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REVIEW OF SECURED ASSET LOAN FEATURES

Secured Asset Loan

This is a product designed to enable individuals use their tangible immovable assets as security for financing or acquire these assets while using the same as security. The features reviewed have been highlighted below:

Features

1. SECURED ASSET LOAN

This is a product designed to enable individuals use their tangible immovable assets as security for financing or acquiring these assets while using the same as security.

1. Maximum Loan amount is
 - a. **KShs. 20 Million** or
 - b. **7 * Deposits** or
 - c. **90% of the Open Market Value of City Property / 70% of the Open Market Value of County Property / 40% of Open Market Value of Agricultural/ Rural**

Whichever is lower.

- d. A member can exceptionally and on case by case be granted an amount more than KShs. 20 million as reviewed by the Credit Committee.
2. Applicants will also be considered for loans which they can service partly through **salary** and partly through **verifiable rental income** channeled directly to the UN SACCO Account and supported by a lease agreement.
3. The maximum loan repayment period is **15 years**.
4. Rate of interest charged has been reduced from 15.3%p.a. to 14 % **p.a.** on the reducing balance.
5. No Deposit Banding. Minimum Deposit Contribution of **Kshs.2,300.00 p.m.**

6. Mode of loan repayment is check - off system and/or standing orders and/or postdated cheques.
7. Eligible applicants must have been members of UN SACCO for at least **3 months**.
8. Since the loans are secured, **contract period is not a barrier** but should at least be 6 months to expiry.
9. A copy of the **sales agreement**, copy of **title documents** should be attached.
10. UN SACCO to obtain the **Credit Reference Bureau** rating on behalf of the borrower but levy a charge of **Kshs. 300.00** on the member.
11. **Property Valuation** shall be done by a UN SACCO's approved valuer at the cost of the loan applicant.
12. In cases of refinancing instruction for revaluation is to emanate directly from UN SACCO Society (Valuation report lifespan 5 years).
13. The property financed by this loan to be charged by the SACCO (first and final charge) before disbursement.
14. Spousal consent must be obtained where applicable. The applicant to fill a special loan form and be given an offer letter upon meeting all the requirements.

NOTES

1. City in this case refers to:
 - a. Nairobi.
 - b. Mombasa.
 - c. Kisumu.
 - d. Eldoret.
 - e. Nakuru.
2. Metropolis in this case refers to towns neighboring cities:
 - a. Ongata Rongai
 - b. Kitengela
 - c. Limuru
 - etc
3. County Headquarters as approved by approved by the credit committee.
4. Rural Property refers to agricultural property not Ancestral property.
5. Where lending is partly based on Rental Income, there must be an agreement among the landlord (Loan Applicant), Tenant and UN SACCO (rent assignment).

6. Non – secured asset loan cannot be taken to bridge this product, unless it is 100% cash covered by the borrower.
7. Annual Land rates/rent to be paid by applicant or else UN SACCO will make the payments on behalf of the loanee and debit loan account of the required amount.
8. The Asset forming the society's security to be insured over the life of the loan with the insurance cost being met by the borrower. For residential houses, the applicant must take a Domestic insurance package while for commercial property; additional fire insurance from an insurance company approved by UN SACCO is required.
9. Terms and conditions apply.