

DEVELOPMENT BANK OF KIRIBATI

HOME LOAN REQUIREMENTS

1. Sector coverage:	Home establishment and development
2. Scope:	Phase 1 covers construction materials (floor, walls, windows, doors, and roof). Phase 2 covers remaining work but is subject to completion of construction phase 1 and reduction of phase 1 loan to 33%.
3. Eligibility:	Employees with stable income, permanent and stable employment, and sufficient remaining service, satisfactory salary deduction and remittance procedures.
4. Maximum Loan Amount	\$50k upon loan application but to be disbursed by installment
5. Repayment	Loan repayment together with other non-statutory deductions must not be more than 50% of gross salary
6. Refinance	Allowed
7. Security	100% coverage from KPF Pledge, and land, building
8. Married Couples	Married working couples to submit only one application.
9. “Maiu” requirement	Non statutory deductions including DBK repayment < 50% KPF unencumbered benefits > 50% of loan amount.
10. Application requirements:	Lands Department survey map of construction site Land ownership certificate or evidence of land assignment Construction plan and bill of material Details of employment status and salary slip Security documents KPF statement and pledge Insurance statement and pledge BOK and KHC credit checking confirmation
11. Maximum loan term:	Assessed on retirement age and strength of net salary, and subject to the following – 18 months for loans up to \$2k 24 months for loans of over \$2k up to \$5k 36 months for loans of over \$5k up to \$10k 5 years for loans of over \$10k up to \$50k
12. Deposit requirement:	In-kind contribution is land
13. Security requirements:	150% cover of the loan amount and to include:- Insurance coverage on building and things purchased from loan Pledge of KPF, should cover at least 50% of loan amount Mortgage on the Land (where building will be built) Mortgage on building (constructed from the loan) Pledge of insurance Assignment of salary
14. Repayment Cycle:	Fortnightly from salary or monthly from salary (for those paid on monthly basis)
15. Disbursement:	to recognized suppliers only or to borrower upon proof of supplier, disbursement by installment
16. Approval Authority:	CEO for loans up to \$10k EXCOM for loans over \$10k up to \$50k Board for loans over \$50k and over

Appraisal Requirements		
<i>Criteria</i>	<i>Details</i>	<i>Documents</i>
17. Borrower's integrity	Identification	Birth Certificate, KPF ID Card
	Member of KPF	KPF Statement shows that 70% of KPF is unpledged.
	Permanent Employee	Confirmation letter from PSO, etc
	Repay-ability	Payslip and Payslip letter from Ministry of Finance, etc. Net salary meets salary assignment requirement
	Credit checking – KHC, BOK	Statement
18. Home Loan application Integrity	Salary deduction & remittance	<ul style="list-style-type: none"> ▪ Salary processing point (OI/ST) ▪ Employer's undertaking re SD
	Land is available, site maps	Landownership certificate
	Construction plans	Building Plans and Work-plan
	Bill Of Quantities	Quotations

Interest Rates

10%	Home Loans	
13%	For loans above \$10k and below \$20k	Loans to be considered by EXCOM and Board
13.5%	For loans above \$20k	Loans to be considered by EXCOM and Board

FEE	DETAILS	PURPOSE
Application fee	\$20 upfront	Defraying loan processing costs
Establishment fee	<\$5k – 1.5% of loan	<ul style="list-style-type: none"> ▪ Stationery, printing and photocopying for loan application, supporting documents and legal documentation ▪ Staff time (Loan officers, senior lending staff, Management approval and execution)
	>\$5k – 2.5% of loan	
	>\$10k – 3.5% of loan	
	>\$50k – 5% of loan	
Loan extension fee	Fee to be paid upfront Correspond to (Outstanding loan balance). (1-500) - \$20 (501-1000) - \$25 (1001-2000) - \$30 (2001-3000) - \$35 (3001-4000) - \$40 (4001-5000) - \$45 (5001-6000) - \$50 (6001-7000) - \$55 (7001-8000) - \$60 (8001+) - \$100	<ul style="list-style-type: none"> ▪ Application fee for loan extension
Loan administration fee	\$5 per month	<ul style="list-style-type: none"> ▪ Administration service fee
Registration fee	\$20.00	<ul style="list-style-type: none"> ▪ Registration costs charged by high court
KPF Pledge fee	\$20.00	<ul style="list-style-type: none"> ▪ KPF pledge fee charged by KPF ▪ To cater for early release of KPF pledge prior settlement of loan
Arrears fee	5% of arrears but not more than \$20	<ul style="list-style-type: none"> ▪ Cost of staff time in doing additional jobs because of defaulting repayment
Statement fee	\$2.00 per statement	<ul style="list-style-type: none"> ▪ Cost of statements issued
Legal document and release letter fees	\$5.00 per copy	<ul style="list-style-type: none"> ▪ Cost for additional legal documents issued
Closing fee	\$100 per account closed	<ul style="list-style-type: none"> ▪ Cost for closing account
Refinancing fee	5% of loan outstanding refinanced	<ul style="list-style-type: none"> ▪ Cost for refinancing loans