

**KEY FACTS IN CONTRACTS (KFIC) AND OTHER INFORMATION – EDUCATIONAL LOAN**

The **Educational Loan Scheme** is meant to finance only the tertiary education of members and their wards.

PLEASE READ THE FOLLOWING BEFORE FILLING YOUR APPLICATION FORM TERMS AND CONDITIONS**1.0 Loan Eligibility**

- (i) Only **one educational loan** will be disbursed **per course**.
- (ii) The amount of the loan is subject to a cap of Rs4m for all loans taken from the Association except Home Loan.
- (iii) **A couple** (husband and wife) may apply jointly for **an educational loan** of up to Rs4m.
- (iv) Each loan will be disbursed in a lump sum up to a maximum of **Rs4m** depending upon the undermentioned criteria:
 - (a) **LOCAL INSTITUTIONS** – Full tuition fees + 25 % as ancillary expenses.
 - (b) **ABROAD** – twice full tuition fees up to a maximum of **Rs4m**.
 - (c) One disbursement (net of charges) will be effected per loan.
- (v) The actual loan amount is based on eligibility and is not necessarily the same as the amount applied for.
- (vi) The amount disbursed shall be limited to the cost incurred for tertiary education e.g tuition fees, travelling cost, accommodation, materials for study, administrative expenses.
- (vii) Application should be submitted by loanee in person.

1.1 For loan eligibility of overseas courses:

1. Where tuition fees are **free**, the loan eligibility amount should be based on the following costs subject to documentary evidences:
 - (i) Accommodation (ii) Travelling (iii) Materials for study (iv) Administrative expenses
2. For the purpose of para. (1) above, the loan eligibility may be grossed up by 10% to cover other ancillary expenses subject to the existing cap of Rs4m.

1.2 In case of drop-outs, the Educational Loan will be converted into Personal Loan as from the date of cancellation of course.

2.0 Guarantors

2.1 Except for pensioners, applicants can provide **up to six personal guarantors**, provided the loan amount is fully secured. Personal guarantors must be members of the Mutual Aid.

2.2 The following conditions shall apply if the loan is secured by a single guarantor:

2.2.1 In case the guarantor is a loanee the net pay into bank of the guarantor excluding bonuses, overtime and allowances other than travelling & rent should be **at least equal** to the monthly loan instalment of the loanee;

2.2.2 In case the guarantor is not a loanee, the net pay into bank excluding bonuses, overtime and allowances other than travelling and rent should **be at least twice** the loan instalment of the loanee;

2.2.3 The guarantor should be eligible for the loan amount applied for by the loanee;

2.2.4 **The guarantor should also sign an undertaking that he is agreeable to be sole guarantor;**

2.3 The following conditions shall apply if the loan is secured by two guarantors:

2.3.1 The net pay into bank of each guarantor excluding bonuses, overtime and allowances other than travelling & rent should be **at least half of** the monthly instalment of the loanee;

2.3.2 In case one guarantor is not a loanee, his/her net pay into bank excluding bonuses, overtime and allowances other than travelling and rent should be **at least equal to** the monthly instalment of the loanee;

2.3.3 Each guarantor should be eligible to at least **50%** of the loan amount.

2.3.4 In case of more than 2 guarantors the above conditions will differ accordingly.

2.3.5 Guarantor(s) cannot opt out once the application has been processed.

2.4 General Conditions

2.4.0 The Association reserves the right to make amendments to any of its loan policies and/or procedures at any point in time. The Association furthermore reserves the right to apply such amendments to loans already approved and granted.

2.4.1 The loan repayment period may not exceed the retirement age of a guarantor, unless the latter's future pension is sufficient to repay the loan in case of default payment.

- 2.4.2 The Association reserves the right to reject a loan application after assessing the risk profile of the applicant /guarantor and to keep in abeyance the loan application of an applicant who is in litigation with the Association until the final outcome of the case.
- 2.4.3 The attention of the guarantors are drawn to paragraph 2.1 of the loan contract. Guarantors should be fully aware of their responsibilities when they guarantee a loan.
- 2.4.4 Guarantor(s) can stand as surety(ies) for a total liability limit (loan balance) of **Rs3m** for a monthly salary up to Rs50,000 and **Rs4m** for those earning above Rs50,000 monthly. Guarantors' age shall not be more than 5 years older than loanees.
- 2.4.5 **In case the applicant bears the same surname as any of the guarantors or in case both guarantors bear the same surname, their relationship must be disclosed on the loan application form.**
- 2.4.6 Members have the option to secure the traditional Personal Loan with a collateralized security.
- 2.4.7 Approval of loan is subject to terms and conditions.

3.0 **Securities to be offered by the borrower:**

- (i) A **fixed charge** on the property of the borrower; or
- (ii) A **bank guarantee**; or
- (iii) **Loanees have the option to provide up to 6 guarantors subject to the following:**

Sn.	Loan amount	Minimum number of guarantors
1	Up to Rs 1.0m	One
2	> Rs 1.0m ≤ Rs 2.0m	Two
3	> Rs 2.0m ≤ Rs 3.0m	Three
4	> Rs 3.0m	Four

4.0 **Rate of Interest (EFFECTIVE 01.10.22)**

4.1

SN	AMOUNT	INTEREST - % P.A
1	Up to Rs 1m	6.00
2	> Rs 1m up to Rs3m	6.35
3	> Rs 3m up to Rs4m	5.35

Interest rates are calculated monthly based on the outstanding capital and is tagged to the Mutual Aid Base Rate (MBR). The interest rate **will be automatically adjusted** in case of any percentage change in the said MBR. Consequently, the loan maturity date may be increased or reduced to take into account fluctuations in interest rate during the loan period. However, the monthly loan instalment will remain the same.

- 4.2 If after loan disbursement, loanee joins the private sector and cannot refund the outstanding loan balance immediately, standing order payment may be accepted and interest rate will be readjusted at Personal Loan rate on the outstanding balance.

5.0 **Loan Repayment**

- 5.1 The loan should be refunded in a maximum of **240 equal monthly instalments** or less depending on the applicant's age.

Note : About two months moratorium will be provided on loan repayment, thus the first deduction will be made by end of the 2nd month. Consequently, the loan period will be extended accordingly and the interest accrued during this period will be deferred and claimed after the maturity of the loan. This deferred interest would be indicated in the periodic loan statement issued to clients.

- 5.2 An **Administrative cost** and a **solidarity contribution** will be **retained** from the **loan amount before the proceeds are credited into bank account of loanee.**
- 5.3 The monthly instalment should be paid at latest on the **last working day** of **each month** failing which:
- (a) The **totality** of the **outstanding balance** on the loan shall become immediately due and demandable.
- (b) The **fixed charge** or **bank guarantee**, wherever applicable, shall become realisable forthwith.
- (c) **Guarantor/s** will be required to service the loan.
- 5.4 **In no case shall the total Mutual Aid deduction exceed 50% of the monthly eligible income / 40% of the total monthly income of pensioners.** However, this is not applicable to institutions where there is 50% restriction on salary deduction.

- 6.0** The following documents should be submitted:
1. **Original and photocopy** of your **National Identity Card (NIC)** and **Birth Certificate** of applicant and ward where applicable (**KYC record**). Online Birth Certificate is acceptable.
 2. **Original and photocopy** of your latest **payslip / pension slip**. Downloaded payslip will only be accepted with official seal, name, signature, date and post of signing officer.
 3. **Originals and photocopies** of recent payslips, **NIC** and **Birth Certificates of all parties (KYC record)**. Downloaded payslip will only be accepted with official seal, name, signature, date and post of signing officer. Online Birth Certificate is acceptable.
 4. **Original and photocopy** of bank document showing **bank account number** and **name of applicant**.
 5. **Certificate** from your department stating that you are not under report, not on leave without pay, not on prolonged sick leave and not involved in a police case (**Valid for 3 weeks**).
 3. **6.Original and photocopy** of **birth certificate** of ward / **marriage certificate** in case of the spouse. Online Birth Certificate is acceptable.
 7. **Proof of study: Particulars of the Course, original / photocopy letter of enrolment of student, yearly exam results, renewal/enrollment letter from institution and quotation /invoice/cost estimate emanating from the institution stating study (Mandatory)** .
 - 7.1 Documentary evidence for accommodation, travelling, materials for study, administrative expenses.
 8. **Original and photocopy** of bank statement showing name and address / Utility Bill (CEB or CWA or Mauritius Telecom) - **not more than 3 months old** of **applicant and guarantor/s** (If utility bill is not in name of applicant/guarantor/s, a **written confirmation** and copy of **NIC** should be secured from the **utility bill account holder**) or **any other document showing relation (KYC record)**.
 9. Letter of undertaking (where applicable).
 10. Bank Guarantee (*where applicable*)
 11. Fixed Charge document (*where applicable*).
 12. Letter concerning payment request from the institution and exam result yearly.
 13. Letter for check-off to SICOM Ltd (applicable for parastatal bodies).

7.0 **Relevant documents concerning Fixed Charge on Property:**

- (a) The deed containing no provision purporting to give to any existing mortgage or similar charge on the property – priority over the fixed charge.
- (b) If burdened with any inscription, authorization / consent from the relevant organisation that it has no objection that the present filed charge be ranked **“Pari Passu”** with the existing inscription.

8.0 **Bank Guarantee** - A guarantee issued by a Bank and registered in Mauritius.

- (i) **Registration** - All legal documents will be registered at the cost of the borrower.
- (ii) **Valuation cost** - To be borne by loanee.

10.0 **Fees**

10.1 Applicants will be required to pay a one off processing fee of **1 %** on the loan amount and a Mutual Solidarity Contribution (MSC) of **4.50 % - 5.50 %** to write off the loan in case of death. The effective date of the MSC is when the loan has been disbursed. Applicants will be charged Rs50 as Bank of Mauritius (MCIB) fee. The MSC to be applied depends on age as follows:

SN.	AGE	MSC RATE - %
1	Up to 45	4.50
2	More than 45 up to 60	5.00
3	More than 60	5.50

11.0 Loan Eligibility For Pensioners

- (a) For pensioners aged more than 65 up to **70 years**: Maximum loan of Rs1,000,000.
For pensioners **above 70 Years** : Maximum loan of **Rs100,000**.
- (b) Loans are payable as follows:

SN	AGE (YEARS)	MAXIMUM REPAYMENT - PERIOD (YEARS)
1	60	10
2	61	9
3	62	8
4	63	7
5	64	6
6	65 and above	5

12.0 Notes :

- 12.1 Applicant and Guarantors must sign at part 2.1 of the application form and should write in their own handwriting in the space provided the following: "Read and approved: good for the sum of Rupees in principal to which shall be added the accrued interest."
- 12.2 For all new loans, the following deductions will be made:
- (1) the mutual solidarity contribution (MSC) for the loan (Note : Please note that the solidarity contribution on loan is non- refundable and is payable to offset the loan in case of death of loanee);
 - (2) the processing fee.
- 12.3 Shareholders may download copies of the application form from the Web Site of the Association at the address: www.mcsmutualaid.com
- 12.4 There should not be any overwriting or use of correction fluid on the application form. All photocopies must be clear; all signatures affixed must be identical to that on the National Identity Card of bearer.
- 12.5 In case a borrower is proceeding on any overseas leave, he/she shall communicate in writing to the Association his/her overseas address, prior to leaving the country. Non submission of such information would be a **breach of the loan contract/agreement**.
- 12.6 In case borrower is abroad and the Standing Order Instruction has failed and no deduction can be effected from guarantor's salary, the matter will be treated as a case of defrauding the Association of its property. The Association will proceed with legal action against the borrower and guarantor(s) via the Central **Criminal Investigation Department and Interpol**. The Association will also inform the borrower's employer or institution of the above matter with the assistance of Embassies and Ministry of Home Affairs in the relevant countries.
- 12.7 Shareholders are informed that it is mandatory for the Association to make necessary enquiry from the Mauritius Credit Information Bureau before approving, increasing or renewing any loan facilities and to provide the MCIB with relevant information regarding the present loan.
- 12.8 According to Section 52A of the Bank of Mauritius Act, it is mandatory that the 'Know Your Customer' (KYC) records of our members be submitted to the KYC Registry of the Bank of Mauritius.
- 12.9 For a loan, deduction from salary will be effected after two months.
- 12.10 For a loan buyback, the approval of a loan will be effective when a confirmation is received as to whether the amount due to the other institution(s) has been settled. Only external offset on educational loan is allowed.
- 12.11 A loan contract is valid when the proceeds of the loan have been credited to the account of an alive Applicant.
- 12.12 There is no renewal on Educational Loan.
- 12.13 In case of partial EMI payment, allocation of the EMI will be for loan where interest rate is higher.
- 12.14 Your request will be resolved on the spot if this is possible. In case you are not satisfied, you may refer to the 'Complaints Handling Policy and Procedures' as available on www.mcsmutualaid.com
- Further information may be obtained by phone on the following numbers:
213-0200 (queries on existing loan accounts) 212-4000 (general information)