

KEY FACTS DOCUMENT – ASSET FINANCE

Description

Asset Finance which is also referred to as Hire Purchase Finance or Instalment Sale Finance refers to loans extended to customers to finance investments in specific assets.

With the NCBA, Asset Finance, you are assured of:-

1. Simple documentation
2. Quick turnaround time. Approval in less than 24 hours
3. Repayments in convenient instalments
4. Personalized Relationship Management
5. No hidden costs.
6. Flexible Insurance Premium Financing for the assets purchased available
7. Insurance package with NIC Insurance Agents

Key Features and Benefits

1. We finance;
 - a) Commercial Vehicles
 - b) Construction Equipment
 - c) Medical Equipment
 - d) Farm Equipment
 - e) Motor Bikes
 - f) Office Equipment
 - g) Personal Vehicles
 - h) Plant and Machinery
 - i) Public Vehicles
 - j) School Buses
 - k) Specialized Equipment
2. Asset Finance products are targeted at the following: -
 - a) Individuals
 - b) Registered Businesses
 - c) Government Agencies and non-governmental institutions
 - d) Religious organisations and other societies
 - e) Public and Private Learning Institutions
3. The assets are registered in joint names between the client and the bank (*preferably through government registries*), and repayment is amortised over a fixed period that is agreed in advance
4. Ownership of the asset reverts to the borrower after the loan is repaid in full and subject to payment of the “option to purchase fee.”

Terms

- Percentage financed and tenure applicable per product

Fees and Charges

1. Interest rate: The effective interest rate for new facilities will be as guided by Central Bank of Kenya and the Asset Pricing Model
2. Account service Fees; Both new and existing customers will be charged 3% of the approved loan amount except those that fall under a scheme within which a lower ASF has been approved
3. Debt Service Reserve Account (DSRA) and or Share of Wallet (SOW) / CASA applicable to customers who fail to meet the negotiated terms
4. Option fees: To be levied on HP contracts as per the group tariff guide.
5. Change of Dealer fees: To be levied as per the group tariff guide
6. Default interest: To be levied as per the group tariff guide.

Requirements

1. Completed Asset Finance Application Form.
2. Statements: Original Bank (or SACCO) or M-PESA statements
3. Certified true copies of identification and / or registration documents (including KRA PIN) for new borrowers.
4. Signed Original pro-forma Invoices confirming the costs of the asset to be purchased and the receipt for deposit already paid in advance to the dealers
5. Copy of the asset's registration documents or import papers (for used units only).
6. Original valuation from approved valuers or Franchise Holders (for used units only). The valuation reports should not be older than 2 months.
7. Completed "Asset Finance Analysis and Review Template", verifying that all attachments are authentic plus all the necessary KYC checks and internal documents are in place.
8. For used vehicles that are not locally assembled the Asset Finance officers will confirm the vehicle mileage and confirm against the valuation and documents the same as part of the appraisal comments. Additionally all valuation reports should have a photo of the odometer reading
9. Insurance

Disclaimers

1. Constituent products within the Asset Finance product brochure are governed by their individual terms and conditions
2. Insurance will be arranged through integrated Bancassurance, subject to legal requirements
3. For applications introduced through the online App, where we expect to verify and certify authenticity of the documents, we may require the clients to submit the originals

Key Risks

1. Default risk; where due to one reason or the other a customer is unable to service the loan
2. Adverse risk rating in cases of default which affects future borrowing.

3. Late payments risks; customers will get penalised for late payments
4. Changes in the rate of risk; In cases where the rate is not fixed, the customer may be unable to service the loan once the rate is adjusted upwards
5. Industry risk; the industry may fail
6. Security risk – the value of the security offered may depreciate faster than anticipated
7. Natural calamities; such as flooding that may result in the loss of the financed unit

Your Rights

As a valued customer, you have the right to:

- Be advised of all the product features, benefits and associated costs on all our products prior to signing up for the product
- Be given reasonable time to consider uptake of our products before signing up and where applicable seek legal counsel on the offer.
- Be notified of any key changes made on our products prior to implementation of any amendments.
- Be advised on how give feedback to the bank, be it to compliment or complain and have the same acknowledged within a reasonable time.

The bank obligations

- To protect your personal information and keep it safe.
- To seek your authority before sharing any information pertaining to you/your account with any of our partners.
- To keep you informed on all pertinent information on your account including any changes proposed within a reasonable time

You confirm that

- You have been provided with all the information on the product and have been given sufficient time to consider the suitability of the product before signing up.
- You are aware that some of our sales staff may be paid on commission