated with fund management which will have to be evaluated. The first step would be to obtain advice on the legal, tax and financial implications for each option. As well, questions concerning the costs of each structure and liability of the persons responsible must be answered.

### **2.1.4 Next Steps**

1. Put into place a standard savings mechanism.

It is suggested that tenders (see Appendix B) be sought from financial institutions to provide a cooperative savings package. In so doing, the cooperatives will pool their savings and obtain a better return on their funds without the administrative responsibility of an independent structure.

2. Obtain legal and accounting advice.

Advice on the legal, tax, accounting and other implications of various options must be obtained. It is suggested that the Trust and the Credit Union options

be explored together. This would be an appropriate subject for technical assistance from USAID.

### 3. Choose Legal Structure.

Choosing the legal structure will also involve deciding on when to implement it. The experience gained from pooling will help clarify these questions and indicate the next step.

#### **2.1.5 Recommendations:**

- 1. That the savings be pooled in order to obtain the best rates of return and to create the necessary conditions for future coop financing.**
- 2. That the process be incremental, allowing coops to develop expertise and confidence before moving to a more formal structure.**

## **2.2 LENDING**

The USAID Private Sector Housing Program offers the possibility to housing cooperatives of loan finance. Because long term finance has not been available since 1990 and because housing cooperatives were an unknown and unrecognized quantity, borrowing was not possible. The CIMS proposal was a means to structure a cooperative approach to obtaining housing finance. Through a process initiated last August, housing cooperatives, with support from Housing People of Zimbabwe and technical assistance from USAID, have joined forces and backed this scheme.

At the time of the consultant's arrival, the position of the building societies was somewhat unclear. ZBS had made two proposals to the cooperatives, The first involved a contractor and an interest rate buy-down feature allowing the coops to obtain more housing and the second mortgage finance on the basis of matching the coop savings 1:1. Most cooperatives had opted for the CABS proposal as formulated in December 1993, but communication had broken down in a meeting prior to the consultant's arrival and created doubts whether loans would be available. In subsequent meetings where the consultant was present, all lenders modified their positions a number of times. Interest rates, terms, deposit requirements and other conditions changed creating confusion with the cooperatives. In spite of this fluctuating situation, block loans to cooperatives are accepted. This resistance on the part of lenders to commit themselves may be a serious constraint or may offer opportunities to enhance the lenders' product.

The attached Recommended Guidelines for Loans (Appendix A) as prepared by the consultant under this contract, provide more details. CABS will do serious underwriting and



the projects will pass tests of viability (see below) and should be stable. ZBS and MMS appear less concerned, possibly because they are taking no real risk. Attention should be paid to project viability and lenders should be aware of weak lending criteria.

### **2.2.1 Central African Building Society (CABS)**

CABS had agreed last year to support the CIMS but on the basis of a 1:1 savings to lending ratio at 13.5% annual interest. Subsequently, CABS revised the interest rate to 14.5%, the rate that they are planning to ask from all borrowers under the USAID /GOZ scheme and stated that borrowing would not be linked to savings but that coops would be treated like any other borrower. This was interpreted (wrongly) by the coops as renegeing on a deal. Some five meetings later, it has been agreed that:

- cooperatives will be able to access block or community loans in order to purchase and service land and build houses;
- the loans will not require a cash deposit but coops will have the option of investing their savings with CABS at going rates and assigning them as collateral;
- loans would be at a maximum loan to value ratio of 75% (some flexibility);
- reduced fees and margin and possibly reduced interest rate in recognition of expected economies of scale;
- term is negotiable and repayment possible without penalty at any time;
- agreement to incorporate monitoring (modalities to be confirmed);
- members will have access to a life insurance policy covering the outstanding mortgage balance (maximum Z\$30,000).

CABS would like to individualize the loans as quickly as possible in spite of the obvious cost advantage to bulk lending. This is due to their discomfort in dealing with a group rather than individuals. At a meeting held with cooperative representatives on March 26th, members raised the fear that loan individualization would remove the reason for the cooperatives' creation and penalize lower income members. Cooperatives clearly accept the principle that all members obtain equivalent housing and are not the object of discrimination based on their incomes. The only financial test that coops recognize internally is that members pay their contributions on time. This is an important feature of cooperatives and will also ensure that lower income households benefit from the USAID Program. The best compromise solution is to individualize the title rapidly but not the loan. Loan

individualization would occur when the cooperative is ready or if foreclosure became necessary. This is incorporated into the Recommended Guidelines for Loans.

A second discussion involved the question of income criteria. Cooperatives have a spread of incomes and while the majority are well within the USAID Program criteria, a small proportion are not. USAID had stated in a letter to CABS that this would not be a problem provided that the built product was affordable to the target group. CABS maintained that the program was designed for certain maxima and that a cooperative should not be a means for an ineligible household to benefit. This would be addressed by limiting access to individuals whose household income is within Program specifications or who were members of the cooperative before March 1st, 1994. This is part of the Recommended Guidelines in Appendix A since it is within the spirit of the USAID Program and a wise protection against new coops forming in order to subvert the rules.

### **2.2.2 Zimbabwe Building Society (ZBS)**

ZBS is the youngest and the smallest of the building societies. While it has indicated its willingness to support coops, it can only lend on the basis of 1:1 savings to loan because of difficulty in raising matching funds. The loans are essentially guaranteed, since half of the funds come from the coops themselves and the other half from the Government. ZBS is comfortable with block or community loans and will no doubt be flexible as to the product built and the income range of the membership. ZBS has agreed to the following:

- already asking a lower margin, ZBS will charge even less to coops recognizing the economies of scale (10%).
- loans will be a maximum of twice the coops deposits (which are in fact matched with GOZ/USAID funds);
- deposits will be in PUPS at 19.5%;
- there will be few requirements since in fact ZBS is taking little risk;
- the coops can increase their borrowing by finding other depositors;
- term is negotiable and repayment without penalty possible at any time;
- no life assurance is presently offered.

The Guidelines as proposed might be used, but since ZBS has little internal bureaucracy, most elements are probably negotiable. The danger here is that not enough attention is paid to cooperative viability as set out in the Guidelines and explained more full below. On the other hand, ZBS might be a particularly appropriate lender for a very low income cooperative, or one whose members have informal sector employment.

### **2.2.3 Mortgage Management Services (MMS-ZBS)**

MMS is a private company acting essentially as a mortgage bank. In conjunction with a partner construction firm and ZBS, they have proposed a scheme whereby cooperatives would match their funds to those of MMS and obtain a mortgage which would be sufficient to build a modest but complete house. The conditions are:

- MMS will raise private sector money, allowing them to lend at five times the coops' savings;
- interest will be at 10% per annum over a 30 year term. Loans are however repayable at anytime without penalty;
- cooperatives will be required to hire GS Developments to build a project of a minimum 200 houses;
- members will be required to obtain guarantees from their employers.

This last feature is the single most restrictive element of the MMS proposal and would eliminate cooperatives whose membership has no formal employment or whose employers are not willing to provide such a guarantee. This package might be most appropriate to an company-based cooperative with one employer prepared to provide the guarantee.

### **2.2.4 Next Steps**

1. Complete loan negotiations for first cooperative project.

This will include finalizing the documentation, negotiating the best terms possible and defining the administrative process.

2. Bring other projects (already identified) forward and complete loan applications and negotiations.
3. Follow projects through to completion of building program.

All of these conditions seem to be open to change and therefore to negotiation. When the first loans are negotiated, attention should be paid to some of the details:

- Loan application fees and inspection fees: reduced or eliminated.

- Interest rates: reduced in the case of CABS to recognize economies of scale. It might be possible to obtain some sort of “rebate for good behavior” which would be paid to the coop if they maintain good paperwork and payments.
- Rate of return on deposits.
- Loan monitoring (see below).

#### **2.2.5 Recommendations:**

**That all lenders recognize the importance of properly evaluating project viability and do serious underwriting referring to the section below on housing coop viability.**

### **2.3 LOAN STABILIZATION FUND**

The Loan Stabilization Fund in the original CIMS proposal was to offer emergency lending to coops in difficulty, allowing the sector time to intervene and hopefully redress the problems and avoiding mortgage default which might have consequences for the whole sector. The stabilization fund was to be endowed through a premium of 5% of each loan. Since the loan funds were obtained at 6:1 to coops' deposits, there were sufficient funds to permit them to set aside this amount.

With a much lower ratio of loan to savings, the 5% premium is a more significant amount of the money needed for construction. Furthermore, CABS has indicated its lack of interest in such a fund, wanting to limit the number of intermediaries between it and the borrower. ZBS on the other hand finds the idea attractive, though this is probably more in order to meet their liquidity requirements than a concern of risk. It is not a requirement for either lender.

The housing cooperatives and Housing People have expressed concern that defaults would jeopardize continued lending to coops. The mechanisms that might be available to avoid this possibility are:

- Coops should recognize this reality.
- Only well structured projects go forward.
- Coops could inform lenders that they wish to be advised of any problem loans in sufficient time to intervene and take over a bad project or advance funds.

- Coops could endow and/or seek to have endowed a (stabilization) fund which would give them added flexibility should intervention become necessary.

Coop contributions could come from earnings on savings or as a separate contribution during the savings process. These amounts could be recognized by lenders as collateral for increased borrowing. Additional funds might be obtained from donors or lines of credit put into place for use if necessary. In the Terms and Conditions of Grants, Section VII, Article 2, the USAID Program provides for the creation by the lenders of an interest rate stabilization fund. This is created by a 5% set-aside of the grant funds allocated to an eligible financial institution and can be used to prevent interest rates on mortgages exceeding the permissible maximum. Since building societies consulted did not seem to believe that this was a likely eventuality, USAID might consider using the same set-aside to complement cooperative efforts to create their own stabilization fund.

### **2.3.1 Next Steps**

1. That the cooperatives discuss the question of loan defaults and their impact on potential borrowing of the sector.
2. That cooperatives develop a clear understanding and strategy in the event of a default.
3. Should cooperatives decide to create a loan stabilization fund:
  - Determine contribution (three months capital and interest payments);
  - Establish an independent fund controlled by the cooperatives;
  - Name an Agent for stabilization to act rapidly in the case of any default signaled by a lender;
  - Authorize the Agent to inject a maximum amount into any coop, to use that money to investigate the source of any problems leading to the default, to propose an action plan and if necessary to pay any outstanding debts.
  - Require the Agent to report within thirty days of its actions and findings. If additional funds were required to re-establish the coop as a stable borrower, the Agent could make recommendations at that time. All sums advanced including the Agent's fees would be considered as a loan to the cooperative, repayable as soon as possible according to the recommendations of the Agent and agreed by the coops' Trustees.

### **2.3.2 Recommendations:**

- 1. That USAID offer technical and financial assistance as might be requested (loan underwriting, risk management, guarantee funds) to develop possible scenarios.**
- 2. That USAID consider permitting building societies to set aside and contribute to a coop stabilization fund in the same manner that they are authorized to do for interest rate stabilization (Terms and Conditions of Grants, Section VII, Article 2).**

### **2.4 LOAN MONITORING/DEFAULT**

The CIMS document proposed that building societies directly hire an agent (Housing People) to monitor cooperative loan repayments. Monitoring refers to the quarterly inspection of cooperatives' books and records in order to determine whether they are up to date and that no members are in individual default. This was proposed because it would be possible for a cooperative to continue making its monthly payments to a lender even though there were individual members in default. This might not become apparent for some time and once a default was signaled by the building society, the situation might be too serious to prevent foreclosure. The best prevention is to ensure that books and records are up to date and that members who are in default are dealt with rapidly.

While building societies recognize the pertinence of monitoring, they are reluctant to take it upon themselves. This is an important feature and should not be neglected. If it is voluntary, those coops that pose no risk will probably accept to pay for it and those that might be a risk will not. Loan monitoring should be a requirement for all borrowing and should be seen as one of the necessary costs of obtaining the benefits as are life and property insurance. The best solution is the one proposed in the original CIMS proposal whereby the lender directly hired a monitoring agent. Alternatively, the lender could collect a fee that would be remitted to an agent chosen by the cooperatives.

Various other elements of a security net have been discussed with the different parties. These include:

- Coop "welfare fund" collected and administered by the coop in order to make loans to members who are temporarily incapable of making a monthly payment;
- Loan stabilization fund as discussed above;
- Loan monitoring;

- Intervention of the Ministry of National Affairs, Employment Creation & Cooperative in, if necessary, suspending a coop Management Committee and naming an administrator. This is an important and useful power conferred to the Ministry in the Cooperative Societies Act.

#### **2.4.1 Next Steps**

1. Discuss with lenders and try to include monitoring in the mortgage agreements (see Recommended Guidelines, Appendix A).
2. Define terms of reference and select Agent.
3. Implement by the end of the year.

#### **2.4.2 Recommendations:**

1. That lenders require cooperatives to provide a quarterly report prepared by an independent "Monitoring Agent" stating that there are no members in default.
2. That the lenders collect a monitoring fee from all cooperatives, which will be remitted to their designated Agent.
3. That the Agent be chosen by the cooperatives and approved by the lenders.

### **3. HOUSING COOPERATIVE VIABILITY UNDER CIMS**

Cooperatives have shown themselves capable of raising considerable savings amongst their members. Given the opportunity cooperatives can achieve significant efficiencies and economies of scale and can exploit a flexibility in their approach which is not available to individual builders. For instance cooperatives can:

- Build two houses on one stand and subdivide the stand later on;
- Build a large house designed for multiple occupancy and offer sectional title to its members;
- Plan its layouts and house designs achieving efficiency savings of up to 30% as shown in the Design Competition hosted by Housing People;

- Service by phases, starting with as little as a well and pit latrines or more likely by not building the roads at the outset and completing servicing once all the members are settled on the land;
- Coops can (and do) manufacture building materials: blocks, window and door frames, roof tiles, lime cement.

When evaluating the borrowing capacity of a single family, it is usually sufficient to examine their savings and their household income. The family is usually buying a defined and possibly built product whose cost is known. Cooperatives in Zimbabwe are mostly composed of people who cannot afford a typical house on the market. They have joined forces in an effort to do what they have been unable to do individually; provide a house. The first and most important step is to gain access and tenure to land. Once they have achieved ownership, houses are built in a variety of ways.

Because standards are high in Zimbabwe and land costs relatively affordable, cooperatives and local authorities expect reticulated water and sewerage, surfaced roads and basic houses. Provided that the site plan is efficient, the stand sizes modest and loan finance available, many poor households can still afford a small but finished product. Cooperatives offer the option of phasing the works and buying in bulk. What then are the criteria for determining the viability of a particular cooperative project?

There seems to be a real danger of some coops functioning more like a pyramid scheme than an equitable model for housing all the members. One coop studied had accumulated a large quantity of savings. It had obtained a limited number of stands from the local authority and proceeded to build six-room houses at Z\$50,000 each. The two families per house now occupying these houses each pay Z\$140 per month, which is less than the going market rate (Z\$200 to 240 per month each) and 45 to 60% (depending on interest rates) of the cost of funds under the GOZ/USAID program. On the basis of this success the cooperative then obtained more land and proceeded to build smaller four-room houses which it rents in a similar fashion. It will have exhausted all its savings shortly, having built houses for less than 10% of its membership. At the present rates of savings, it would take some 40 years to house all the members, excluding the effects of inflation. It is unclear what the members will do when they realize this.

Within the cooperatives, this situation does not seem to be caused by a conscious plan to "scam" the members, but rather through their inability to fully grasp the problem and elaborate a comprehensive approach. This is exacerbated by a number of factors:

- Some cooperative members have expectations well beyond their financial capacity. This is made worse by inflation which rapidly robs them of purchasing power. These members seem ready to balance their expectations with reality if it is explained to them;



- Some cooperatives had saved for years without any visible progress and members were discouraged and resigning;
- Management Committee members, in an effort to maintain the confidence of the membership, felt obliged to do something, even if it did not make financial sense;
- The City of Harare encouraged cooperatives in this direction by allocating stands according to the formula one serviced stand per Z\$40,000 saved and requiring the cooperatives to complete building before allocating additional stands (see also discussion in companion report);
- The Ministry of Public Construction and National Housing will build their houses and service their land provided they have cash. No consideration is made of a plan to house all of the membership.

The biggest single weakness of all housing coops in Zimbabwe has been their inability to produce a development (business) plan that makes maximum use of their strengths (savings, sharing, economies of scale), takes into account inflation and ensures equivalent benefits to all the membership. This is partly an inability to visualize a complete development process (which is complex) and then separate it into manageable phases. It must also be said that until recently, cooperatives had no access to expertise that might assist them and were severely hindered in their progress by restrictions imposed upon them by local authorities. Finally, no mortgage finance was available.

Because many cooperative projects proceed by phases, lenders and indeed cooperatives themselves must be aware of the importance of each phase carrying its financial load while continuing to contribute to future phases. The opposite is a pyramid scheme that cannot provide housing to all the members. These issues must be addressed by the lenders, the local authorities, the concerned Ministries and by the cooperatives themselves.

Cooperatives now have access to some development expertise through the MPCNH and both development and financial expertise through Housing People of Zimbabwe. Local authorities have become increasingly supportive. Finally, the USAID Private Sector Housing Program has opened up the possibility of mortgage financing. This will offer them the financial capacity needed to make the best use of their strengths, while requiring them (and this is a positive thing) to adopt a more business-like approach.

### **3.1 AFFORDABILITY**

The USAID/GOZ program is targeted at households whose income is below the median household income of Z\$1,004 per month. Taking the criterion of affordability to be that expenditures on housing should not exceed 30% of income, this suggests a maximum

loan of Z\$27,000 to Z\$34,000 depending on the interest rate. With a 25% cash down payment, this would buy two to four habitable rooms. It should be remembered that these are maxima and that most cooperative members earn much less. Including the possibility of rental income from one lodger in the affordability calculation is quite acceptable to building societies and compatible with the USAID program. This would allow a lower income family to afford the same house.

Most cooperatives have a spread of incomes and median household income of members would seem to be closer to \$600/month, according to figures obtained from Housing People. Since many members earn half of that amount, it is suggested to limit the borrowing per room such that the repayment not exceed the market value of that accommodation by more than say 15%. If market for a single room is Z\$120 per month, repayments should not exceed Z\$138, which is equivalent to a loan of Z\$11,000 to 14,000 per room depending on the interest rate. With a 25% deposit and one lodger income, the member can afford to spend Z\$28,000 to 35,000 which would buy a Z\$6,000 stand and a two room house.

Applying such a formula obviates the need for detailed income qualifications since most families must house themselves and are already paying market rents. Should they become incapable of repaying the loan, they would have the option of renting their house and maintaining their mortgage payments. This approach also meets the cooperatives' expressed fears that individualization might lead to discrimination against low income members and is included in the Recommended Guidelines for Lending (Appendix A).

### **3.2 MONTHLY CONTRIBUTIONS**

Cooperative members contribute sums from Z\$50 to Z\$100 per month and more in some cases. This amount should not be included in the estimation of a coops' capacity to pay unless all the membership is housed and the development complete. This is easily explained since cooperative members make their contribution towards the goal of housing all the membership and the down payments and sometimes all the coop's resources are derived from this source. Until all the members are housed, all members should contribute to that goal. For the lender the savings record of the coop and the individual members is a good indication of their willingness and capacity to pay. This consideration is integrated into the Recommended Guidelines for Lending.

### **3.3 SIZE OF COOP**

There is no hard and fast rule to establishing the ideal size of a cooperative and its project. While this is not a critical issue, it does have a bearing on coop functionality. Some of parameters that should be considered are:

- Critical mass of membership necessary to achieve the savings and the purchasing power.
- For the servicing of land economies of scale require a certain number of stands. While the minimum would seem to be 200 - 300 stands, ideally the number would be 2 - 3,000 stands. For house construction, the number would depend on the construction technique and the size of the builder but could be as little as 50.
- Communication between members becomes a constraint beyond a certain number and good communication is essential.
- Small coops cannot reasonably purchase blocks of land. Large coops might have difficulty obtaining sufficient land.
- Financial planning becomes more complex as the size of a coop increases. There has been some discussion as to whether the very large coops should not have an entirely different approach to assisting their members, acting more as lenders and intermediaries than providers.

There is no recommended size for coops for the simple reason that situations will differ. The ultimate proof will reside in the development plan (see below) and whether and how it caters for all the members.

### **3.4 LAND ALLOCATION**

As a rule, cooperatives should be allocated sufficient land for housing all of its membership. If only for a phase, it should be part of an overall development plan. Smaller cooperatives might receive serviced land and bigger cooperatives un-serviced and un-planned land. In order to receive an allocation, cooperatives should show financial capacity, realistic expectations and indicate how they will use the land and financing to house their members.

As explained in the companion report, housing cooperatives are typically allocated small quantities of stands according to an arbitrary and misguided formula. Local Authorities, which have developed their own formulas for measuring fiscal capacity, should defer, instead, to market-based institutions which have the expertise and incentives to properly evaluate fiscal capacity. Pogodzinski, in his companion report, recommends that

cooperatives that have proven their viability receive all the land that they need in order to remove uncertainty and achieve economies of scale. This would give them clear responsibilities and incentives as well as stopping the present piecemeal and potentially dangerous approach to land allocation.

It was also been suggested to the consultant that Local Authorities set aside land for cooperatives in much the same way that land is set aside for "flat" (apartment) development. In this way blocks of land would become available for allocation to coops. These would be integrated into communities rather than being marginal or unwanted. Coops could also be allocated existing but unused "flat" set asides. This is entirely compatible with their approach allowing flexibility of planning and larger scale construction.

### **3.5 SERVICED VERSUS UN-SERVICED LAND**

Traditionally, local authorities were the main purveyor of serviced stands to low income families selected from the local waiting list. Serviced stands are however produced in ever more limited quantities. Additionally, the cost of a serviced stand has risen extremely rapidly, putting them out of the reach of many low income households. The cost of a 300 m<sup>2</sup> stand is from Z\$10,000 to 15,000 depending on the locality.

For these reasons, many professionals and officials advocated a reduction of minimum stand sizes in order to reduce costs and improve affordability. USAID made it a condition of the present Program. This was done a year ago but it would appear that local authorities are yet to implement the decision. To make matters more confusing for the average cooperative, the MPCNH is offering to (partially) service the 300 m<sup>2</sup> model at Z\$6,000 each, less than half the cost claimed by Harare and other authorities.

Cooperatives have been allocated land in various configurations. Using the above financial criteria, they can afford only Z\$6,000 per stand for land purchase and servicing. The strength of the cooperative approach is its flexibility towards achieving specific standards and goals. It is this degree of flexibility that cooperatives can and should exploit. Understanding the process and dynamics of servicing is essential to understanding the potential of coops to achieve affordability through phasing, intensification and purchasing power. The following table outlines some of the possibilities.

## Exhibit 1

STAND CONFIGURATIONS	DEVELOPMENT OPTIONS
Fully serviced and legally registered 300 m2 stands	<ul style="list-style-type: none"> <li>● Build two houses per stand and subdivide the stands later.</li> </ul>
Surveyed but unserviced 300 m2 stands or Planned but un-serviced and un-surveyed stands of 200 and 300 m2	<ul style="list-style-type: none"> <li>● Idem.</li> <li>● Replan the site if the scale justifies this.</li> <li>● Phase the servicing in order to limit the initial cost.</li> <li>● Obtain the services of the MPCNH.</li> </ul>
Land that is neither planned nor serviced	<ul style="list-style-type: none"> <li>● Plan the site and phase the servicing to match resources.</li> <li>● Obtain the services of the MPCNH.</li> </ul>

### 3.6 ROLE OF THE MPCNH

Dealing with the MPCNH has advantages for coops. The Ministry provides free professional services (surveying and engineering) and does not charge the full cost of its overheads. It is trusted by the coop members as being unlikely to cheat them and it offers the significant advantage of proceeding without the normal planning and other regulatory permission. These advantages have limitations. By undercutting the costs of both professional services and construction, the Ministry encourages non sustainable practices. Cooperatives who buy serviced stands from the Local Authority pay more than those who are fortunate enough to have the Ministry perform the job.

The Ministry could improve its impact and assist all housing cooperatives in the following ways:

- **Expertise.** The Ministry is presumably not capable of providing expertise to all housing coops because of the increasing number of projects compared to its limited staff. If it changed its role to acting as a consultant in project start-up and feasibility, it would ensure that more projects obtain assistance when they can least afford to pay for it and get off to a solid start. Once a project is approved (land, viability, financing) the Ministry could help the coop obtain expertise from the private sector.
- **Cost.** The Ministry subsidizes projects indirectly by not charging the full costs of overhead and fees. In this way it undercuts both the Local Authorities and

the private builders. It would be more equitable and more effective to offer a subsidy to each coop based on the number of units produced. Alternatively, coops might benefit from loans from the National Housing Fund at reduced rates. If the loan was not registered against the property, or registered as a second mortgage, this would improve the credit worthiness of the coops.

- **Trust.** The Ministry is trusted by the coops. It could act in an advisory capacity and as a better business bureau keeping lists of good and bad contractors and suing the bad on behalf of the coops.
- **Regulatory impunity.** The Ministry presently proceeds to construction without waiting for approvals from local authorities, Ministries, the Surveyor General, etc. It could help cooperatives to obtain the same advantage by acting as an intermediary for them without necessarily performing the construction works itself.

It is likely that the Ministry will arrive at the same dead end that Pogodzinski identifies in the urban land delivery system, whereby the more that is delivered, the greater the deficit. The system is self defeating and so in spite of all the best intentions, is not sustainable. Finally, if the Ministry does not have the capacity to assist all the coops, there is inequity between those that obtain assistance and those that do not.

### **3.7 TITLE**

Until recently, local authorities insisted that title be registered in the name of individuals thus causing considerable prejudice to cooperatives who did not protect themselves adequately. This insistence has abated although it is apparently not yet understood how much harm this can cause.

Cooperatives must obtain clear title to their land from the outset both to enable them to borrow money and to prevent housed members from withdrawing from the coop prematurely. Housed members remain obligated to maintain up-to-date contributions until the full membership has achieved equivalent benefits. For this reason, the coop should retain title to all the properties until that time. If this is not possible, appropriate liens should be established against those properties.

### **3.8 DEVELOPMENT PLAN**

The development or business plan is an instrument initiated by Housing People whereby the cooperative must explain by what stages it will move towards accomplishing its objective of housing all the membership. Its preparation requires confronting the members' expectations with their resources and project affordability.

There are two land variables that will determine the development strategy in conjunction with the financial capacity of the members:

1. Whether the coop has access to serviced stands or un-serviced land;
2. Whether the land is sufficient to house all the members or whether the coop will have to undertake additional stages.

Stands which are fully serviced cannot be serviced in stages, and in recent years such serviced stands have been produced in very small numbers. This is explained in greater detail by Pogodzinski.

The coops draw their financial resources from various sources:

1. Accumulated joint savings of all the membership;
2. Ongoing monthly contributions;
3. Mortgage finance;
4. Interest income from deposits that may be assigned as collateral;
5. Rental income from existing properties or from lodgers in houses assigned to members.

The ideal situation is that the cooperative be allocated sufficient land for all its membership and that it has mobilized sufficient savings to access a loan which will provide an equivalent house to each member. Pogodzinski recommends that coops obtain land as a function of their viability and access to loan finance. In all cases, the development plan must clearly and plausibly outline the strategy proposed by the cooperative to achieve its ends, otherwise it should not obtain a loan. A common understanding between the local authorities, the relevant Ministries, lenders and other intermediaries is essential to coops continued development.

### **3.8.1 Next Steps**

1. Implement the viability criteria as defined in the Recommended Guidelines (Appendix A).
2. Meet Local Authority officials to explain and discuss the question of viability in relation to land allocation and serviced versus un-serviced land.
3. Meet MPCNH officials to discuss their role in cooperative development and construction.

4. Meet with the cooperatives (if necessary) and discuss the same issues.

### **3.8.2 Recommendations:**

1. That loan repayments not exceed by more than 15% the market rent for equivalent accommodation.
2. That a viable development plan showing how the coop intends to use its savings, loans and any other income to eventually house all of its membership be a prerequisite for land and loans.
3. That every effort be made to allocate sufficient land to house all the membership of a coop provided that its development plan is acceptable.

## **4. HOUSING COOP DOCUMENTATION**

Cooperatives are registered under the Cooperative Societies Act by the Registrar of Cooperatives. Their constitution includes both their objectives and by-laws. Housing cooperatives have not yet developed either a standard constitution nor a Member Contract. Other documents will be needed in order to implement the Program, notably an agreement binding the coop and the members benefiting from a particular phase and loan. The consultant met Housing People's lawyers on a number of occasions in order to clarify the content of the necessary documentation. Some questions need to be discussed and decided by the cooperatives themselves, others will be determined by the lenders' needs or the Program itself.

The key steps and documents in the cooperative development process are as follows:

1. The coop forms, registers a constitution, sets its objectives and a savings target.
2. It applies for land and a loan based on a **development plan** that provides for all the membership whether in a single or in multiple phases.
3. If the land is allocated by a local authority, the coop will sign a **Memorandum of Agreement** with the authority.
4. Upon obtaining a loan, it signs a **mortgage agreement**, obtains **title**, and allocates stands to members based on agreed criteria and signs a **member purchase agreement**.



5. The member purchase agreement specifically mentions the individual's commitment to housing the whole membership, the development plan and decisions by the General Meeting of the coop establishing the monthly contributions, the development plan and the appropriate moment to individualize the property and loan.
6. The coop proceeds to develop the property and, as members obtain a specific stand, the **description** and identification is attached to the Member Purchase Agreement at which point the member may move onto the specific stand.
7. It proceeds to obtain **individual title** to the stands as quickly as possible.
8. It completes the full development plan housing all the membership.
9. A decision is taken at a **Special General Meeting** to transfer title to the members.

#### **4.1 CONSIDERATIONS**

Cooperative documentation must cover a number of questions as highlighted by various people interviewed by the consultant.

##### **4.1.1 Savings**

The savings element of the housing cooperative fundamental. It is in this manner that funds are raised for deposits and that loans can eventually be accessed. While the law gives considerable discretion to the cooperatives, the members need to know under what circumstances they might withdraw their savings and what return, if any, they can expect.

##### **4.1.2 Allocation**

The member needs to know how house or land allocation will be determined. While this might be hard to determine initially, most coops give each member a number by order of arrival, which will determine, in part, the allocation of houses or stands. Other criteria would include being up to date on contributions and, perhaps, need.

##### **4.1.3 Death, Divorce, Resignation**

In the event of death of a member, the documentation should define who can inherit the member's savings and possibly their place in the queue. Particular consideration should be given to widows and children. Similar questions occur in the case of divorce or separation with the added complication that both spouses might want to remain members, and might

dispute the "ownership" of the savings. In the case of resignation, how can the member reclaim their share?

#### **4.1.4 Subletting and Renting**

Subletting or letting out a room is a recognized means for low-income people to raise income from their houses. The building societies will recognize rental potential in the calculation of household income. This raises questions concerning the rights of members who may not yet have a cooperative house to lease a room and the responsibilities of the member- lessor concerning rentals, collections and maintenance.

#### **4.1.5 Equity**

At some point in the development process, a member's equity will become more than the face value of their contributions. During the savings period, coops typically do not pay members who resign any interest on their deposits. Once the coop owns some property, what, if any, is their share, how can they realize it and under what conditions? It is reasonable that the equity of the coop not be individualized until all members obtain equivalent benefits. This implies that the coop must have first right of purchase of all units until the coop loan is paid or individualized.

#### **4.1.6 Arbitration/Appeal**

Clear mechanisms for arbitration in the case of dispute should be mapped out so that they are dealt with rapidly and equitably. Arbitration usually allows for the parties to choose a mutually acceptable arbitrator. The Ministry responsible for cooperatives might well be the appropriate body to arbitrate or to choose the arbitrator if the parties cannot agree.

#### **4.1.7 First Right of Refusal**

Until all the members have achieved equivalent benefits from the cooperative's activities and possibly until the loan is fully paid down or individualized, the cooperative cannot allow a member to freely dispose of the property that has been allocated to them. If other members are still not housed, those members have a clear priority to occupy a stand/house that a departing member may leave. The coop might offer compensation for any improvements but would not reimburse more than the total of the departing members' contributions and paid up portion of the loan. Once every member has a house, there are various possibilities. Clearly until the loan is individualized, a member cannot dispose freely of their portion. The coop will want to approve the incoming owner because of ongoing obligations and community cohesion even if the outgoing member was required to use the proceeds from the sale to pay off their outstanding balance.

Various discussions held principally with Housing People staff suggest the following criteria:

- The coop retains full right of choosing any replacement member until the loan has been individualized. During this period, the member can only claim the face value of their contributions, payments of principal and cost of improvements that were authorized by the coop.
- Once this has happened, the coop may still impose a right of first refusal for a period of some years in order that it might choose the incoming members to its community. In that case, it would have to guarantee a fair market value for the property or some portion thereof.

#### **4.1.8 Stamp Duty**

Stamp Duty is the tax paid to government on each registered property transaction. It is in fact a severe penalty to any purchase, being nearly 5% of the value of the property! This question has been raised by many, as a strong reason not to hold block title since the member would pay stamp duty at the time of individualization on the finished and far more costly product. It is possible that the rule might be interpreted to mean the value of the property at the time of signing the agreement, which would then be the un-improved cost. Housing People has commissioned a lawyer to explore this question.

Should this not prove a viable option, cooperatives will have to consider lobbying the Government to modify the law. Since the cooperative is essentially purchasing and improving the property "in trust" for its membership and with their money, it is not an arms length transaction, nor even two separate transactions and a modification might be reasonably argued. Additionally, it was felt by many of the people consulted that the stamp duty was a serious impediment and a significant cost factor in house production. This might be a suitable area for further exploration by USAID.

## **4.2 COOPERATIVE CONSTITUTION**

Housing People has commissioned legal counsel to prepare a recommended standard constitution for housing cooperatives. Broadly speaking the constitution includes both the objectives and the by-laws of the organization. Housing People has identified, for examination by their lawyers, the following points: tenure, equity, shareholder, membership and voting structures, nominees, contributions, decision making, arbitration, death, divorce, inheritance by minors. A model constitution is under preparation and these questions will be discussed by the cooperatives in July at the National Seminar of Housing Cooperatives.

### **4.3 MEMBERS PURCHASE AGREEMENT**

The Philippines and the Kenya Community Mortgage Programs both provide for a lease-purchase agreement whereby the members take personal liability for their portion of the loan and obtain tangible proof and identification of their rights in the same portion of the whole property. In the case of default by a member, the coop can replace them. In the case of a default by the coop, the financial institution obtains, in addition to block title, a series of individual contracts linking the occupants to the property. To the extent that it can distinguish the defaulters, it can choose to act against them or the whole membership.

Lawyers consulted indicated that a lease-purchase agreement in Zimbabwe would be considered as a lease agreement and the tenants' rights would prevail over the purchasers' obligations. This would make it almost impossible for a lender to evict a defaulter. For this reason, an Agreement to Sell/Purchase was recommended which would incorporate all the members' obligations to the coop, similar to the Occupation Agreement in a sectional title arrangement (see Appendix D).

It is possible that in the longer term, cooperatives will adopt other models whereby the property remains under collective ownership and the members hold sectional title or even a share that might be marketable and even mortgageable. These options are not thought to be suitable or appropriate at the present time, principally in view of the long term management expertise required. For this reason the recommended model uses the block title and mortgage as a means to obtain individual property ownership.

### **4.4 MEMORANDUM OF AGREEMENT**

This is a document that outlines the detailed conditions of sale of local authority land which includes the obligation to service the land and construct houses to a certain standard and within a certain time period. The City of Harare uses a very one sided agreement that essentially gives the city full discretion plus the sole right of arbitration. To the extent that cooperatives represent a new area and no standard agreement exists, it is opportune to propose a model which might become the basis for future agreements.

### **4.5 MORTGAGE AGREEMENT**

The mortgage agreement sets out the terms and conditions for lending and the recourse in the eventuality of default. The agreements are standard to the lenders and do not seem to need adjustment.

#### **4.6 NEXT STEPS**

1. Obtain legal opinion from a specialist in conveyancing and property questions on:
  - a. The questions of inheritance and succession;
  - b. Limiting the payment of stamp duty through provisions in the Member Purchase Agreement;
2. Prepare a model Member's Purchase Agreement for use by the cooperatives.
3. Prepare a model Memorandum of Agreement between the Local Authorities and the coops.

#### **4.7 RECOMMENDATIONS**

1. That the model Constitution and Member Purchase Agreement be completed rapidly.
2. That USAID consider, if requested, assisting Housing People cover the cost of developing these standard documents.
3. That USAID examine the impact of Stamp Duty on the affordability of housing to low-income households.

### **5. THE HOUSING COOPERATIVE MOVEMENT IN ZIMBABWE**

The housing coop movement in Zimbabwe includes the primary cooperatives, a committee of cooperatives elected from each of the urban centers where coops are found and a technical service organization.

#### **5.1 PRIMARY COOPERATIVES**

There are 43 primary coops in ten urban centers, up from 34 at the end of 1992. The oldest housing cooperative was formed in 1986. The majority are "community" based cooperatives, but six are work-place based. The work placed based coops made the most progress initially, benefiting from administrative and sometimes financial support from their employers. Community based coops have recently moved ahead, showing stronger savings and receiving increasing support from the local authorities. The clientele of coops is mostly well below the USAID criteria for the Private Sector Housing Program.

## **5.2 NATIONAL TASK FORCE**

The National Task Force of housing cooperatives was elected last June at the first meeting (hosted by Housing People) of all housing cooperatives. It represents cooperatives in all parts of the country and meets on a bimonthly basis. It has been closely involved in the CIMS initiative and has supported it. While this is not yet a formal cooperative structure, its involvement is critical.

## **5.3 HOUSING PEOPLE OF ZIMBABWE**

Housing People of Zimbabwe is a locally registered welfare organization, created in 1992 with financial and technical assistance from the Canadian cooperative sector. It comprises an Executive Director, a Project Officer, two Training Officers and an Administrator. The organization offers training workshops, assists cooperatives with technical questions and financial planning and spearheaded the CIMS initiative. Housing People is the only organization in Zimbabwe specializing in housing cooperatives and is attempting to develop a comprehensive approach to their development. It organized the Low Cost Housing Design Competition which has effectively complemented and reinforced USAID's preoccupation with the question of standards.

The question of involving an intermediary has been raised. While cooperatives have shown themselves very successful at mobilizing savings of low income households, they have experienced how difficult it is to prepare a multi-million dollar business plan, hire professionals, purchase land and hire contractors without assistance. This assistance is not available from Government, Local Authorities, building societies, USAID staff or any other agency.

Housing People has been established as a specialty intermediary and partner to housing coop development, providing training directly related to housing coop needs, and sourcing technical expertise specifically adapted to their needs. Housing People is a welfare organization and explicitly includes cooperatives in its management structure. It does not offer services available in the private sector nor in government. It has shown imagination in the hosting of the Low Cost Housing Design Competition.

While housing cooperatives can afford to pay for services, they cannot afford to pay for the wrong ones. Already there are numerous stories of cooperatives hiring the wrong people and not obtaining the required services. Cooperatives are in a position to generate economies of scale and efficiencies through better planning and execution. They can gain substantial economies from building more rapidly. At present rates of inflation, twelve months delay can cost over 20%, far more than they can save during the same period. This is why they need advice and guidance from a specialized agency.

The probable increase of activity linked to the Cooperative Investment and Mortgage Scheme, raises the question as to how Housing People will cope. The loan application procedures outlined in this report will require a more "hands-on" involvement of the Housing People staff. The organization has started preparing by opening a post of Financial Manager who should be hired shortly. Furthermore, its stated policy of charging dues/fees to cooperatives will allow the organization to generate the funds necessary to respond to an increasing demand for services. This is a sound and sustainable approach to cooperative development and has been discussed and approved by the cooperatives.

The Terms of Reference for this contract required a "recommended strategy for developing a self-financing housing cooperative movement". The elements of this strategy are contained in this report and its recommendations. The financial and managerial weakness of the housing cooperatives are the most obvious threat to the rapid expansion of the Cooperative Investment and Mortgage Scheme, although the basis is there to develop a coherent and solid expertise in cooperative borrowing.

To this end growth should be gradual, building financial, managerial and cooperative foundations. USAID should consider additional (largely technical) assistance in much the same way as has been provided to date. The longer term will require that the cooperative housing movement develop a savings scheme, put into place monitoring and stabilization, develop the National Task Force into a full Cooperative Union and, through dues and fees, pay for an increasing portion of the training and services required. These are the essential elements of a self-financing cooperative movement.

#### **5.4 NEXT STEPS**

1. The priorities for development of the sector and a "self-financing housing cooperative movement" are:
2. Establish viable cooperative borrowing using the opportunity offered through the USAID Private Sector Housing Program.
3. Develop a widely accepted and subscribed cooperative savings mechanism.
4. Ensure that cooperatives pay for the services that they require through fees and dues.

#### **5.5 RECOMMENDATIONS**

**That USAID offer limited technical and financial support to the housing cooperatives and Housing People in order to build their internal expertise.**

## 6. CONCLUSIONS

Housing cooperatives offer an opportunity to USAID to improve the penetration of the Private Sector Housing Program in the lower income groups at little or no extra cost or risk. It is probable that individual mortgage applicants will tend to be of households closer to the upper income limit, which is still low. Coops represent a population that is considerably below the median income for the country. They offer good potential to exploit economies of scale, purchasing power to access land and expertise and obtain loans to house their members. They can make choices in project phasing and standards in order to adjust them to their members' needs.

The biggest single threat to their development is the land allocation system which is unpredictable and which encourages non sustainable development practices. Building societies and the Private Sector Housing Program can provide the impetus to correct these practices by making loans to viable projects that answer the needs of all the membership.

Cooperatives can and no doubt will adopt viable development strategies which will include adjustments to building and site servicing standards according to their resources and means. It is in keeping with USAID's role as an initiator of improved housing provision for low income households that limited support be offered to the housing coop sector such that it develop sustainable practices, a positive relationship with lenders and that the Government and Local Authorities progressively adjust their roles to that of enabling cooperative development. Presently there are considerable indirect subsidies to serviced land. Conversion to direct subsidies would insure that the target population is better served, and would also benefit the housing coop model.

The USAID Private Sector Housing Program offers to coops the opportunity of obtaining loans. Provided loans are made to viable cooperative projects they will provide a basis for the other elements of a comprehensive approach:

- collective savings;
- modest and sustainable borrowing in the interest of all the membership;
- stabilization and monitoring;
- technical expertise;
- working relationship with lenders that could be maintained in the future.

### 6.1 PRIORITIES

The first step is to **sign and implement a cooperative block loan**. The necessary conditions are a viable project as defined above and finalizing the necessary documentation. Discussions with Housing People indicate that the first loan could be signed by June. An



additional five loans could follow by the end of the year. It is important to establish the right precedents, not to sign as many loans as possible.

### **Documentation**

- prepare a model Member's Purchase Agreement for use by the cooperatives.

### **Loans**

- Complete loan negotiations for first cooperative project.
- Bring other projects (already identified) forward and complete loan applications and negotiations.
- Follow projects through to completion of the building program.

**Default Prevention** is the key to a sustained growth of cooperative borrowing. Measures of prevention should be put into place by the end of the year when the first loan will start repayment and include:

### **Viability**

- Implement the viability criteria as defined in the Recommended Guidelines (Appendix A).
- Meet Local Authority officials to explain and discuss the question of viability in relation to land allocation and serviced versus un-serviced land.
- Meet MPCNH officials to discuss their role in cooperative development and construction.
- Meet with the cooperatives and discuss the same issues.

### **Monitoring & Stabilization**

- Coops discuss default prevention and their possible ways and means to prevent this eventuality.
- Develop a strategy which might include monitoring, stabilization.
- Implement as decided. This should be done by the end of the year.

The most important element for self-financing and future borrowing is the establishment of a **collective savings mechanism** which should be in place in a year's time. This will include two phases:

- Invite financial institutions to propose services and implement.
- After some experience, examine options for a more formal structure.

## **6.2 RECOMMENDATIONS**

### **Lending**

- That all lenders recognize the importance of serious underwriting referring to the section below on housing coop viability.

### **Viability**

- That loan repayments not exceed by more than 15% the market rent for equivalent accommodation.
- That a viable development plan showing how the coop intends to use its savings, loans and any other income to eventually house all of its membership be a prerequisite for land and loans.
- That every effort be made to allocate to cooperatives sufficient land to house all the membership provided that their development plan is acceptable.

### **Monitoring**

- That lenders require cooperatives to provide a quarterly report prepared by an independent Monitoring Agent stating that there are no members in default.
- That the lenders collect a monitoring fee from all cooperatives which will be remitted to a designated Agent.
- That the Agent be chosen by the cooperatives and approved by the lenders.

### **Stabilization Fund**

- That USAID offer technical and financial assistance as might be requested (loan underwriting, risk management, guarantee funds) to develop possible scenarios for a loan stabilization fund.
- That USAID consider instructing building societies to set aside and contribute to a coop stabilization fund in the same manner that they are authorized to do for interest rate stabilization (Terms and Conditions of Grants, Section VII, Article 2).

### **Documentation**

- That the model Constitution and Member Purchase Agreement be completed rapidly.

- That USAID consider, if requested, assisting Housing People to pay the cost of developing these standard documents.
- That USAID examine the impact of Stamp Duty on the affordability of housing to low-income households.

### **Savings**

- That savings be pooled in order to obtain the best rates of return and create the necessary conditions for future cooperative financing.
- That the process be incremental, allowing coops to develop expertise and confidence before moving to a more formal structure.

### **Coop Movement**

- That USAID continue offering limited technical and financial support to the housing cooperatives and Housing People in order to build their internal expertise.

## **APPENDIX A. COOPERATIVE INVESTMENT AND MORTGAGE SCHEME (CIMS)**

### **Recommended guidelines for loans**

#### **A. OVERVIEW**

Housing cooperatives exist in Zimbabwe and have been successful in mobilizing savings of their members, and more recently in obtaining un-serviced land and accessing the relevant expertise. The USAID-GOZ Private Sector Housing Program offers the possibility that the cooperatives will be able to access loans.

These loans will be made to the cooperative as a single or block loan to develop a property or properties with the explicit understanding the once individual title is available, the members may take title to their stands and the loan be subdivided. While the cooperative will proceed with due haste to obtain the legal subdivision of its property, title will remain with the cooperative until such time as all the members are housed. This will also apply to coops having received allocation of serviced stands but in insufficient numbers to house all their membership.

Three advantages to the coop are exploited in this approach: (i) cooperatives have shown themselves to be good vehicles for mobilizing savings of members; (ii) as a single title holder they can mortgage, build and occupy their property without individual subdivision; (iii) the joint approach offers additional purchasing power and economies of scale.

#### **B. PURPOSE**

1. Block loans to housing coops in order to assist the members buy and service land, build houses and obtain individual title;
2. The loan may be for the purchase of land, serviced or un-serviced stands, the construction of infrastructure and superstructures, and include all reasonable fees, rates, and charges.

#### **C. SITE QUALIFICATIONS**

1. The land must have free and clear title;
2. If not subdivided, it must have a layout plan acceptable to the members of the coop and to the municipality;

3. The plan must conform to minimum standards as per USAID/GOZ agreements;
4. If there is encumbrance or lien, arrangements to clear the encumbrance or the lien should be made;
5. If non residential, have a commitment to rezone, and/or be in a zone intended for residential use in local plan.

**D. LOAN LIMITS**

1. Loan repayments less any applicable income should not exceed by more than 15% the market rent for equivalent accommodation;
2. Coop members' regular monthly contributions should not be considered as income to offset monthly loan repayments unless all the members have achieved equivalent accommodation and the building program has met minimum standards;
3. Loan financing should not benefit un-duly a minority of members nor jeopardize the full development of the coop such that all members eventually obtain equivalent benefits. To this end the coop should present a development plan showing how the coop intends to use its savings, loans and any other income to eventually house all of its membership.

**E. BORROWER ELIGIBILITY**

1. Must be a registered cooperative society according to the Laws of Zimbabwe;
2. Members must have shown bonafide intentions through saving a significant amount of money over a period of time through regular monthly payments;
3. Individuals who obtain housing covered by a loan must be members in good standing of the cooperative;
4. Future member-occupants must have signed an approved Member Purchase Agreement recognizing that the coop or its successor in interest may remove the member should they fail to meet their obligations. These shall include the regular payment of their share of the mortgage repayments, rates and operating costs, plus any member contribution that the coop may decide and any other obligations normally assumed by members;

5. The member-occupant should also acknowledge their personal liability for the portion of the block loan relative to their stand/house.

**F. PROOF OF INCOME**

1. The cooperative will submit a list of all future member-occupants, including the sources of and approximate amounts of each income contributing to the household income, the number of members in their household and the present cost of their accommodation;
2. Individual incomes should not exceed the limits set by the Private Sector Housing Program except in the case where a member joined a coop before March 1st, 1994;
3. The average income of the future member occupants covered by any loan should not exceed the limits set by the same program.

**G. COLLATERAL**

1. Assignment of all members' purchase agreements;
2. Assignment of savings;
3. Assignment of other acceptable assets.

**H. LOAN TO VALUE RATIO**

1. Project value will be established by the lender's valuers;
2. The normal loan to value ratio shall be 75% of the value of the property;
3. Should the coop have assets acceptable to the lender and that it may assign to the lender, the loan may in fact be up to 100% of the project value.

**I. INSURANCE**

1. For the duration of the loan, or until such time as the members' cash savings (contributions) assigned to the lender exceed their mortgage liability, there shall be mortgage redemption assurance on the lives of the member occupants of the project as provided through the global policy of the lender or as the borrower might obtain to the satisfaction of the lender;

2. Each individual member occupant shall be covered to the extent of his/her individual entitlement/responsibility;
3. Member occupants and their entitlement/responsibility will be identified as per the individual member purchase agreements;
4. The sum of the individual entitlements/responsibilities shall not exceed the total of the loan;
5. The policy shall assign the lender as beneficiary;
6. The properties shall be covered by a general fire and calamity insurance.

**J. LOAN DRAW-DOWNS**

1. The first draw down can only occur when the mortgage is registered against the property;
2. Further draw-downs will occur as expenses are incurred upon submission of invoices, and certification by the relevant professionals and/or authorities that the works have been performed and conform to contract specifications and local regulations;
3. Individual draw downs will occur as a percentage of the value of the purchase of land, improvements and fees and will in no case the individual nor the total of the draw downs exceed the percentage of the loan to value ratio established at the signing of the loan and as established by the lenders' evaluation of the progression of the works.

**K. INTEREST DURING THE CONSTRUCTION PHASE**

Interest only shall be paid monthly during the construction phase, until such time as the loan is fully drawn-down (disbursed). It will be charged at the same rate as that of the mortgage agreement and calculated on the total amount of the funds disbursed to that date.

**L. TERMS AND CONDITIONS OF THE LOAN**

1. The loan shall bear an interest rate not higher than that charged to individual mortgage loans granted under the USAID-GOZ Private Sector Housing Program;

2. In recognition of the economies of scale, cooperative loans shall benefit from an interest rate reduction of \_\_\_%;
3. The loan will be fully payable in equal monthly installments over the term of the loan starting the month after the final draw-down;
4. The cooperative may at any time repay some or all of the balance outstanding without penalty and the monthly payment will be adjusted accordingly;
5. There will be no loan application fees payable on cooperative loans prepared by HPZ and any other loan originator acceptable to the lender;
6. Valuation and inspection fees will be charged as follows: \$xx/stand for the first 20 stands, \$yy/stand for the next 20, and \$zz/stand for any remaining stands;
7. The loan may be increased, subject to the availability of funds and to the loan to value ratios agreed upon;
8. The loan may be individualized once the separated title deeds are registered subject to all the members obtaining equivalent benefits. The member-occupants will assume equal shares of the loan unless agreed otherwise by the lender, the coop and the member;
9. Until the individualization of the loan, the obligations of the member-occupants shall remain joint and several in so far as the lender is concerned.

#### **M. LOAN ORIGINATORS**

1. Loan originators are community based institutions recognized by the National Task Force and the Lender as being able to perform the following functions:
  - Organization and co-ordination.
  - Project management.
  - Cooperative training.
  - Financial counselling.
2. Housing People of Zimbabwe is a recognized Loan Originator.



**N. WARRANTIES OF THE ORIGINATOR**

The Loan Originator shall be required to attest to the best of their knowledge to the following:

1. The members are aware of their responsibilities including the obligation to pay the monthly installments on the loan;
2. The books and administration of the cooperative are sufficient to manage in an efficient and proper manner the loan disbursements and collection;
3. The coop development plan is appropriate to the context of the cooperative and meets the loan criteria of providing equivalent benefits to all the members.

**O. OBLIGATIONS OF THE COOPERATIVE**

1. Collect from the member-occupants their monthly installments;
2. Remit the monthly loan payment in full to the lender or to the lender's authorized collecting agents no later than the last day of each month;
3. Maintain individual monthly records of paid and unpaid members' installments;
4. In the case of default in the payment of an individual member, find a qualified substitute member-occupant who shall assume the obligations of a defaulting member;
5. Cause the individual titling of the property and when appropriate, the transfer of same to the individual member-occupants in good standing;
6. Cause to be inspected quarterly by a recognized external "Monitoring Agent" their books and records who shall determine that no members other than those declared to the lender are in default. Said Monitoring Agent shall transmit a copy of its inspection report directly to the lender or its designated agent no later than thirty days after the inspection;
7. Cause to be inspected each year the houses covered by the loan to establish that maintenance is sufficient to ensure their value for the period of the loan, and transmit a copy of the report to the lender or its designated agent no later than thirty days after the inspection.

**P. DOCUMENTATION**

1. Certification of the coop registration;
2. Site plan;
3. Layout plan;
4. Relevant documents from local authority showing approval of site plan;
5. Memorandum of Agreement signed with the Vendor, defining the terms and conditions of sale;
6. List of future member-occupants with relevant information;
7. Letter of warranty by Originator;
8. Individual Agreements to Purchase between the cooperative and each member-occupant;
9. Certified copies of Management Committee and General Meeting resolutions authorizing its representatives to:
  - Purchase the property;
  - Obtain a loan as per the approved coop development plan;
  - Mortgage the property.
10. Certification from the Chairman and the Secretary that the member-occupants are bonafide members of the cooperative and in good standing;
11. A development plan showing how the cooperative intends make use of the loan, savings and other assets in order to offer equivalent benefits to all its members;
12. A detailed budget and schedule of expenditures;
13. Plans & specifications as necessary approved by the authorities, bills of quantities and tenders where appropriate.

**Q. COLLECTION AND ACCOUNTING**

1. The collection of the monthly installments shall be the responsibility of the cooperative until the loan is individualized;
2. The monthly installments shall consist of principal, interest, and insurance and assurance premiums if any;
3. The cooperative shall remit monthly to the lender a list of members who are in default of payment of more than 30 days;
4. The coop shall cause to be replaced members in default of more than 90 days and inform the lender of the names of all new member-occupants;
5. To facilitate collection from members, cooperatives shall:
  - Designate a banking institution convenient to its members where they can deposit their payments. The cooperative shall issue deposit/receipt coupons to their members for this purpose, or
  - Designate collection days at which time appropriate security measures shall be taken.
6. The cooperative shall keep individual record of all member-occupants for monitoring of collection payments;
7. All agents of the cooperative handling money, checks and accounts should be covered by a fidelity insurance from a recognized institution;
8. After individualization, the collection and accounting shall be assigned to the lender unless other arrangements acceptable to the lender have been made;
9. The lender shall have the right to send representative to examine all the records of the cooperative at any time during working hours.

**R. DEFAULT**

1. For as long as the loan continues to be that of the cooperative, the accounting and the remittance of monthly payments shall be the responsibility of the cooperative society;
2. The default of any member shall be considered the default of the whole membership;

3. Should any portion of a payment be later than thirty days, the lender will notify the cooperative's Monitoring Agent or a representative body of housing cooperatives in order that the cause of the delay be established and if necessary steps be taken to avoid foreclosure;
4. Non payment of a portion or all of the loan repayment for three consecutive months shall entitle the lender to foreclosure;
5. As far as practicable, the lender may at its discretion require the termination of collective ownership of the property and proceed to the individualization of titles;
6. The lender may then at their discretion foreclose against the members in default or the whole membership.

## **S. APPLICATION PROCEDURE**

There are two steps to the application procedure:

1. The first consists of a procedure to inform the lender of the project and obtain a commitment to lend subject to certain conditions;
2. The second is to provide all the documentation necessary to obtain a loan commitment and sign the mortgage agreement.

### **Step 1:**

- The cooperative shall present to the lender an application including a preliminary budget, site and layout plan, estimates for the capital expenditures, an estimation of the provenance of the necessary funds, a timetable for the project, a preliminary list of member occupants and proof of savings (quantity and regularity);
- The lender will issue if acceptable, a "Letter of Loan Advice" to confirm the eligibility of the project and the cooperative for the requested loan and any conditions that may be required.
- Based on this Advice, the cooperative will proceed towards the loan commitment.

**Step 2:**

- The cooperative will submit full documentation as may be required (see above);
- The lender will issue a letter of commitment;
- The project will proceed as soon as title is transferred to the cooperative and the mortgage registered against the property.

**T. MODIFICATIONS**

In recognition that this mortgage scheme has been developed with the Cooperative Housing National Task Force and Housing People of Zimbabwe, modifications to these guidelines will be discussed and the parties informed of any changes.

**U. FORMS**

1. List of Member Occupants: names, ages, incomes and sources, members of household, present housing costs.
2. Notice of Member Occupants in default.
3. Notice of replacement of Member Occupants.
4. Notice of death of Member Occupants, adjustment of loan or replacement of member.

## APPENDIX B. REQUEST FOR FINANCIAL SERVICES

### To Commercial Banks

#### BACKGROUND

There exist some 43 housing cooperatives in Zimbabwe comprising over 10,000 members. The members of these cooperatives make regular **monthly contributions** to their cooperatives. The average is \$\_\_ /month and the total monthly contribution is over \$ \_\_\_\_\_. The bulk of these contributions are placed in cooperative savings accounts, PUPS etc., until needed for the purposes of construction.

Housing People is a welfare organization, created in order to assist housing cooperatives fulfill their goal of housing their members. Housing People provides technical expertise, training and guidance to cooperatives. On behalf of the cooperatives, Housing People of Zimbabwe is seeking the services of a financial institution(s) to assist them (1) pool, manage and (2) obtain the best return.

#### BANKING SERVICES:

1. Each participating coop will open an account (called the deposit account). The financial institution and Housing People will agree on a standard deposit book identifying each coop and each member. Each book will have a fixed number of deposit coupons that the member is will use over the course of the year. Each member will deposit with the institution at their own convenience the required deposit using the deposit book. The institution will retain the coupon and stamp the receipt slip in the book.
2. At the end of each month the institution will produce a statement for each coop account identifying individual deposits and return the deposit coupons.

#### Criteria:

The deposit institution should offer easy branch access in all urban areas of the country, checking and other facilities. It might offer specific mobile tellers or other facilities for savings and account management and competitive interest rates on monthly balances.

#### FUND MANAGEMENT SERVICES:

1. Amounts (predetermined for the most part) will be transferred from the coop deposit accounts each month to the "Cooperative Savings Account". These

pooled funds will be invested by the Fund Manager according to general guidelines approved by the Cooperative Investments Committee. The Fund Manager will recommend such guidelines.

2. The Fund Manager will maintain records by individual coop of inflows and outflows of funds, allocate earnings according to an agreed upon formula and prepare a monthly statement for each account.
3. It is expected that the fund will initially include some Z\$4 million and that the monthly inflow will be of the order of Z\$250,000. Outflows will depend upon coop construction programs .The Fund Advisor will recommend to the Investment Committee rules and guidelines for maintaining sufficient liquidity.

**Criteria:**

The Fund Manager will be chosen on the basis of offering the best fund management services at the most competitive cost.

**PROPOSED OBJECTIVES FOR A COOPERATIVE SAVINGS TRUST**

1. Pool cooperative savings in order to obtain the best rate of return;
2. Invest the pooled savings in interest bearing deposits;
3. Use the interest earnings to assist housing cooperatives achieve their objectives;
4. Generate funds for the advancement of the housing cooperative sector.

Under no circumstances can the fund lend or spend funds that are entrusted to it with the exception of payment of expenses and fees. These should only be paid out of earnings and even then limited at all time to a percentage of those earnings.

The fund might structure its earnings as follows:

- of the total earnings from all investments, 80% are immediately credited to individual coop accounts prorated to their deposits;
- from the remaining 20%:
  - fees and expenses are paid;

- the balance is set aside in the Stabilization Fund credited to each coop prorated to their earnings. If any individual coop had accumulated their required contribution, the excess would be credited to that coops account.

Eventually, the sector might wish to create a coop development fund from some of the earnings. This fund might be used for land banking, projects for the common good etc.



## APPENDIX C. COOP FINANCING SCENARIOS

### Tashinga Housing Coop

Number of members	222	Market rent	\$ 120
Annual savings	\$ 20,000	Core house	\$10,000
Savings on hand	\$1,200,000	Full house	\$27,000
Land	\$0		
Materials	\$0		

### Development Plan:

PHASE I		UNIT COST
Land	\$ 120,000	\$ 541
Water and Sewer	\$ 800,000	\$ 3,604
Roads and Storm	\$ 325,000	\$ 1,464
Fees and Duties 8.00%	\$ 277,200	\$ 1,249
Core House	\$2,220,000	\$10,000
<b>Phase I Cost</b>	<b>\$3,742,200</b>	<b>\$16,858</b>
<b>PHASE II</b>		
Cost to Complete Houses	\$3,774,000	\$17,000
<b>Total Capital Cost</b>	<b>\$7,516,200</b>	<b>\$33,858</b>

**ZBS**

<b>CORE HOUSE</b>		<b>NOTES</b>	<b>TOTAL</b>	<b>PER MEMBER</b>
<b>CASH</b>	\$1,800,000	Members to raise:	\$600,000	\$2,703
<b>Kind</b>	\$0			
<b>ZBS 1 LOAN</b>	\$1,800,000	Loan to value:	50%	
<b>Total Capital Costs</b>	<b>\$3,600,000</b>			

	<b>COST OF LOAN/</b>	<b>MONTH/</b>	<b>MEMBER</b>
<b>ZBS</b>	Interest 10.00%	10	\$107
<b>Amortization (years)</b>		15	\$ 87
		20	\$ 78
		30	\$ 71
<b>Phase II</b>	Using member contributions only, completion of the building program would take....16.32 years.		

**CABS 1**

<b>CORE HOUSE</b>		<b>NOTES</b>	<b>TOTAL</b>	<b>PER MEMBER</b>
CASH	\$1,400,000	Members to raise:	\$200,000	\$901
Kind	\$0			
CABS 1 LOAN	\$2,342,200	Loan to value:	63%	
<b>Total Capital Costs</b>	<b>\$3,742,200</b>	<b>Net Loan Per Member</b>	<b>\$10,550</b>	

<b>COST OF LOAN/MONTH/MEMBER</b>				
	Month	Loan	Ins	Monthly Payment
CABS Interest 14.00%	10	\$164	12\$	\$176
Amortization (years)	15	\$141	12\$	\$153
	20	\$131	12\$	\$143
	30	\$125	12\$	\$137
Phase II	Using member contributions only, completion of the building program would take....15.73 years.			

**CABS 2**

FINISHED HOUSES		NOTES	TOTAL	PER MEMBER
CASH	\$1,600,000	Members to raise:		\$1,802 each
Kind	\$0			
CABS & GOZ	\$5,916,200	Net Loan to value:	79%	
<b>Total Cost</b>	<b>\$7,516,200</b>	Net Loan Per Member	\$26,650	
CABS 2 Loan	\$7,516,200			
Return on savings at 19.50% - \$312,000    \$117 per member per month				

COST OF LOAN/MONTH/MEMBER								
Household income	Month		Rent	Interest	Net	Loan	Ins	Monthly Payment
CABS Interest 14.00%	10	\$526	\$120	\$117	\$289	\$866	\$38	\$326
Amortization (years)	15	\$451	\$120	\$117	\$214	\$641	\$38	\$251
	20	\$421	\$120	\$117	\$184	\$552	\$38	\$222
	25	\$408	\$120	\$117	\$170	\$511	\$38	\$208
	30	\$401	\$120	\$117	\$164	\$492	\$38	\$202

50

**MMS**

PHASE I & II		NOTES	TOTAL	PER MEMBER
CASH	\$1,800,000	Members to raise:	\$200,000	\$901
Kind	\$0			
MMS & Investor	\$2,858,100	Loan to value:	76%	
GOZ	\$2,858,100			
Total Cost	\$7,516,200			
MMS LOAN	\$5,716,200	Net Loan Per Member	\$25,749	

COST OF LOAN/MONTH/MEMBER				
	Month	Loan	Rental	Income net*
MMS Interest 10.00%	10	\$340	\$120	\$220
Amortization (years)	15	\$277	\$120	\$157
	20	\$248	\$120	\$128
	30	\$226	\$120	\$106
The whole building program would be completed in the first phase.				

## APPENDIX D. MEMBER PURCHASE AGREEMENT

### MEMORANDUM

TO: Housing People staff  
FROM: James McGregor  
SUBJECT: Member Purchase Agreement  
DATE: April 8, 1994

-----

These are notes on the Member Purchase Agreement compiled from our discussion of the other evening (night!). Having thought about it some more, I am not convinced that there is any need for a separate member contract, except as a way to make every member sign a sort of recognition that they have read the constitution and adhere to the coop's project.

As you rightly said, keep it simple, both in language and in form.

The question of the stamp duty was not mentioned the other night nor in the document prepared by Rossettenstein. It still seems to me that the coop is only acting in the name of the membership, that it has no other motive or source of income and that title should be transferred to the membership for a symbolic amount.

**Agreement to Purchase/Sell**

**1. BETWEEN**

- Coop and Member

**2. CONSIDERATIONS (Whereas)**

- Coop is registered.
- The Member is in good standing and eligible and willing to benefit from the coop project.
- The member is fully paid up and agrees to continue their member contributions as determined by the coop membership from time to time.
- The coop is acting on behalf of all of its membership.
- The coop has acquired a property (the Block) to build housing for its membership.
- The coop will mortgage and develop the Block for the benefit of all its members and in accordance with a development plan approved by the membership.
- The coop allocates a Stand which the member-occupant accepts (as more fully described in the attached plan).
- The coop will make improvements to the Stand as agreed by the membership of the coop.
- The member accepts and recognizes that the coop will mortgage the Block to a Lender in order to raise funds for the construction work.
- The member may assume title to the Stand in the future subject to the terms and conditions of this Agreement to Sell.

**3. THE STAND**

- The Coop agrees to allocate and the member-occupant agrees to take possession of a Stand (approx. area) as described in the (to be) attached description;
- The coop will build a house as per contract and plans agreed by the general membership (no need to mention the price or size, but might mention specific meeting or the development plan);

**4. THE LOAN**

- The coop will mortgage the Block to a Lender (name) for the amount of (full amount);
- The member accepts and recognizes that their Share of the Loan is \$ \_\_\_\_\_ or \_\_\_\_% (which ever is the higher) of the total loan obtained from the lender;
- The interest rate paid by the member is the same as that of the Loan which the lender will determine from time to time as per the mortgage agreement signed between the Coop and the Lender;

**5. MOVE-IN**

- The member is required to move into the property within 30 days of receiving notice from the coop.
- The member becomes liable for the stand and payments from that time.
- The member must submit a note of construction defects within seven days of moving-in which the coop shall remedy within a reasonable time.
- The coop shall remain responsible for hidden defects.

**6. MONTHLY PAYMENTS**

- The member will pay to the coop on the last day of every month a Monthly Payment which will comprise the members' share of the total loan payment (as above) plus insurance, plus rates if the coop should decide to collect them monthly plus the members' contribution to the coop development project and any additional charges that the Coop might decide to charge its membership.

**7. DEFAULT**

- The member shall be in default if he/she does not respect any of the terms and conditions of this agreement including:
  - non payment of any portion of the required monthly amounts including interest, principal, rates, water, electricity and supplementary charges and any regular member contribution as determined by the coop from time to time;



- if the member is in default for a period of 90 days, whether they have received notice or not, this agreement shall be null and void, the member will immediately leave the premises and coop will replace the defaulting member with another member.
- In the event of a default, the member may redeem their contributions as per the member agreement or constitution less any debts outstanding to the Coop or the Lender.
- The coop shall be in default to the member if:
  - it does not transfer the property to the member;
  - it fails to make regular monthly payments to the lender.
- If the coop defaults on the loan to the lender and the lender forecloses, the lender may assume the coop's rights in this agreement or cancel it by declaring the full membership in default;
- Any default by one party will be signified to the other by letter who shall have seven days to rectify such default.

## 8. SUBLEASING

- Provided that the Member is not in default, they may sublet a portion or all of their allocated-property subject to the following:
  - All members in good standing who have not yet been allocated a property shall have first option to lease the (portion) of the property at a fair market value as established by the cooperative from time to time.
  - If the member should rent their property without offering the first right of refusal as per above, this shall be deemed a default and the coop may act as above.
- The Member remains fully liable to the Coop for the full amount of the monthly payments and charges.

## 9. MAINTENANCE

- The member shall maintain... (Rossetenstein Art 15c.)

**10. IMPROVEMENTS**

- The member may improve the property with permission from the coop.
- They might claim the cost of those approved improvements from the coop if they should be required to withdraw for some reason.

**11. INSPECTIONS/ALTERATIONS**

- As per Rossettenstein:
  - right with coop permission
  - if damage then default
  - right of inspection

**12. INDIVIDUALIZATION**

- When (1) every member of the cooperative (maximum number?) has been allocated an equivalent property as determined by (2) the general membership in a regular general meeting; and
- When all the properties have been surveyed and registered by the Registrar of Deeds (?);
- The coop may decide in an extraordinary General Meeting called for that purpose that the loan(s) will (shall) be individualized in the names of each member;
- The member will at that time assume their share of the balance of the outstanding loan to the coop plus any other amounts outstanding including any share that the members might have in other loans (*the coop might want the Member to reimburse an average cost of house over multiple phases*);
- The Member agrees that if the Lender not accept to individualize the Loan to any particular member in good standing, then no part of the loan may be individualized;
- The member and coop undertake to execute the required documents;
- Any stamp duty or legal fees will be responsibility of the member unless provided for otherwise by the coop.

- The value of the transaction is that of the un-improved stand at the time of the signing of this agreement.

### **13. PREPAYMENT OF AMOUNTS**

- The Member may prepay any portion of the balance outstanding and their monthly payments will be reduced accordingly;
- Prepayment of outstanding principal does not change in any way the members' responsibility for any other ongoing monthly contributions and payments (rates, water, member contributions, fees, administration etc.).

### **14. TRANSFER OF RIGHTS**

- The member may not sell, transfer or otherwise cede their rights in this agreement until all members have an equivalent property as decided by a special meeting of the General membership called for that purpose;
- Subsequently, and until the loan is paid off or individualized, the member may not sell or cede their rights in this agreement without the permission of the coop General Meeting. Failure to obtain said permission will be deemed a default.
- In all cases, and for a period of \_\_ years after individualization, the cooperative shall have the right to refuse permission to the member to sell or cede,
- In all cases where the coop refuses the right to sell or transfer, it must refund to the member in full their shares, contributions and paid up portion of the loan less any debts to the coop within 90 days of receiving notice from the member.

### **15. RESIGNATION/WITHDRAWAL**

- The member may withdraw after one full months' notice in writing;
- Coop shall accept and will reimburse to the member the total of their contributions and paid-up portion of the principal of the loan.

**16. ARBITRATION**

- In case of disagreement, both parties accept to arbitration. The arbitrator shall be a third party chosen by mutual agreement. In the case of disagreement, the arbitrator will be chosen by the Ministry responsible for cooperatives.

## APPENDIX E. LIST OF PERSONS MET

### February 19, 1994

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.

### February 21, 1994

Matika, CABS.

### February 22, 1994

Chitekwe-Biti, Housing People, Projects Officer.  
Mike Enders, USAID/Zimbabwe, Housing and Development Officer.

### February 23, 1994

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.  
Thomas Chiramba, USAID/Zimbabwe.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.  
Francis Nhema, ZBS, General Manager.  
Collier, ZBS, Consultant.  
Mike Silva, GS Developments.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.

### February 24, 1994

Matika, CABS.

### February 25, 1994

Various people attending the Housing People workshop in Masvingo.

### February 28, 1994

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.  
Thomas Chiramba, USAID/Zimbabwe.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.  
Rushwaya, Sawyer & Mkushi, lawyer.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.

### March 1, 1994

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.  
Diana Patel, Housing People, Board Member.  
Makoni, City of Harare, Estates Department.

**March 2, 1994**

Tony Blatch, CABS.  
Mike Berresford, CABS.  
Barbra Kohlo, Housing People, Training Officer.

**March 3, 1994**

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.  
Thomas Chiramba, USAID/Zimbabwe.  
Sam Zhou, S. Zhou Land Surveyors.  
Barbra Kohlo, Housing People, Training Officer.  
Chitekwe-Biti, Housing People, Projects Officer.  
Regis Mtutu, Housing People, Training Officer.

**March 4, 1994**

Killian Munzwa, Housing People of Zimbabwe, Executive Director.

**March 6, 1994**

J. M. Pogodzinski, Abt Associates, Team Leader.

**March 7, 1994**

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.  
Thomas Chiramba, USAID/Zimbabwe.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.  
J. M. Pogodzinski, Abt Associates, Team Leader.

**March 8, 1994**

A.M. Rosettenstein, Honey & Blankenburg, lawyer.  
D.W. Rosser, Honey & Blankenburg, lawyer.

**March 11, 1994**

Coleen Butcher, urban planner.  
Mike Enders, USAID/Zimbabwe, Housing and Development Officer.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.  
J. M. Pogodzinski, Abt Associates, Team Leader.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.  
Barbra Kohlo, Housing People, Training Officer.  
Chitekwe-Biti, Housing People, Projects Officer.  
Regis Mtutu, Housing People, Training Officer.

**March 14, 1994**

Tony Blatch, CABS.

Mike Berresford, CABS.

Matika, CABS.

Killian Munzwa, Housing People of Zimbabwe, Executive Director.

Thomas Chiramba, USAID/Zimbabwe.

**March 15, 1994**

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.

Thomas Chiramba, USAID/Zimbabwe.

J. M. Pogodzinski, Abt Associates, Team Leader.

Gabriel Machinga, Minister Of State for NAEC&C.

Mangoro, Registrar of Cooperatives, MNAEC&C.

Pote, MNAEC&C.

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.

Thomas Chiramba, USAID/Zimbabwe.

J. M. Pogodzinski, Abt Associates, Team Leader.

Francis Nhema, ZBS, General Manager.

Ted Galante, Mortgage Management Services.

Mike Silva, GS Developments.

Killian Munzwa, Housing People of Zimbabwe, Executive Director.

J. M. Pogodzinski, Abt Associates, Team Leader.

**March 16, 1994**

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.

Thomas Chiramba, USAID/Zimbabwe.

Killian Munzwa, Housing People of Zimbabwe, Executive Director.

J. M. Pogodzinski, Abt Associates, Team Leader.

Ted D. Morse, USAID, Director for Zimbabwe and Southern Africa Regional Programs.

Mike Enders, USAID/Zimbabwe, Housing and Development Officer.

Thomas Chiramba, USAID/Zimbabwe.

Killian Munzwa, Housing People of Zimbabwe, Executive Director.

J. M. Pogodzinski, Abt Associates, Team Leader.

**March 17, 1994**

Killian Munzwa, Housing People of Zimbabwe, Executive Director.

Barbra Kohlo, Housing People, Training Officer.

Chitekwe-Biti, Housing People, Projects Officer.

Regis Mtutu, Housing People, Training Officer.

**March 18, 1994**

A.M. Rosettenstein, Honey & Blankenburg, lawyer.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.

**March 22, 1994**

Mpofu, Registrar of Banks, Ministry of Finance.  
Mangoro, Registrar of Cooperatives, MNAEC&C.  
Mushandira, Minister Of Finance.  
Thomas Chiramba, USAID/Zimbabwe.

**March 24, 1994**

Tony Blatch, CABS.  
Mike Berresford, CABS.  
Matika, CABS.  
Killian Munzwa, Housing People of Zimbabwe, Executive Director.

**March 25, 1994**

S. Matimba, City of Mutare, Housing People Board Member.  
Davidson, University of Zimbabwe, Housing People Board Member.  
Mathias Chenga, Engineer, Housing People Board Member.  
Josiah Maramba, Masvingo Pepukai Housing Cooperative, Housing People Board Member.  
Killian Munzwa, Housing People of Zimbabwe Executive Director.  
Barbra Kohlo, Housing People, Training Officer.  
Chitekwe-Biti, Housing People, Projects Officer.

**March 26, 1994**

E. Makoni, Zvakatanga Sekuseka, Harare.  
M. Mafuwa, United Harare, Harare.  
C. Munyongani, Mbizo-Tashinga, Kwekwe.  
W. Takawira, Lodgers Plight, Harare.  
J.N.Makotamo, Highfield, Harare.  
B. Chapeta, Kugarika Kushinga, Harare.  
R. Tongai, Kugarika Kushinga, Harare.  
G. Namalo, Rotendo, Harare.  
W. Makanda, Masvingo-Pepukai.  
M. Makova, Masvingo-Pepukai.  
S. Kwashira, Tafadzwa, Harare.  
F. Chingobve, Glen Norah, Harare.  
E. Kuchidzemhandu, Tashinga, Harare.  
M. Chokuwa, Mighty Birds, Harare.  
J.T. Zulu, Kutambura, Harare.  
A. Muchinba, Kutambura, Harare.

62



E. Wazara, Perseverence, Harare.  
A.S. Muchimba, Kutambura, Harare.  
Mai Mkanyire, Mazano-Nijo, Harare.  
Mrs. Nyamutowo, Manzo-Nijo, Harare.  
W. Huni, Mighty Birds, Harare.  
Mushaba, Wasara, Harare.  
A. Kanyola, Zvakatanga Sekuseka, Harare.  
B. Nare, Warren Park, Harare.  
Mukunho, Z.R.P., Harare.  
E. Chiguwa, Z.R.P., Harare.  
T. Mukwashi, Glen Norah, Harare.  
N.R. Ndemera, Tatambura Nekulodger, Harare.  
M. Malunga, Rutendo, Harare.  
J. Nyamupingidza, Progress, Harare.  
L. Kakweza, Wasara Wasara, Harare.  
S. Chadambuka, Fungai Shingai, Mutare.  
L. Amidu, Go For It, Marondera.  
B. Chigwedere, Kambuzuma, Harare.  
S. Mahale, Mwoyo Murefu, Harare.  
C. Maenzanise, Zvakatanga Sekuseka, Harare.  
T. Chideme, Kugarika Kushinga, Harare.  
J. Maramba, Masvingo Pepukai, Masvingo.