Editor’s Note

Welcome to this year’s edition of Diaspora Connect.

In this edition Patrick Macharia; Property Finance Manager at CBA takes us through the mortgage application process at the bank while Emma Wacira; an Advocate of the High Court of Kenya, takes us through the types of costs incurred when taking a mortgage. She also explains what a consent is and the various types.

The Important Updates segment will keep us updated on what’s new at CBA.

2018 started on a high! We are growing! CBA is now in Rwanda; we celebrate this great milestone. CBA also hosted a very insightful economic forum and a Mother’s Day high tea.

Photos are always a nice way to remember events. Enjoy! We hope you enjoy the read and look forward to any suggestions or comments aimed at improving this newsletter.

Sincerely,
Ronah Kabue
Relationship Manager-Diaspora Banking
invest in your homecoming, arrive before you get there.

more value.

With CBA’s International Money Transfer services sending money home is now safer and with no hidden costs. Simply open a CBA account online and use the Send Wave app, Exchange for free (E4F) or VisaDirect to start sending money today.

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LOOKING TO TAKE A MORTGAGE BACK HOME?

To start off, it is important to find out how much you qualify for. Provide a copy of your income statement/pay stub so that the bank can do a pre analysis that gives an indication of how much you qualify for. The next step is to identify, we are happy to help you find a property that suits your need. The mortgage application process can be categorized into three stages, Appraisal, Acceptance of the bank’s offer and Conveyancing.

Appraisal
This stage involves filling out of the application forms and submission of all the requested supporting documents. The appraisal process takes up to 3-4 working days, during which analysis, loan approval and offer letter generation is done.

Acceptance of the bank’s offer
Once the mortgage loan is approved, a letter of offer will be generated. It will contain the terms and conditions that an applicant ought to meet before the conveyancing process can start. Some of these conditions include, to have a valuation done on the property proposed as collateral for the loan, payment of bank’s facility fees, submission of an executed sale agreement, among others. It is important to read through the offer and also consult a lawyer for guidance in instances where clarity is required. The lawyer will be required to witness the offer letter by appending their signature and stamp as provided on the document. The bank allows 21 to 30 days to accept and meet the offer conditions. Once it is signed and witnessed, the applicant will be required to resubmit it to the bank. The next step is to choose a valuer from the banks panel so that a valuation is carried out on the property. The purpose of the valuation is to ensure the loan amount financed is not above the valuation or selling price amount.

Conveyance
Once the valuation is done and the report is satisfactory, the bank issues instructions to a lawyer selected by the borrower from the bank’s panel, so as to commence the conveyancing process. It involves transfer of property from the seller to the buyer and charging the said property to the financing bank as collateral. The key parties involved in this process are the seller of the property, the buyer, their individual lawyers who will represent them in the transaction and the financing bank. This process takes 45 -90 working days but is subject to the availability of security documents and efficiency of the County Government Land Registries where the property is located.
IT’S A MORTGAGE- ARE YOU PREPARED?

Taking a mortgage requires adequate preparation so as to avoid surprises right in the heart of the application. First, understand the closing costs required to facilitate the application. Secondly, there are various types of consents that must be obtained before signing the charge document.

Closing Costs

**Facility fees:** This is a one off fee payable to the bank. It is a one off payment of between 1%-1.5% of the loan amount.

**Valuation fees:** After the mortgage loan is approved and the executed letter of offer is resubmitted to the bank, a valuation on the property must be done. This is to ascertain whether the loan granted corresponds with the value of the property. The borrower will engage the valuer and pay them directly.

**Legal fees:** This is payable to the advocates preparing the charge and security documents. The fees are classified into two categories;
- *The professional legal costs:* is paid to the advocate for performing their professional legal services in the preparation of the security documents.
- *The government costs:* relates to the government and registry costs which are the amounts paid to the Government Land Registries and institutions when registering the securities in order to validate them. They include stamp duty, registration costs, searches over the properties and obtaining the relevant consents.

**Insurance Premiums:** There are two types of insurance premiums that are collected by the bank on an annual basis. The Mortgage Protection Insurance Cover covers the borrower against eventualities like death, permanent disability and retrenchment. The Domestic Insurance Cover covers the property against natural disasters.

HAVE YOU OBTAINED THE RELEVANT CONSENTS?

Before charging a property, there are various consents that must be obtained in writing before a Charge can be effective.

**Spousal consent:** A married borrower must obtain a written consent from his or her spouse before charging a matrimonial home or property. It is normally in the form of an affidavit that essentially states that the spouse is agreeable to the borrower charging the matrimonial home or property.

Emma Wacira (The writer is an Advocate of the High Court of Kenya and can be reached on emma@joanemma.co.ke)
Land Control Board Consent: For agricultural properties which are properties that are not within a municipality or township, and were formerly zoned agricultural, the borrower is required to appear before the relevant Land Control Board before being granted the Land Control Board Consent.

Consent to Charge: Leasehold properties can either be from the Government of Kenya, the County Governments or Corporate lessors, all of whom are head-lessors. The borrower will obtain a consent to charge in writing from the head-lessee. If the Government of Kenya is the head-lessee, land rent is paid annually after which a rent clearance certificate is issued so as to obtain the consent to charge.

In the case where a County Government is the head-lessee, the county land rent and rates are paid annually to the County Government after which one is issued with a rates clearance certificate which can then be used to obtain the consent to charge.

For corporate lessors, where for instance a management company is the head lessor, the service charge must be paid before the management company can issue its Consent to Charge.

Who can qualify for the amnesty?
- Any Kenyan resident who own assets
- Trustees, settling or beneficiaries of assets held under trust abroad
- Assets held by or income earned by minors can be declared by parents

When does the amnesty run?
- To qualify for amnesty, all funds should be transferred back to Kenya and all assets voluntarily declared by 30 June 2018.
- If the transfer is not completed by the above date, a 5-year extension of up to 30 June 2023 is allowed but at a penalty of 10% fined on the remittance.

How do you apply for the amnesty?
- All applications, declarations, returns and support documentation should be filed through the Tax portal.
- Acknowledgement of the filing shall be generated from Taxis.
- Once the amnesty requirements are met, a Certificate of Grant of Amnesty shall be generated from Taxis.

Tax Amnesty
Kenya Revenue Authority has provided a one-off opportunity to Kenyans who own assets outside the country and are willing to repatriate in Kenya to declare such assets and income earned thereon and repatriate the funds into the country for purpose of investment without incurring tax liabilities. CBA has partnered with select Tax Advisors to ensure you take advantage of the filing window before it closes.

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What is the KRA Tax Amnesty?
The Kenya Revenue Authority has provided a one-off opportunity to Kenyans who own assets outside the country and are willing to re-invest in Kenya. Those interested will be required to declare such assets and income earned thereon and repatriate the funds into the country for purpose of investment without incurring tax liabilities. The window (amnesty) is open until 30th June 2018. For more information, get in touch with us through our contact center: contact@cbagroup.com

Have you updated your contacts?
To enable us to serve you better, kindly log onto CBA Internet Banking and update your contact details.

CBA Chat is now available
Our new web chat service will allow you to reach out to our contact centre team while you browse our website www.cbagroup.com and get immediate answers on all your enquiries. Services you will enjoy through chat is personalized services and the option of requesting for a call back. Try it, you won’t regret it.

Are you aware that you have a dedicated Relationship Manager?
Did you know that you have a dedicated Relationship Manager who is assigned to you? Have you heard from them lately? Let us know and we will make it happen.

CBA Rwanda Launch
CBA is now in Rwanda! We had an official branch opening at the Kigali Heights branch on 20th March 2018. The opening was officiated by Executive Director General for Financial Stability at National Bank of Rwanda, Peace Uwase.
We now have three branches in Rwanda:-
-Kigali Heights Building near Convention Center
-La Bonne addresse Building opposite Pension Plaza Building
-Down Town Building opposite Bus Park

Property Finance
We have partnered with some property developers to bring services closer to you.
Learn More

Fifth Quarter  Enkang  Bustani Apartments  Dahlia Gardens
Events In Pictures

CBA Mother’s Day Event

1

CBA Economic Forum

2
CBA Rwanda Launch

Events In Pictures

1. CBA Mother’s Day High Tea held at the Tribe on the 12th of May 2018.
2. CBA Economic Forum was held on the 19th of April 2018 at Sankara Hotel to discuss the Big Four Agenda.
3. The launch of CBA Rwanda. Events included a launch dinner on the 19th of March 2018 and official branch opening at the Kigali Heights branch on the following day.

Experience life’s richness. Join the bank for interesting people.