

AT A GLANCE

KMRC was established in April 2018 through a Public-Private Partnership (PPP) arrangement and incorporated under the Companies Act 2015 as a non-deposit taking financial institution, under the supervision of the Central Bank of Kenya (CBK).

KMRC's Mandate

A wholesale financial institution, KMRC's mandate is to provide long term funds to primary mortgage lenders (Banks, Microfinance Banks & Saccos) in order to increase the availability and affordability of home loans to Kenyans. KMRC provides concessional fixed rate, long term finance to mortgage financiers so that they can transfer the same benefits to individual borrowers.

KMRC's goals also include contributing to the growth of the Kenyan capital markets through the issuance of bonds as a source of sustainable long-term funding, assisting in the standardization of mortgage practices in Kenya through enhanced capacity building to member institutions on the underwriting of mortgages and generally contributing to the growth of the mortgage market in Kenya.

Corporate Governance

KMRC is licensed and regulated by the Central Bank of Kenya. The KMRC Board of Directors comprises seven non-executive directors and one executive director (CEO). The Board of Directors lays emphasis on the need to build a reputable institution, responsible use of resources, environmental conservation and employees' welfare.

Government of Kenya's Big 4 Agenda

KMRC's mission is aligned with the Affordable Housing Pillar of the Government of Kenya's Big 4 Agenda development blueprint. Its support to the Affordable Housing Project is mainly on the demand side by providing long-term funds to participating banks and Saccos to on-lend to *wananchi*.

Strategic Objectives

- To provide long term financing to Primary Mortgage Lenders (PMLs)- Banks, Microfinance Banks and Saccos.
- To promote improvement in mortgage lending practices in Kenya.
- To raise long term finance efficiently and sustainably.
- To support developments in the housing market.

Employees

KMRC's employees comprise a Diverse Modern Workforce: Our work would not be possible without the strength of a diverse and skilled workforce which brings a wide array of ideas, innovative thinking, insights and different perspectives which are critical in the day to day operations of such a novel institution. KMRC ensures that employees are equipped with the support systems needed to realize their professional growth, make meaningful contributions and develop pride in their work.

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Our Partners



FREQUENTLY ASKED QUESTIONS

FAQ'S



01 What is Kenya Mortgage Refinance Company (KMRC)?

KMRC is a non-deposit taking financial institution under the supervision of the Central Bank of Kenya. The company was incorporated on 19th April 2018 with the single purpose of providing long-term funds to primary mortgage lenders (Banks, Micro finance banks and Saccos) in order to increase the availability and affordability of mortgage loans to Kenyans. KMRC is one of the key institutions under the Affordable Housing Pillar of the Big 4 Agenda.

02 Who owns KMRC?

KMRC was established as Public-Private Partnership with majority ownership by the private sector at 75% and the Government at 25%. Its current shareholders include: the National Treasury and Planning, Shelter Afrique, eight (8) commercial banks, eleven (11) Deposit Taking Savings and Credit Co-operatives (Saccos) and one (1) Microfinance Bank.

Unlocking Liquidity for Affordable Housing

03 Is KMRC a parastatal/state corporation/Housing Fund?

KMRC is not a parastatal /state corporation or Housing Fund. KMRC is structured as a private sector driven financial institution.

04 How is KMRC funded?

As a non-deposit taking financial institution, KMRC is primarily funded through Debt and Equity. KMRC equity capital is invested to generate income to run the institution. In order to re-finance portfolio of residential mortgages, KMRC has mobilized long term funding from International Development Finance Institutions through the National Treasury. In the medium term and to ensure sustainability KMRC will issue bonds in the capital markets to raise funds to refinance mortgages.

05 Why is it beneficial for Primary Mortgage Lenders (PMLs) to partner with KMRC?

- KMRC provides liquidity to participating financial institutions which in turn increases their scope of lending to customers.
- To improve liquidity management by gaining ability to cover unexpected short-term deposit outflow, thereby avoiding potentially costly short-term borrowing or asset liquidation.
- KMRC promotes standardized lending practices across market players due to set eligibility criteria for refinance, which in turn drive market efficiency thus help develop the secondary mortgage market.
- To reduce barriers to entry for smaller lenders since they can access capital market funding on similar terms and conditions as large lenders.
- To reinforce lower overall transaction costs by pooling issuance as compared to PMLs accessing the markets individually. KMRC is a regular issuer of long-term, high quality investments needed by institutions with long term liabilities such as pension funds, social security funds and insurance companies.

06 What is the relationship between Kenya Mortgage Refinance Mortgage (KMRC) and the National Housing Development Fund (NHDF)?

Both KMRC and NHDF are institutions that were established to complement and support the government's Affordable Housing Pillar under the BIG 4 Agenda Development plan. KMRC supports this Agenda on the demand side by extending long-term funds to primary mortgage lenders to enable them avail affordable housing loans to the wananchi. NHDF on the other hand was established to support the Affordable Housing Agenda on the supply side by providing offtake arrangements through tenant purchase scheme (TPS) and offtake guarantees to the developers.

07 At what rate does KMRC provide re-financing?

KMRC provides long term financing (upto 20 years) at a concessional rate of 5%.

08 Is the interest rate and repayment period uniform to all PMLs?

Interest rates and repayment period details are determined at the underwriting stage.

09 Is KMRC restricted to re-financing mortgage loans issued ONLY against properties developed under the Government Affordable Housing Programme (AHP)?

No, KMRC re-finances residential home loans generated from properties built under the Government Affordable Housing programme, private developers as well as from other players in the housing sector.

10 What type of housing loans are offered by KMRC?

KMRC offers two categories of bulk loans to PMLs:

- Affordable Home Loans
 - World Bank Credit Line - Loan size upto KES. 4M and monthly income threshold of KES. 150,000 and below.
 - AfDB Credit Line - Loan size upto KES. 8M with no monthly income limit.
- Market Home Loans: these loans will be extended to primary mortgage lenders to finance home loans

above the affordable home loans threshold; these have no income limit.

11 What are the eligible properties under the affordable housing loans and market housing loans?

KMRC offers funding for Owner occupied titled residential properties.

12 Does KMRC assume credit risk for refinanced home loans?

Origination and servicing of the loan remains with the primary mortgage lender. If a loan pledged to KMRC becomes non-performing, the PML replaces it with a performing loan.

13 Does KMRC directly refinance individuals or Joint borrowers' home loans?

Borrowers will access KMRC funds from the participating Primary Mortgage Lenders.

14 How are individual borrowers benefitting from KMRC's re-financing initiative?

- Borrowers are able to access longer term home loans leading to lower monthly repayments thus improved disposable cashflow.
- Borrowers will benefit competitively priced loan offering in the market due to the increase in the number of institutions offering home loan solutions.
- Increased competition amongst housing loans providers will lead to innovatively designed mortgage products, thus wider choice for customers.

15 Does KMRC partner with property developers?

Yes. KMRC supports private developers on the housing demand side by ensuring that there is uptake through refinancing home loans. KMRC also links private developers with participating banks and SACCOs to promote visibility of the affordable housing finance project.

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