



LOAN ELIGIBILITY CRITERIA

Loan Criteria	Description
Eligible properties	<ul style="list-style-type: none">Owner occupied, titled residential properties; free-standing or apartment; properties occupied by immediate relatives of owner (Parents, spouses, children and grandchildren).
Eligible loan purposes	<ul style="list-style-type: none">Purchase of new or existing residential property.Construction of residential property.Re-mortgages or takeovers for mortgage loans issued after April 2021.Conversion of unsecured loans used to purchase owner-occupier properties into mortgages.
Eligible borrowers	<ul style="list-style-type: none">Kenyan citizens above 18 years of age.Salaried/self-employed borrowers. <p>At minimum, the following should be considered:</p> <ul style="list-style-type: none">The customer must have verifiable employment status or documented income.The last repayment date should not exceed the retirement/insurable age.There should be proof that the borrower can meet the loan repayment and closing costs (where applicable). Closing costs may include stamp duty, legal, valuation and loan processing fees.

Loan term	Up to 25 years.
Interest rate structure	Determined from time to time in line with market trends but currently at single digit (below 10%) and fixed for the tenure of the loan.
Currency	KES
Mortgage loan limit	<ul style="list-style-type: none"> ▪ Up to KES 10.5 million for affordable housing loans and higher for market rate loans.
Credit underwriting	Prudential standards for loan underwriting. An income stress-test should be done at the underwriting stage to ensure that the loan will remain affordable.
LTV	LTV of up to 105% may be considered where the PML has adequate safeguards of insurance (Collateral replacement indemnity) and/or cash cover margins.
Mortgage loan payment to income ratio	Should not exceed 2/3 of the borrower's gross monthly income.
Delinquency	All loans submitted for refinancing must be performing with no delinquency.
Property valuation	Independent appraisal by a registered and practicing valuer as per the standards shared by KMRC.
Tenure of property	<ul style="list-style-type: none"> ▪ Freehold. ▪ Where leasehold, should have unexpired lease term of not less than 40 years or minimum of unexpired lease term of 20 years at the point of maturity of the loan.
Property title	Clean legal title free from encumbrance.
Property insurance	Required; 100% of appraised value or reinstatement cost.
Life insurance	Required for outstanding balance of mortgage.
Mortgage loan prepayment	Permitted. However, KMRC will require the financial institutions to replace the prepaid loans with other loans that meet the eligibility criteria.
Over-collateralization	The nominal value of pledged mortgage loans will exceed the aggregate outstanding balance of the loans to the financial institution by 120%.
Replacement of collateral	PML to periodically replace home loans in default with performing loans to maintain over-collateralization level.