



## **Mortgages Frequently Asked Questions**

### **What is a mortgage?**

Mortgage is a long-term loan that enables one to buy property/home, complete, build or use an existing property by offering the said property to a financial institution as a security in order to get the loan.

### **What Mortgage products are available at the NCBA Bank?**

NCBA has a variety of mortgage products to cater for your needs. You can get the following products

- Home Loans
- Equity Release
- OYOH
- Construction loan to build a home or property,
- Plot purchase loan or a
- Combination of plot and construction commonly referred to as “buy and build”

### **How do I get a mortgage at the Bank?**

The first step towards applying for a mortgage product is to provide us with your income details either from employment, consultancy or rental income (if any). We will review your documents and advice on the loan amount you would qualify for. This will enable you to budget and look for a property that you can comfortably afford to pay for.

Once you have identified a property, our Relationship Managers will guide you in submitting your complete application documents for credit review and approval.

### **I am looking for a property to buy**

We can guide you through this search by introducing you to a wide variety of property available.

### **I already own a property. Can I borrow against it?**

Yes. You can actually use your property as security to get a loan. This is made possible through our **Equity release** product. One can use the loan proceeds to buy another property, construct a house, go on holiday, pay off other loans, pay school fees, and invest in business etc.



### **I own a property. How can I develop it?**

Through our Construction loan products. This loan allows you the freedom to choose a team of professionals to carry out your construction. The Bank has valuers to vet and oversee the project to ensure the construction is done to detail. The construction funds are released in stages after thorough site inspections are done.

### **Can we use our joint incomes to apply for a loan?**

Yes. You are allowed to make joint applications with your spouse. Depending on the type of loan request, we can consider both incomes in assessing your ability to pay the loan.

### **Can you consider other incomes to service the loan?**

Yes. We understand that you may have other additional sources of income. The other sources of income will be considered as long as they are properly documented and can be verified.

### **What is your maximum repayment period?**

Our maximum repayment period is 25 years. We allow our Customers to choose loan repayment periods ranging from 1 to 25 years. The period will be dependent on the customer's retirement age, source of income and ability to pay the loan.

### **What is my required contribution for a mortgage?**

You will be required to raise a 10% deposit as your down-payment for the purchase of the house. Owner occupier lending of a MAXIMUM of up to 90% of whichever is lower between the value of the property and the selling price. In most circumstances, the market value and selling price are at par.

### **What are the costs involved in getting a mortgage?**

The costs associated with mortgage include: facility fee, Valuation fees, Stamp Duty, Legal fees, Mortgage Protection Cover (MPC), Fire Policy, Contractors All Risk Policy and would usually amount to approximately 6-8% of the property selling price.

### **Can I transfer my existing mortgage from another institution?**

Yes. The process of transfer involves a 'discharge of charge' from the other institution then a registration of charge to the Bank. Note that no transfer of ownership stamp duty is required in this case since the title is already registered in the borrower's (your) name. Legal fees are also applicable.

**How long does it take to process a loan?**

It takes a minimum of (1) one day to confirm eligibility. Offer letter within seven (7) days. The mortgage process depends on many factors; key one being the readiness of the customer in providing the required documentation and paying relevant fees. It also depends on the nature of transaction.

The following provide a guideline of the different time frames:

(Including approval of the loan up to disbursement)

- Purchase of house approx. 45-60 days
- Construction loans approx. 45-60 days

**What will be my loan repayment amounts?**

The repayment amount depends on several factors such as; loan amount, term of the loan, and income of applicant

**Do you allow for lump sum/capital repayments?**

Yes. You can make lump sum payments towards reducing your loan balance. Thereafter, we can allow for you to revise your monthly repayments or continue with the same repayment- thus enabling you to clear the loan faster.

**Can I fully pay my loan ahead of schedule?**

Yes. This is allowed. We **do not charge a penalty** for accelerated payments- hence a benefit to you our customer.

**What happens if I don't pay my loan on time?**

Mortgage payments should be paid by the last day of every month or the communicated date when the repayments are expected. In the event payment is not received by the expected date, then loan automatically goes into arrears. The amount in arrears will thus attract the default interest rate as indicated in your offer letter.

However, if your loan arrangement falls under the scheme relationship or employment income, all loan repayments shall be made through a payroll check-off system expected on or before the last day of every month.

**What happens if I am unable to pay my loan?**

If you are unable to service your loan for whatever reasons, it is important to notify the Bank so that a decision can be made in time. The customer will also be able to get advice on what step to take in order to prevent account deterioration.

**If I change jobs, do I need to notify the Bank?**

**Yes.** In the event that you change employment while you are still repaying the mortgage, it is important to notify the Bank. It is also critical that you ensure that your salary is channeled through your Bank account to avoid instances where you loan may not be paid in time.

**If I lose my job, what do I need to do?**

In the unfortunate event that you lose your job due to redundancy, we have put in place an insurance retrenchment cover whereby the insurance company will pay your monthly repayments for up to a period of 9 months. However, job losses for any other reasons other than redundancy are not covered.

If you are a scheme customer, as per the agreement with your employer, you shall be withdrawn from the scheme terms and revert to the prevailing commercial terms at NCBA

If you are totally incapable of servicing the loan, then you will sit with our Relationship management team to discuss the best options available.

**Can I use my own lawyer?**

Bank has a panel of experienced and competent Advocates. We will provide the panel of lawyers and you will be required to choose an Advocate to guide you in your transaction. We do maintain service level agreements with lawyers on our panel hence ensuring that the transaction is completed within reasonable time.

**Do I need a valuation for my property?**

Yes. You need a valuation to be carried out on your property. A valuation report will usually indicate the fair value of a property free from subjective opinion or speculative factors. Bank will determine the amount of loan on basis of this value. It is important to note that the value of a property may in some instances be different from the sale price- by either being higher or lower.

**Do I need mortgage life insurance cover and fire insurance when I already have one?**

The life insurance cover is aimed at covering one's life to the extent of the mortgage. It is also known as a **mortgage protection cover**. In the event of death, the insurance proceeds are applied towards settling the outstanding loan balance and is therefore different from other life insurance cover that one may have.

The fire protection ensures that you will be compensated in the unlikely event of fire burning down your property that is offered as security to the Bank.



### **If I die, what happens to the mortgage?**

In the unfortunate that one dies, the mortgage life protection cover is applied towards covering the loan. For this reason, it is important for one to notify their relatives/loved ones of the mortgage status so that in the event of death, the company is advised in good time.

### **How do I know my loan repayment?**

Kindly refer to our mortgage calculator in [www.NCBAGroup.com](http://www.NCBAGroup.com) and input your desired loan amount, interest rate (and loan term to get the required monthly repayment.

### **For construction loans do you release all loan funds at once?**

For construction, funds are released in instalments/tranches according to construction schedule that is specified at the time of loan approval and work will be monitored to determine that it is being done according to agreed plans.

### **For construction loans do you give a grace period?**

For construction loans a borrower shall be given a grace period that is agreed between the bank and the client at approval time, however during the grace period interest will have to be paid.