



ASSET FINANCE (LOGBOOK LOAN) TERMS AND CONDITIONS

Branch Microfinance Bank Limited (“Branch MFB”)

1. Definitions

In these Terms and Conditions, unless the context otherwise requires:

“Bank” means Branch Microfinance Bank Limited, a licensed microfinance bank in Kenya.

“Customer” means an individual or entity approved for an Asset Finance Loan.

“Facility” means the asset-backed credit facility advanced by the Bank.

“Vehicle” means the motor vehicle offered as collateral for the Facility.

“FSV” means the forced sale value of the Vehicle as determined by a Bank-approved valuer.

“Encumbrance” means the registration of the Bank’s security interest over the Vehicle with NTSA.

2. Nature of the Facility

2.1. The Facility is an asset-backed loan secured by a motor vehicle logbook. The bank’s security interest duly registered with the NTSA.

2.2. The Facility may be used for vehicle purchase, refinancing, repairs, upgrades, or other vehicle-related purposes as approved by the Bank.

2.3. The Customer retains possession of the Vehicle during the loan term, subject to the Bank’s security interest. The customer shall retain possession of the vehicle but shall not use the Facility for purposes other than those expressly approved in writing by the Bank.

2.4. The customer is expected to notify the Bank in case of any change in use of the Vehicle or Facility, failure to which the bank has a right to repossess the vehicle

3. Eligibility

To qualify for the Facility, the Customer must:

- a) Be at least 21 years of age
- b) Hold an active Branch MFB account
- c) Demonstrate a verifiable source of income
- d) Pass the Bank’s credit assessment
- e) Own or be purchasing a qualifying Vehicle

The Bank reserves the right to approve or decline any application at its sole discretion.

4. Facility Amount and Tenor

4.1 The Facility amount shall be determined based on the FSV of the Vehicle.

4.2 Loan-to-Value ratios and maximum tenors shall be applied based on the age of the Vehicle as determined by the Bank’s internal policy.

4.3 Facility amounts range from KES 300,000 to KES 8,000,000.



4.4 Repayment tenors range from 5 to 72 months, subject to Vehicle age and condition.

5. Interest, Fees, and Charges

5.1 Interest shall be charged at the rate specified in the Offer Letter.

5.2 Interest may be calculated on a flat rate or reducing balance basis, as disclosed prior to acceptance.

5.3 A processing fee equivalent to a percentage of the approved Facility amount shall apply.

5.4 Additional charges may include valuation fees, GPS tracker installation costs, legal and NTSA encumbrance fees, insurance premiums, credit life insurance, and applicable taxes. All fees and charges including processing, valuation, GPS installation, legal, NTSA registration, insurance premiums, and applicable taxes shall be disclosed upfront.

5.5 Late payment penalties and early repayment fees shall apply as communicated in the Offer Letter.

6. Repayment

6.1 Repayments shall be made through automatic deductions from the Customer's Branch MFB or Bank account as per the contractual agreement

6.2 The Customer irrevocably authorises the Bank to debit their account for all amounts due.

6.3 The Customer authorizes the Bank to debit such amounts but retains the right to dispute any unauthorized or incorrect deductions by notifying the Bank within 7 days.

6.4 Failure to maintain sufficient funds shall constitute an Event of Default.

7. Security

7.1 The Facility shall be secured by:

a) Registration of an Encumbrance over the Vehicle with NTSA

b) A duly executed chattels mortgage or equivalent security document

c) Installation of a GPS tracking device where required, subject to compliance with the Data protection Act, 2019

7.2 The Customer shall not sell, transfer, or otherwise dispose of the Vehicle without the Bank's prior written consent.

8. Insurance Obligations

8.1 The Vehicle must be comprehensively insured throughout the loan term.

8.2 The insurance policy shall:

a) Name the Bank as first loss payee

b) Include political violence and terrorism cover, where applicable

c) Include excess protection, where required

8.3 Failure to maintain valid insurance constitutes an Event of Default.

9. Vehicle Condition and Use

9.1 The Customer shall maintain the Vehicle in good mechanical condition.

9.2 The Vehicle shall not be used for unlawful purposes or in a manner that materially increases risk.

9.3 The Bank reserves the right to inspect the Vehicle or request updated valuation reports.

10. Events of Default

An Event of Default occurs if the Customer:

- a) Fails to make any payment when due
- b) Breaches these Terms and Conditions or the Offer Letter
- c) Provides false or misleading information
- d) Fails to maintain insurance or security requirements
- e) Becomes insolvent or ceases operations

11. Remedies on Default

Upon an Event of Default, the Bank may:

- a) Demand immediate repayment of all outstanding amounts
- b) Enforce its security interest, including repossession and sale of the Vehicle
- c) Apply proceeds from the sale toward settlement of the outstanding Facility
- d) Initiate recovery actions in accordance with applicable laws

12. Risk Disclosure

The Customer acknowledges that:

- a) Failure to repay may result in loss of the Vehicle
- b) Repossession and sale may not fully cover the outstanding balance
- c) The Customer remains liable for any shortfall after enforcement

13. Data Protection

13.1 The Customer consents to the collection, processing, and sharing of personal and business data in accordance with the Data Protection Act, 2019 (Kenya).

13.2 Data may be shared with valuers, insurers, tracking companies, credit reference bureaus, regulators, and service providers for lawful purposes.

13.3. The Bank shall implement reasonable security measures and inform the Customer of their rights regarding data access, correction, and deletion."

14. Limitation of Liability

The Bank shall not be liable for any loss arising from:

- a) Mechanical failure, accident, theft, or damage to the Vehicle
- b) Actions or omissions of insurers, valuers, or tracking providers
- c) Indirect or consequential losses



15. Amendments

The Bank may amend these Terms and Conditions from time to time upon notice to the Customer. Continued use of the Facility constitutes acceptance of the amended terms. The Customer may terminate the Facility if they do not accept the amendments.”

16. Governing Law and Jurisdiction

These Terms and Conditions shall be governed by the laws of the Republic of Kenya.

17. Any dispute arising out of or in connection with these Terms shall first be referred to **mediation**. If the dispute is not resolved within **thirty (30) days**, it shall be finally resolved by **arbitration** in accordance with the **Kenya Arbitration Act**, conducted in **Nairobi**, and in the **English language**. Nothing herein shall prevent either party from seeking **urgent interim relief** from the courts of Kenya, which shall otherwise have **exclusive jurisdiction**.