

SECURED PERSONAL LOAN PACKAGE

1. Sector coverage:	Personal purposes fund for birthdays, marriage, deaths, kateirake - aoraki n aine, refinance, personal transports (saloon cars, motorbike, pushbike), entertainment (video, home theatre, etc), home furniture, computer sets and internet connections, mechanical & carpentry tools, and other personal items & equipment.
2. Eligibility:	Permanent employees of Government ministries with sufficient regular and consistent income stream
3. Repayment cycle:	Fortnightly
4. Maximum Loan:	\$50,000 on application
5. Loan Extensions:	Extension is allowed when loan balance at the time of application has reached 75% or less of the total outstanding loan balance whence the previous loan was made and provided extension amount not exceeding the value of KPF already pledged as in Loan Agreement, and not to violate credit risks assessment results.
6. Equity Contribution/deposit:	None
7. Refinance:	Allowed
8. 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 3-5 years for loans of over \$10k up to \$30k 5 years of loans over \$30k up to \$50k
9. Grace Period:	None
10. Security:	100% from KPF Pledge of borrower, and collaterals
11. Repayment:	Effective upon disbursement from salaries of borrower/guarantor
12. Insurance:	Not necessary
13. Disbursement:	To borrower
14. Approval Authority:	ACEO for loans up to \$5k CEO for loans of over \$5k up to \$10k EXCOM for loans over \$10k up to \$50k

Appraisal Requirements		
Criteria	Details	Documents
15. 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
16. Salary assignment	Repay-ability	Payslip and Payslip letter from Ministry of Finance, etc. Net salary meets salary assignment requirement
	Credit checking – KHC, BOK	Statement
	Commitment ratio	Personal & salary details form, S/slip
	<p><u>South Tarawa loans:</u> Net salary minus fortnight SD should not be less than \$40 per fortnight</p> <p><u>Outer Island loans:</u> Net salary minus fortnight SD should not be less than \$20 per fortnight.</p>	
Salary deduction & remittance	<ul style="list-style-type: none"> ▪ Salary processing point (OI/ST) ▪ Employer's undertaking re SD 	

Interest Rates		
10%	For loans below \$5k	Secured Personal Loans
12%	For loans above \$5k and below \$10k	Secured Personal 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 >\$5k – 2.5% of loan >\$10k – 3.5% of loan >\$50k – 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)
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