

**UGANDA MARTYRS UNIVERSITY
NKOZI/LUBAGA CAMPUS**

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

DEPARTMENT OF MICROFINANCE

SEMESTER TWO 2018/19

B.A MF I EVENING - RUBAGA

COURSE UNIT: CREDIT APPRAISAL AND MONITORING

DATE: 7th/06/2019

Time allowed: 3hours

Instructions to Candidates:

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Write neatly and show all workings clearly.
- 3) Start every question on a new page
- 4) Clearly state the question number & sections attempted
- 5) Answer **any four** questions, all questions carry equal marks

Question One

- a) “Credit Appraisal is one of the major activities a microfinance institution”, Discuss.
- b) Examine the various factors affecting loan condition legibility

Question Two

- a) Deo a business partner with Christine would like to borrow money from the reliable microfinance using CAMPARI and the 5C's explain the various factors they will consider before advancing the money to Deo.
- b) In case Deo meets challenges, advise the institution on the various aspects to consider when monitoring and rescheduling this loan.

Question Three

- a) A number of people are interested in getting loans from MFI's but the challenge is collateral security. Advice on the various substitutional effects that can be adopted to help an individual access money.
- b) Explain the various activities carried out during the disbursement period

Question Four

- a) Differentiate between the following terms:
 - i) Pre disbursement and Post disbursement
 - ii) Loan Structuring and Loan scheduling
 - iii) Guarantor and guaranty
 - iv) Grace period and gestation period
- b) Advance the various challenges and activities of loan appraisal.

Question Five

Microfinance institutions have innovated softer forms of security or collateral to break away from the traditional requirements to secure loans in bid of increasing their clientele base .Based on this statement;

- a) Explain the meaning of Collateral Substitution. (2 marks)
- b) Examine the most common forms of collateral substitute and show their obligation or purpose at this level. (13marks)
- c) Examine how loan collaterals are evaluated. (10 marks)

Question Six

- a) With practical examples describe the three Rs used in the credit analysis process (6 marks)
- b) Explain the various reports compiled during the loan monitoring period (15 marks)
- c) Categorize any six policies guiding disbursement process (6 marks)

END