

GOVERNMENT NOTICE NO. 559 PUBLISHED ON 16/9/2022

THE BANKING AND FINANCIAL INSTITUTIONS ACT,  
(CAP 342)

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**REGULATIONS**

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*(Made under section 71)*

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THE BANKING AND FINANCIAL INSTITUTIONS (MORTGAGE REFINANCE  
COMPANIES) REGULATIONS, 2022

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PART I  
PRELIMINARY PROVISIONS

- Citation                    1. These Regulations may be cited as the Banking and Financial Institutions (Mortgage Refinance Companies) Regulations, 2022.
- Application                2. These regulations shall apply to all Mortgage Refinance Companies in the United Republic of Tanzania.
- Interpretation            3. In these regulations unless the context requires otherwise:  
“Act” means the Banking and Financial Institutions Act;  
“Bank” means the Bank of Tanzania;  
“borrower” means a bank or financial institution eligible to borrow funds from Mortgage Refinance Companies;  
“core capital” has the meaning ascribed to it in the Act;  
“debenture charge” means a document that grants lenders a charge over a borrower's assets, giving them a means of collecting debt if the borrower defaults;  
“member primary mortgage lender” means a bank or financial institution that has subscribed share capital to a Mortgage Refinance Companies.  
“Mortgage re-financing business” means the wholesale or secondary market lending to banks and financial institutions in order to reduce the liquidity risk incurred in their provision of long term loans for housing.  
“Mortgage Refinance Company (MRC)” means a non-deposit taking company established under the Companies Act and licensed by the Bank to conduct mortgage re-finance business  
“non-member primary mortgage lender” means a bank or financial institution that has not subscribed share capital to an MRC;  
“primary mortgage lender” means a bank or financial institution involved in mortgage finance and any other entity approved by the Bank to operate mortgage financing.

“total capital” has the meaning ascribed to it in the Act.

Objectives

- 4.-(1) The objectives of these Regulations are to ensure safety and soundness of MRC’s operations.
- (2) These Regulations aim at creating conditions for:
- (a) a solid capital base that adequately reflects MRC’s risks and sufficient to absorb unanticipated losses; and
  - (b) good corporate governance, including an informed and involved Board of Directors, an effective system of internal controls, disclosure, and transparency.

PART II  
POWERS AND DUTIES OF BANK OF TANZANIA

Powers and duties of the Bank

5. The powers and duties of the Bank shall be to-
- (a) license MRC; and
  - (b) regulate and supervise MRC business operations including:
    - (i) prescribing rules and conditions upon which MRC may extend credit to its borrowers, borrow funds, issue debt obligations and issue, redeem, or transfer stock.
    - (ii) prescribing liquidity requirements and permissible investments.
    - (iii) reviewing MRC’s business and operational policies, including its Memorandum and Articles of Association, By-laws, Business Plan, Capital Plan, Credit Policy, Asset/Liability Management Policy; Financial Management Policy, and Code of Ethics and Business Conduct;
    - (iv) collecting regular data from MRC’s operations relating to its lending and the collateral assigned in its favour.
    - (v) conducting on-site inspections and off-site monitoring of MRC’s operations, and
  - (c) set capital adequacy standards for MRC.

PART III  
LICENSING

Application for  
license

6.-(1) A person who intends to engage in mortgage re-financing business shall apply for a license to the Bank by a letter in the form prescribed in the First Schedule.

(2) Any person shall, before submitting an application referred to under sub-regulation (1), apply for a pre-filing meeting with the Bank.

(3) An application referred to under sub-regulation (1) shall be signed by the directors of the applicant or a person authorized by the applicant and be accompanied with-

(a) a copy of each of the documents listed in the Second Schedule; and

(b) non-refundable application fee of five million shillings or any other amount as may be determined by the Bank to be paid through a bankers' cheque or other means acceptable to the Bank

(4) A person shall not engage in mortgage re-financing business unless that person has obtained a license issued by the Bank.

(5) A person who contravenes the provision of sub-regulation (4) commits an offence and on conviction shall be liable to the punishment as stipulated in the Act.

Principal  
contact person

7. An applicant for a license shall designate a principal contact person for application processes and inform the Bank of the name and address of such a person.

Legal Opinion

8. The Bank may require the applicant to provide a legal opinion on any issue related to the license application as it may determine.

Financial  
capacity

9.-(1) The Bank shall, before granting a licence, investigate and scrutinize the financial capacity of the shareholders.

(2) The financial capacity of the shareholders shall be measured on-

(a) levels of capital as shown on balance sheets:

(b) the potential financial support may be made available where MRC requires capital injection for any reason, including losses in its operations.

(3) The Bank shall assess-

(a) the ability of the shareholders and their business affiliates to pay their current obligations from their income,

- (b) reasonability of valuation they assign to their assets, and
- (c) net-worth in relation to other liabilities.

Character and experience

10.-(1) The Bank shall assess the character and experience of the proposed members of the Board of Directors and Senior Management in accordance with the criteria set out in the Third Schedule to these Regulations.

(2) The criteria referred to under sub-regulation (1) shall indicate whether the proposed members of the Board of Directors and Senior Management of MRC are fit and proper persons.

Disclosure of intended products and services

11. The applicant shall disclose any intended products and services it proposes to provide and how such products and services will benefit Tanzania.

Feasibility study

12.-(1) The applicant shall provide a detailed feasibility study, business plan and projected balance sheets, income statements and cash-flow statements for four years.

(2) The business plan under sub-regulation (1) shall, at a minimum, include MRC's vision and mission, principal business activities, organization and management, and planned sources and uses of capital and other funds. The business plan shall also include market analyses and business projections under various scenarios and assumptions.

(3) Without prejudice to a sub-regulation (1) and (2) referred above, at minimum the applicant shall provide the following-

- (a) draft policies and procedural manuals detailing how the institution shall operate in a manner consistent with the principles prescribed in Risk Management Guidelines issued by the Bank;
- (b) description of accounting system, information and communication technology to be used in the operations of the institution and proposed future investment;
- (c) number of employees, job descriptions of senior management positions and an organization chart;
- (d) description of internal control procedures that the institution shall implement;
- (e) description of shareholders, Board and senior management and strategy for the successful operation of the institution;
- (f) Master Servicing and Re-financing Agreement that governs the lending operations between MRC and the participating primary mortgage lenders.

Significant  
policies and  
their contents

13. (1) The MRC shall prepare and submit to the Bank for review the following significant policies;
- (a) Credit Policy which shall describe the credit products that MRC offers to its borrowers, including the terms and conditions for issuing advances, and shall set forth the standards that MRC shall use to manage credit risk in these products. The Credit Policy shall, at a minimum:
    - (i) specify the underwriting criteria to be applied in evaluating applications for advances;
    - (ii) specify the levels of collateralization, valuation of collateral, and the discounts that are to be applied to collateral values securing advances;
    - (iii) specify the standards and criteria for, and timing of, periodic assessments of the creditworthiness of borrowers, obligors, or other counterparties, and for the establishment of credit limits;
    - (iv) specify the fees to be charged for obtaining, or pre-paying, advances including any schedules or formulas on such fees; and
    - (v) describe the standards and criteria for pricing products, including differential pricing of advances.
  - (b) Asset and Liability Management Policy which shall describe MRC's permissible assets and liabilities set the standards for managing its interest rate risk and liquidity risk, and delineate the composition, duties, and operational procedures of the Asset/Liability Management Committee.
  - (c) Financial Management Policy describes MRC's financial management policies and procedures, and its system of internal controls. The policy shall include, at a minimum; Accounting policies and principles; Financial record-keeping and reporting; and Auditing and periodic internal control testing.
  - (d) Code of Ethics and Business Conduct shall specify high standards for honesty, integrity, and impartiality for employees, officers, and directors

and guide on avoiding conflicts of interest, self-dealing, and other types of impropriety.

(2) The MRC shall ensure that the following policies are prepared and reviewed annually: -

- (i) Anti-Money Laundering Policy;
- (ii) Risk Management Policy;
- (iii) Business Continuity Policy and Plan; and
- (iv) Corporate Governance Policy.

PART IV  
CREDIT EXTENSION AND QUALIFIED COLLATERAL

Credit  
Extensions

14.-(1) The MRC shall, in discharging its duties, extend credit to its good standing borrowers.

(2) The MRC shall deem a borrower not to be in good standing if that borrower:

- (a) is delinquent on payment obligations at any time;
- (b) receives a qualified opinion on its most recent audited financial statements;
- (c) is unprofitable for four consecutive quarters;
- (d) fails to meet its capital adequacy requirements as prescribed by the Bank; or
- (e) in respect of whom MRC receives a written notice from the Bank, expressing material concerns about the borrower's financial condition or business operations resulting from the borrower's most recent supervisory inspection.

(3) The MRC credit extensions shall

- (a) be fully secured by qualified collateral;
- (b) for the provision of sub-regulation (3) (a), a credit extension shall be deemed fully secured credit when the qualified collateral covers at least:

- (i) 111% of credit amount, for the case of mortgaged properties;
- (ii) 100% of credit amount, for the case of securities issued, insured, or guaranteed by the Government of the United Republic of Tanzania; or
- (iii) bank fixed deposits.

(4) The MRC shall not extend credit to any member primary mortgage lender equal to more than twenty times the member's paid up capital in MRC.

(5) The maximum amount of credit accommodation an

MRC may extend to a non-member primary mortgage lender



shall not exceed the lesser of fifty per cent of;

- (a) credit accommodation allowed to member primary mortgage lender with minimum investment to MRC, or
- (b) core capital of the borrowing non-member primary mortgage lender.

(6) The MRC shall provide clear disclosures of the terms and conditions of the advances to its borrowers.

(7) MRC shall set single borrower limits in its credit policy, and the limits shall comply with any requirement prescribed by the Bank.

Qualified collateral

15.- (1) Qualified collateral shall be limited to the following assets:

- (a) first ranking specific debenture charge on the selected loan portfolio of mortgages which are fully insured and have not had any arrears over the past six months;
- (b) securities issued, insured, or guaranteed by the Government of the United Republic of Tanzania;
- (c) bank fixed deposits; or
- (d) other qualified collaterals shall be limited to those approved by the board of directors of MRC and cleared by the Bank.

(2) The MRC shall assess the book value of the collateral intended to secure the advances being considered, and at least every six months thereafter for all outstanding advances

(3) The MRC shall require borrowers to provide additional qualified collateral to compensate for any diminution in the market value or book value of the pledged collateral securing their outstanding advances.

(4) The MRC shall require borrowers to provide qualified substitute collateral if any security or residential mortgage securing an outstanding advance matures, prepays, defaults, or becomes more than 90 days delinquent.

(5) The MRC's outstanding advances to a borrower shall become due and payable if that borrower cannot provide sufficient qualified collateral to support its outstanding advances.

PART V  
CAPITAL ADEQUACY REQUIREMENTS AND PERMISSIBLE  
INVESTMENTS AND RESTRICTIONS

Minimum risk-  
based capital  
requirement

16.-(1) The MRC shall commence operations and maintain at all times a minimum core capital of not less than thirty billion shillings or such higher amount as the Bank may determine.

(2) The MRC shall maintain at all times a minimum ratio of core capital to the value of its risk-weighted assets and

off-balance sheet exposures of not less than ten percent.

(3) The MRC shall maintain at all times a minimum ratio of total capital to the value of its risk-weighted assets and off-balance sheet exposures of not less than twelve percent.

(4) The risk weighted assets and off balance sheet exposures shall be computed in line with procedures as defined by the Bank.

Permissible  
investments

17. (1) The MRC shall not invest more than forty percent of its financial resources in the following investments:

(a) treasury bonds or equivalent instruments issued by the Government of the United Republic of Tanzania.

(b) fixed Deposits in banks and financial institutions licensed by the Bank.

(2) At no time shall MRC engage in activities that may lead it to incur foreign exchange, commodity or equity risks or use financial derivatives except as hedging instruments.

(3) The limit of forty per cent referred to under sub-regulation (1) shall not apply in the first year of operations of MRC.

(4) The limit referred to under sub-regulation (3) shall be reviewed periodically by the Bank after considering the liquidity needs of MRC.

PART VI  
LIQUIDITY REQUIREMENTS

Liquidity  
management  
policies

18.-(1) The MRC shall adopt sound and prudent liquidity management and funding policies consistent with the principles set out in the Risk Management Guidelines issued by the Bank.

(2) The policies under sub-regulation (1) shall at least

include: -

- (a) delegation of responsibility for management of overall liquidity;
- (b) establishment and implementation of effective techniques and procedures to identify, measure, monitor, and manage liquidity risk both in individual currencies and overall;
- (c) analysis of net funding requirements under alternative scenarios; and
- (d) contingent liquidity planning.

(3) The liquidity management and funding policies under sub-regulation (1) shall be reviewed, at least annually or

more frequently as may be necessary to ensure that they remain appropriate and prudent.

Adequacy of liquidity

19. The MRC shall maintain sufficient liquid assets for meeting its maturing obligations and liabilities.

#### PART VII CORPORATE GOVERNANCE REQUIREMENTS

Composition of the Board of Directors

20.-(1) The board of directors of MRC shall have a membership of not less than five, two of whom shall have mortgage finance or related experience and the majority of whom shall be non-executive.

(2) The chairperson of the MRC shall be a non-executive member of the board.

(3) The MRC shall not appoint any person to hold a senior management or Board of directors post without obtaining prior approval of the Bank.

Mandate of the Board of Directors

21. The ultimate responsibility for the MRC operations shall be vested to the Board of Directors.

Duties of Directors

22.- (1) The duties of directors under these regulations shall be to:

- (a) act in good faith, in a manner believed to be in MRC's best interests, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances;
- (b) administer MRC affairs fairly and impartially and without discrimination in favour of or against any shareholder;
- (c) review at least annually, and amend as appropriate,

the following plans and policies: Business Plan, Capital Plan, Credit Policy, Asset and Liability Management Policy, Financial Management Policy, Code of Ethics and Business Conduct, Anti Money Laundering Policy, Risk Management Policy, Business Continuity Policy and Corporate Governance Policy;

- (d) prepare and publish MRC's annual report, including financial statements; and
- (e) approve annual budgets, financial projections, and proposed pay-outs of dividends.

(2) The Board of Directors shall ensure that MRC establishes and maintains an effective internal control system.

(3) The Board of Directors shall establish, document, and communicate an organizational structure for MRC that clearly shows the lines of authority, provides for effective communication, and ensures that there are no gaps in the lines of authority.

(4) The Board of Directors shall review all delegations of authority to specific personnel or committees and require that such delegations state the extent of the authority and responsibilities delegated.

(5) The Board of Directors shall establish reporting requirements for senior management, including specifying the nature and frequency of the management reports it receives.

Establishment  
of Board Audit  
Committee

23.-(1) The Board of Directors shall establish an audit committee.

(2) The audit committee shall comprise at least three non-executive directors, two of whom shall have adequate accounting or related financial management experience.

(3) The Board of Directors shall adopt a written charter for the audit committee that specifies the scope of the committee's powers and responsibilities, and its structure, processes and membership requirements.

Senior  
Management

24.-(1). The MRC senior management shall be responsible for carrying out the directives of the Board of Directors.

(2) The MRC senior management shall conduct day-to-day operations of MRC in a safe and sound manner, including the establishment, implementation, and maintenance of the internal control system required by these Regulations.

(3) Without prejudice to the generality of subsection (2), the MRC senior management shall, in conducting its day to day operations:

- (a) ensure that MRC employees fully understand and

- comply with all policies, procedures, and legal requirements applicable to their positions and responsibilities, including adherence to approved risk tolerances and mitigation strategies;
- (b) ensure that there is appropriate segregation of duties among employees and those employees are not assigned conflicting responsibilities;
  - (c) ensure that employees receive necessary and appropriate information and training;
  - (d) develop and implement operating procedures that translate the major business objectives, strategies, and policies established by the Board of Directors into effective operating standards;
  - (e) ensure adherence to the lines of authority and responsibility established by the Board of Directors;
  - (f) oversee implementation and maintenance of management information and other operating systems;
  - (g) establish and implement an effective system to track internal control weaknesses and actions taken to correct them; and
  - (h) monitor, and report periodically to the Board of Directors and audit committee about the achievement of MRC's business objectives and the effectiveness of the internal control system.

(4) The senior management shall perform, annually, a risk assessment that identifies and evaluates material risks, including quantitative and qualitative risks that may adversely affect the achievement of MRC's business and performance objectives and compliance requirements.

(5) The risk assessment referred to in sub-regulation (4) shall be in written form and shall be reviewed by the Board of Directors promptly upon its completion.

#### PART VIII INTERNAL AND EXTERNAL AUDITORS REQUIREMENTS

Internal Audit

25. Every MRC shall have an Internal Audit Function whose head shall report directly to the Board Audit Committee and shall, inter alia, be responsible for compliance with these regulations and establish an effective means of testing, checking and complying with its policy and procedures.

Appointment of  
External  
auditors

26.-(1) Every MRC shall, on an annual basis, appoint an external auditor who is registered by the National Board of Accountants and Auditors and has no conflict of interest in MRC and notify the Bank within seven days of such appointment.

(2) MRC shall not remain without an external auditor for more than ninety days from the date the position falls vacant.

(3) Where MRC fails to appoint an external auditor under sub-regulation (1) of this regulation or to fill any vacancy for an external auditor which may have fallen vacant, the Bank may appoint, on behalf of the MRC, an external auditor and fix his remuneration which shall be paid by the MRC.

(4) An external auditor shall not audit the same MRC for more than two consecutive terms of three years.

(5) An external auditor shall rotate the engagement partner in charge of audit of MRC after every three years.

PART IX  
EXAMINATION, REPORTING REQUIREMENTS AND OFFSITE  
MONITORING

Inspection of  
books of  
account and  
records

27.-The MRC shall make its books of account and records readily available for inspection and other supervisory purposes within a reasonable period upon request by the Bank.

Reporting  
Requirements  
and Off-Site  
Monitoring

28.-(1) The MRC shall be subject to the Bank's off-site monitoring and shall make periodic reports in accordance with the form, instructions, and schedules specified by the Bank including:

(a) monthly call reports including balance sheet, income statement and capital compliance and leverage;

(b) quarterly call reports including statements of cash flow, capital, investments, outstanding advances and commitments, outstanding liabilities, and member shareholdings; and

(c) yearly updated projections on its business volume and on its balance sheet and income statement.

(2) The reports referred to under sub-regulation (1) shall be submitted no later than the 15<sup>th</sup> day after the end of each reporting period.

Management  
take over

29.-(1) The Bank may take-over management of an MRC where-

- (a) the Bank considers that an MRC is not-
    - (i) in a sound financial condition;
    - (ii) operating in accordance with sound administrative and accounting practices and procedures;
    - (iii) adhering to proper risk-management policies; and
    - (iv) complying with instructions issued by the Bank;
  - (b) an MRC fails to comply with the minimum capital requirements prescribed in these regulations;
  - (c) an MRC's license has been revoked;
  - (d) the continuation of MRC business is detrimental to the interests of clients; or
  - (e) an MRC is undertaking Mortgage re-financing business in a manner contrary to the Act.
- (2) Upon take-over referred to under sub-regulation (1),

the Bank may utilize the services of private persons to manage the MRC, where the Bank determines that doing so is the most practicable, efficient and cost-effective manner.

(3) Costs of management of an MRC during the takeover period shall be borne by the MRC.

(4) During take-over, no attachment or lien except a lien created by the Bank shall be attached to any property or asset of the MRC.

(5) A party to a contract with an MRC shall not be relieved of his obligations on the ground that the MRC is under the management of the Bank.

End of  
management by  
Bank

30.-(1) Management by the Bank shall end upon improvement of the MRC's financial condition and operations or within six months, whichever comes earlier.

(2) The Bank may extend the six months' period referred to under sub-regulation (1) where MRC's financial condition and operations have not improved.

(3) The Bank shall, where the financial condition and operations of the MRC have not improved after the expiry of six months or the period extended by the Bank under sub-regulation (2), order liquidation according to the applicable law.

PART X  
ADMINISTRATIVE SANCTIONS

Sanctions

31. Without prejudice to any other penalties or sanctions prescribed by Act, the Bank may impose one or more of the following penalty or sanction, where any of the provisions of these Regulations are contravened-

- (a) penalty on the MRC, its directors, officers or employees responsible for non-compliance in such amounts as may be determined by the Bank;
- (b) prohibition from declaring or paying dividends;
- (c) suspension of access to the credit facilities of the Bank;
- (d) suspension of lending and investment operations;
- (e) suspension of capital expenditure;
- (f) suspension of the privilege to issue debt instruments;
- (g) suspension from office of the defaulting director, officer or employee;
- (h) disqualification of the defaulting director, officer or employee from holding any position or office in any licensed bank or financial institution under the supervision of the Bank; and
- (i) revocation of the license.

Revocation of  
GN. No.  
149 of 2011

32. The Banking and Financial Institutions (Tanzania Mortgage Refinance Company) Regulations, 2011 are hereby revoked.



FIRST SCHEDULE

(Made under Regulation 6)

The Governor,  
Bank of Tanzania,  
P.O. Box 2939,  
Dar es Salaam,  
TANZANIA.

Re: Application for a License to carry out mortgage re-financing business

Sir,

We, the undersigned, hereby apply for a license to establish a mortgage refinancing company in Tanzania to be known as \_\_\_\_\_ with principal place of business at \_\_\_\_\_

The proposed institution shall have an authorized share capital of \_\_\_\_\_ shillings and paid up capital of \_\_\_\_\_ shillings which shall be contributed by the following subscribers:

Subscribed Shares

	Name of Subscriber	Number	Amount	Amount Paid-up	Percentage of Ownership
1.	_____	_____	_____	_____	_____
2.	_____	_____	_____	-	_____
3.	_____	_____	_____	-	_____
4.	_____	_____	_____	-	_____
5.	_____	_____	_____	-	_____
6.	_____	_____	_____	-	_____
7.	_____	_____	_____	-	_____
8.	_____	_____	_____	-	_____
9.	_____	_____	_____	-	_____
10.	_____	_____	_____	-	_____
11.	_____	_____	_____	-	_____
.				-	

Banking and Financial Institutions (Mortgage Refinance Companies)  
GN NO. 559 (Contd.)

12	_____	_____	_____	_____	_____
.				-	
13	_____	_____	_____	_____	_____
.	-			-	
14	_____	_____	_____	_____	_____
.	-			-	
15	_____	_____	_____	_____	_____
.	-			-	
16	_____	_____	_____	_____	_____
.	-			-	
17	_____	_____	_____	_____	_____
.	-			-	
18	_____	_____	_____	_____	_____
.	-			-	
19	_____	_____	_____	_____	_____
.	-			-	
20	_____	_____	_____	_____	_____
.	-			-	
	Total			-	

We jointly and severally make a firm commitment to deposit a total amount of paid up capital for the proposed institution with any bank or financial institution registered in Tanzania such deposit to be made not later than thirty days after grant of this application.

In support of this application, we submit herewith the documents listed in the accompanying checklist. We certify the correctness of all the information indicated in such documents to the best of our knowledge and belief.

We hereby authorize the Bank of Tanzania and any of its authorized agents or staff members to make an enquiry or obtain any information from any source for the purpose of determining the correctness of all the representations made in connection with this application or of assessing its merits.

To facilitate communication between us and the Bank, we have authorized ..... of the following address:

- (1) P.O Box .....
- (2) Telephone number.....
- (3) Email address.....
- (4) Fax number .....

to represent all of us in regard to this application. It is understood that any notice to him shall constitute sufficient notice to all of us.

Enclosed is a cheque for Tanzanian Shillings five million being payment of our application fee.

Yours faithfully,

\_\_\_\_\_  
 \_\_\_\_\_

_____	_____
_____	_____
_____	_____
_____	_____

SECOND SCHEDULE

*(Made under Regulation 6)*

Checklist of Documents

1. Letter of application in the prescribed form.
2. Authenticated legal documents or board resolution authorizing the signatory.
3. Banker's cheque or any other document acceptable to the Bank evidencing payment of a non-refundable application fee of five million shillings or any other amount as may be determined by the Bank.
4. Proposed Memorandum and Articles of Association (unregistered).
5. Proof of source and availability of funds for investment as capital of the proposed mortgage re-financing company.
6. List of subscribers and proposed members of board of directors and Chief Executive Officer.
7. Proof of citizenship of every subscriber and every proposed directors and senior management officers. This includes detailed curriculum vitae, photocopy of the pages of the passport which contain personal information and two recent passport size photographs.
8. Audited balance sheet, income statement and cash flow for the last three years, of every subscriber who owns five per cent or more of the share capital of the proposed mortgage re-finance company engaged in business.
9. Credit reference reports for every significant subscriber and every proposed director and senior management officer.
10. Certified copies of annual returns of every subscriber who owns five per cent or more of the share capital of the proposed institution and every proposed member of the board of directors and Chief Executive Officer together with accompanying schedules or financial statements filed during the last three years with relevant Authority.
11. Certified copies of tax returns of every subscriber who owns five per cent or more of the share capital of the proposed institution and every proposed member of the board of directors and Chief Executive Officer together with accompanying schedules or financial statements filed during the last three years with relevant Tax

- authorities together with respective Tax clearance certificates.
12. Statements from two persons who are not relatives vouching for the good moral character and financial responsibility of the subscribers who own five per cent or more of the share capital of the proposed institution and the proposed directors and senior management.
  13. Home country regulator certification if the applicant is a foreign mortgage re-finance company.
  14. Declaration that the funds to be invested have not been obtained criminally or associated with any criminal activity.
  15. Business plan for the first four years of operations including strategies for growth, dividend payout policy, career development programme for the staff and budget for the first year.
  16. Projected balance sheets, income statements and cash flow statements for the first four years of operation.
  17. Brief description of economic benefits to be derived by Tanzania and the community from the proposed mortgage re-financing company

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THIRD SCHEDULE

*(Made under Regulation 10)*

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CRITERIA FOR DETERMINING THE CHARACTER AND EXPERIENCE  
REQUIRED FOR A MEMBER OF THE BOARD OF DIRECTORS AND SENIOR  
MANAGEMENT OF AN MRC

1. In order to determine, for the purpose of these Regulations, the character and moral suitability of persons proposed to be members of the Board or senior management, the Bank shall have regard to the following qualities, in so far as they are reasonably determinable, of the person concerned-

- (a) adequate education background;
- (b) general character;
- (c) professional skills, competence and soundness of judgment for the fulfilment of the responsibilities of the office in question; and
- (d) the diligence with which the person concerned is likely to fulfil those responsibilities.

2. For the purpose of and without prejudice to the generality of the provisions of paragraph (1), the Bank may have regard to the previous conduct and activities of the person concerned in the business or financial matters and, in particular to evidence that

such person-

- (a) has committed any act of bankruptcy;
- (b) was a director or in a senior management position of a bank or financial institution that has been liquidated or is under liquidation or statutory management;
- (c) has committed or been convicted of the offence of fraud or any other offence of which dishonesty is an element;
- (d) has contravened the provision of any law designated for the protection of members of the public against financial loss due to the dishonesty or incompetence of, or malpractices by, persons engaged in the provision of banking, insurance, investment or other financial services.

3. Any other criteria, which the Bank may prescribe, from time to time.

4. The following documents shall be submitted to the Bank with respect to each proposed director and senior management team, together with other documents the Bank may require-

- (a) detailed curriculum vitae;
- (b) certified copies of academic and professional certificates;
- (c) photocopy of the pages of the passport which contain personal information including photograph, nationality, date and place of birth and issuer of the passport;
- (d) two certified passport size photographs; and
- (e) references from two persons who are not relatives, vouching for good moral character, integrity and performance.

Dar es Salaam  
....., 2022

FLORENS D.A.M. LUOGA  
*Governor*