

## HOME OWNERSHIP AND COMMERCIAL/INVESTMENT MORTGAGE SOLUTIONS.

### FREQUENTLY ASKED QUESTIONS

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#### **1. What home loan products are available at Housing Finance Bank?**

##### **Purchase or completion of single residential unit / refinance of residential property mortgage**

If you want to purchase/complete your dream residential property, we can help you access up to 80% of the funds required to enable you realize this. This facility has a long repayment period of up to 20 years at affordable interest rates. Monthly repayment - Up to 35% of gross income / 80% of proposed net rent

##### **Equity Release**

Take advantage of the financial value in your property to finance personal needs. Through the Housing Finance Bank Equity Release loan, we offer you up to 300million shillings depending on the property value and its payable in a comfortable period of up to 10 years.

##### **Growing House Loan**

We understand that sometimes home construction can stall due to lack of funds. So why not come and talk to us? We offer funds to enable incremental construction of a residential home. This loan is available to you if you have reached the foundation level of construction and the maximum repayment period is 10 years.

##### **Land Purchase Loan**

Are you looking for funds to purchase the desired land? The land purchase loan is the ideal solution. With this loan, you can access up to 60% of the open market value of the land payable in 5 years to buy any type of land be it lease, mailo or freehold land. This loan is available for land located within 30km of Kampala and 5km within municipalities

##### **Kyaapa Loan**

This loan is extended to sitting tenants on untitled land such as Kabaka's land and district land in areas like Mbarara, Mbale, Tororo, Gulu, Arua etc

#### **2. What Mortgage Investment solutions are available?**

##### **Multi-unit purchase/Completion Mortgage**

This loan enables you to purchase or construct 2 or more residential units to let. The loan amount is up to 80% of the property value and is payable in a maximum period of 20 years.

##### **Commercial Mortgage**

You may desire to purchase / complete / expand a commercial project e.g. shops, a hostel, a warehouse, a guest house, a school, office premises etc and this type of facility will facilitate you to do so. It's available for up to 10 years with a 50% contribution from you.

### **3. Why take a mortgage from us?**

Some of the benefits of our mortgage include:

- The extended repayment period of up to 20 years offers you an affordable monthly repayment
- You are able to access high loan amounts of up to 80% of your property value. Competitive interest rates assure you of the best deals available in the market at any point in time
- Flexibility in loan repayments with an option of partial / early settlement which reduce your overall interest costs
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### **4. What's the maximum loan deductions that can be made from my salary/income?**

The bank makes a maximum monthly deduction of 35% of your monthly gross salary. This includes any other obligations (within and outside Uganda) that you have at the time of application.

### **5. What's the maximum pay back loan period?**

Period is dependent on the product/solution you have applied for as indicated above. However, the maximum period is 20 years.

### **6. Is one allowed to make early payments / retire their loan much earlier?**

Yes. The minimum payment is 10% of the outstanding principal balance. There is a nominal charge applicable and it changes from time to time. Please inquire from the relationship manager at the time of inquiry for the prevailing charges.

The outstanding balance will be spread out over the remaining period of the loan resulting into a lower monthly installment.

### **7. Nature of securities acceptable to the bank:**

The bank considers as security only those properties that have valid land titles. However in the case of the Kyaapa loan, the bank will consider an undertaking from the lessor of the land as sufficient to process funds needed to acquire the title.

Please note that the proposed security should be free of encroachments and encumbrances like squatters or graveyards.

### **8. What are the requirements that I need to submit to the bank to start the process:**

#### **General Requirements:**

- Completed loan application form
- Copy of your current employment contract (for the employed)
- Letter of recommendation from the respective employer (for salaried customers).
- Personal Bank statement for the last 12 Months.
- 2 Pay Slips for the last two Months.
- Copy of your valid passport.
- Five (5) Passport Photos.

- Copy of valid Land Title.
- Copy of the approved building plan.
- Spousal Consent (4 Copies), Copy of Marriage certificate, 2 Photos and ID for spouse if Married.
- Four (4) photographs of at least four elevations of the property.
- Copy of CRB financial Card.
- Have an operational account with HFB.
- Statutory declaration as to marital status / use of property / difference in names (where applicable)

**Additional Requirements for Purchase cases:**

- Sale agreement/Letter of offer for sale
- Vendor’s Identification and two Passport Photographs.
- Vendor’s spousal consent (4 Copies), 2 Photos and ID.
- Telephone and email contacts of vendor.

**Additional Requirements for Construction cases:**

- Bills of Quantities for outstanding construction work.

Please note that other requirements may apply depending on your unique circumstances

**9. What are the fees I need to pay on submitting my application:**

Loan application fees	Application fees - 0.25% of loan (non refundable) min. Ugx 200,000/=
Valuation fees	<ul style="list-style-type: none"> <li>• 400,000 for properties whose values don’t exceed Ugx 500 Million.</li> <li>• Ugx 800,000 for properties whose values range between Ugx 500 Million and 1 Billion.</li> <li>• 0.1% of the property values for values above Ugx 1 Billion</li> </ul>
Survey Fees	200,000/=
Credit reference Bureau fees	25,000

*These fees are nonrefundable.*

**10.What are the fees payable after my loan has been approved:**

<b>Description</b>	<b>Purchase / Equity release Mortgage</b>	<b>Construction Mortgage</b>
Loan Facility fees	1.25% of the approved loan amount.	1.5% of the approved loan amount.
Stamp duty on property transfer	1.5% of the property open market value.	Nil
Transfer fees	35,000	Nil
Stamp duty on mortgage registration	0.5% of the approved loan amount.	0.5% of the approved loan amount.

Mortgage registration fees	35,000	35,000
Stamp duty of Documentation	20,000	20,000
Valuation ancillary to mortgage deeds	100,000	100,000
Legal fees	Loan amount of 10M and below = 300,000 11M – 49 M = 600,000 50 M - 99 M = 800,000 100 M – 299 M = 1.2 M 300 M – 999 M = 1.5 M	Loan amount of 10M and below = 150,000 11M – 49 M = 300,000 50 M - 99 M = 500,000 100 M – 299 M = 600,000 300 M – 999 M = 1 M
Property insurance fees	0.15% of the property insurance value (Paid annually every January)	0.15% of the property insurance value (Paid annually every January)
Mortgage Protection/ Life Insurance	Optional	Optional

**11.Can the fees be deducted from the Loan:**

No.

**12. How do I Make my Contribution:**

You can choose to deposit it on your account or pay the vendor /seller and provide proof of payment for purchase cases or invest it in construction for construction cases.

**13.If am applying for a construction mortgage, does the Bank credit the whole amount on my account?**

The loan amount is disbursed in installments, depending on the level of construction. The number of phases is agreed between you and the bank once the loan has been approved. Before the Bank advances any subsequent installment, re-inspection by the bank valuers is done to ascertain full utilization of the funds disbursed so far

**14. Is there a grace period before I begin paying?**

For construction cases, one is given a period a grace period of 8 months. However during the 8 months, only interest on the disbursed loan amount is paid at the end of every month. Payment of interest and principal begins in the ninth month or immediately upon your request.

**15. If I have a mortgage with another Bank, can Housing Finance Bank pay it off?**

Yes. However this is applicable to facilities where repayments have been made on time

**16.If my gross salary isn't sufficient to enable me qualify for the amount I need, can the Bank consider my spouse's income or income from other businesses or rental income?**

Yes, your spouses' income, rental income and other business incomes can only be considered provided you can provide supporting documentation for them.

**17. Where do I find the property to buy?**

One can locate the property on their own or use property agents. In addition, Housing Finance bank has a working relationship with some real estate developers and land sellers like National Housing and Construction Company, Pearl Estates, Royal Palm, Canaansites, Universal Multipurpose Construction Company, Mirembe Villas, Greentop Villas and many more who have units / land available for sale from time to time. Please visit our website for their contact details.

**18. How do I begin the application process in case I have identified a house I need to purchase?**

You will be required to negotiate a price with the seller, get a copy of title, photos of the property and have the initial discussion with a Bank official for the initial screening to ascertain that you will be able to qualify before you commit any funds to the vendor. Once this is done, you will then be required to submit the detailed requirements to the Bank.

**19. How do I process the mortgage application, submit loan documents and sign the mortgage deeds when I am away in the diaspora?**

There are 2 options for customers who already hold accounts in Housing Finance Bank depending on customer's convenience.

**Option 1.**

- The customer can come to Uganda to the Bank physically to fill mortgage application forms and submit supporting documentation.
- After submitting the supporting documentation, then appoint an attorney for purposes of signing the loan/mortgage documentation on your behalf.
- The authority of the attorney will normally include transacting on the account for purposes of paying vendors (in purchase cases), purchase of materials and managing constructions (in construction) cases. The power of attorney executed would determine the extent of authority depending on the circumstances of each case.
- Where such instructions are given, the customer does not need to visit the Bank and funds will be disbursed upon execution of documents by the attorney and completion of other related processes.

**Option 2.**

- Customers who have accounts with the Bank can also fill loan/mortgage application forms from abroad and then courier these to the Bank along with supporting documents.
- In this case, the application forms would have to be witnessed by a Notary Public. At this point customers may again appoint attorneys and the instrument of appointment would still have to be witnessed by a Notary Public.
- If no attorney was appointed, the customer will need to come physically to the Bank to sign the loan /mortgage documents upon approval of the facility. Note that where an attorney for this purpose was appointed, the customer may not need to visit the Bank in person.

- The funds will be drawn down upon execution of loan/mortgage documents by the customer or their attorney and completion of other related processes.

**20. What happens to my title once I have paid off the loan but am out of the country?**

Once you have fully paid off your loan the Bank will release to you the copy of the title submitted to the Bank together with a release of mortgage document. The Bank may not release the above documents to third parties except where your authorization was given physically at any of our offices at an earlier date

**Contact details**

<b>General Office Line:</b>	<b>+256 414 259 651/2</b>
<b>Direct desk line/Relationship Manager:</b>	<b>+256 417 707 580</b>
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