



MWALIMU NATIONAL SACCO

SECURED LENDING PROCEDURE & GUIDE



Background

Mwalimu National Sacco offers loans to its members where the member can utilize other forms of collateral besides guarantors.

As a Member you can use property or a motor vehicle instead of guarantors to access a loan from the Sacco.

Who is Eligible for a Loan at Mwalimu National Sacco

- Must be a member of the Sacco.
- Must be active i.e., having saved consistently for the last 6 months.
- Must be a member in good standing i.e., has no defaulted loan.
- With a source of loan repayment
- Open and maintain Sacco FOSA account.

Documents for Secured Lending

Completed loan application form counter signed on each page.

Copy of National Identity Card

Copy of KRA Pin Certificate

Copies of Security Documents in this case title deed, certificate of lease, certificate of title or conveyance or copy of logbook.

Three months recent pay slips/paystubs applicable to those in employment

Three months' Salary Bank Statements

Letter of confirmation of employment for employed applicants.

Business registration certificates, Certificate of incorporation, Resolution to borrow by a limited liability company applicable to registered entities.

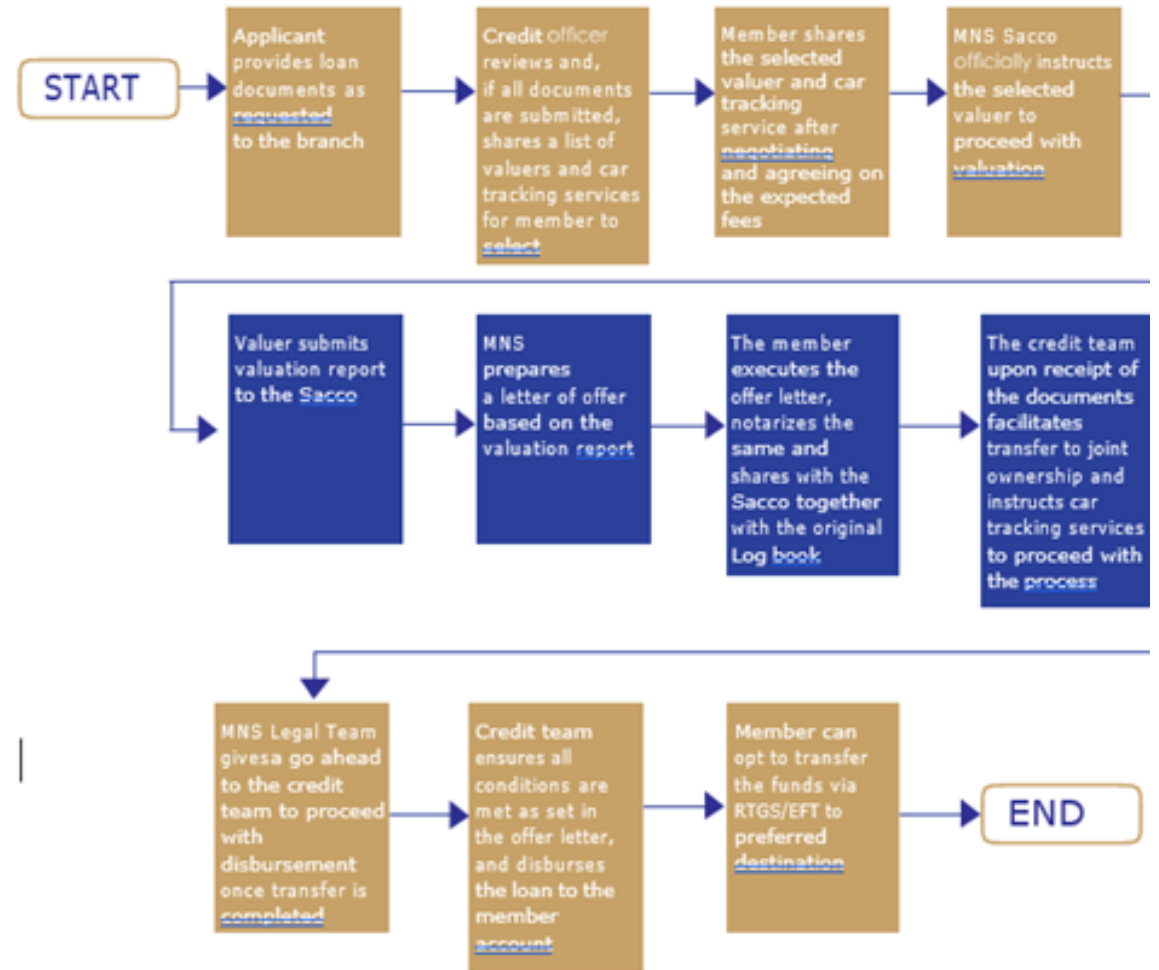
Steps in Securing Loan using Land.

1. Applicant provides all the documents as requested by the Branch Business Credit officer.
2. Credit Officer reviews, and if all documents are submitted, shares a list of valuers & lawyers for members to select.
3. Member shares the selected valuer and lawyer after negotiating and agreeing on the expected fees.
4. MNS officially instructs the Valuer to undertake the valuation and property inspection/Due diligence on suitability for use as collateral.
5. Valuer submits the report to the Sacco credit officer.
6. Credit Sanction of terms and condition of the loan are issued to guide loan offer letter drafting.
7. Sacco drafts and issues Loan offer letter to the member for execution and attestation for lending purposes.
8. The member executes the offer letter notarizes the same and shares with the Sacco together with the original title.
9. The credit team, upon receipt of the documents, forwards to Legal Team for charging process to commence.
10. MNS Legal Team gives a go ahead to the credit team to proceed with disbursement once charging is completed.
11. Credit team ensures insurance is in place where there is a property, and all conditions are met as set in the offer letter and disburses the loan to the member account.

Steps when using Motor vehicle as Security

- Applicant provides loan documents as requested at the branch
- Credit officer Reviews all the documents submitted and shares a list of valuers and car tracking firms for member to select
- Member selects valuer/tracking firm and MNS issues formal instructions for valuation and installation of tracking device
- Valuer submits report, tracking firm submits certificate
- MNS issues loan offer letter
- Vehicle Joint registered and Insurance placed through MNS Risk and Insurance Brokers Ltd
- Loan disbursement.

Loan Process using Motor vehicle as security



Frequently Asked Questions

- 1. Why can't the Sacco just appoint a valuer and a lawyer for the process?** The cost of the lawyer and the valuer is borne by the member hence the member has to negotiate the rate directly for transparency.
- 2. I do not know any lawyers or valuers to enable me to choose from the list shared. What do I do?** The Sacco has an approved list of valuers and can assist by setting up a conference call to enable conversations.
- 3. How long will it take for me to get the loan?** The process takes a month due to the securitization process and external parties involved.
- 4. What portion of the value of the land will be used to secure the loan?** For a developed property we take 75% of the valuation plus accumulated savings for the member. For vacant or undeveloped land in urban areas we take 60% plus accumulated savings for the member. For agricultural land we take 50% plus accumulated savings for the member.
- 5. What portion of the value of the Motor vehicle will be used to secure the loan?** We take 60% of the valuation plus accumulated savings for the member, however where the application falls under asset financing the percentage might be up to 90% depending on the condition of the car.
- 6. Does year of manufacture affect use of motor vehicle as security?** Yes, it does as the Sacco only allows motor vehicles within 12 years of year of manufacture to be used as security.
- 7. If using land as security that has property already built am I required to have the house insured?** Yes, a member will be required to provide proof of comprehensive insurance of the property. The Sacco is also able to facilitate provision of the insurance at the member's cost.
- 8. If using Motor Vehicle as security am I required to have it insured?** Yes, proof of a comprehensive insurance is required to be provided before loan is disbursed. The Sacco is also able to facilitate provision of the insurance at the member's cost.
- 9. Can I use a joint owned property or a third-party property as security?** Yes, you can and the same procedure for securitization will apply, save that the charge will contain additional requirement for the co-joint owner to give his consent to the charge through an official affidavit and Personal guarantee and Indemnity.



THANK YOU

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