

# Mortgage Facility Terms

# Contents

## Part A - Getting started

- 1 Letter of offer
- 2 Pre-conditions to use
- 3 Your limit

## Part B - Mortgage Loans - General

- 4 Funding
- 5 Interest, fees and charges
- 6 Facility term
- 7 Repayment
- 8 Prepayment
- 9 Review, cancellation, termination, suspension

## Part C - General

- 10 Mortgage insurance
- 11 Inspection of property
- 12 Representations and warranties
- 13 Termination

## Part D - Meaning of words

- 14 Meaning of words

### Important notice

#### **You need to read this document.**

It sets out the general terms and conditions of our personal banking relationship with you. These terms and conditions apply to each *product* we agree to provide to you from time to time. They apply in addition to other documents including the *product terms* and the tariff guide but they do not apply to any existing facility, product or service we provide to you to the extent that they are subject to separate terms and conditions. Where we make changes to these terms and conditions we shall notify you of such change through electronic mail or any such other means of communication as may be available to the Bank.

### Key words

The meaning of key words printed *like this* and other words used in our banking agreement are explained at the end of these Client Terms and at the end of the applicable *product terms*.

### How to contact us

To discuss any aspect of our relationship please contact us at one of our branches, by using phone banking +260 977 999990/ 966 999990 / 5247 toll free or by visiting our website [www.sc.com/zm](http://www.sc.com/zm)

# Part A - Getting started

## 1. Letter of offer

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If we approve your application, we issue a letter of offer. If you want to accept our letter of offer you need to do so in accordance with the procedures set out in the letter of offer.

## 2. Pre-conditions to use

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2.1. Before you can use a mortgage facility you must:

- i. comply with the requirements we specify from time to time and any other pre-conditions we specify in our banking agreement/letter of offer;
- ii. unless otherwise stated in our letter of offer, have paid all our costs in connection with the mortgage facility. (We may deduct any fees payable from funds drawn down);
- iii. have opened or maintain a nominated account or any other account we specify with us. These accounts must be maintained at all times for the purposes of the mortgage facility.
- iv. have satisfied our insurance requirements, the requirements of the insurer and, unless we agree to finance them, paid the premiums due, including if we require you to have mortgage insurance, the premium amount;
- v. provide us with all securities in the form and substance we require including all documents we consider necessary to ensure the security is effective; and
- vi. provide us with all other documents or information we reasonably require.
- vii. Have paid all costs of our service providers (such as lawyers) in connection with the mortgage facility.
- viii. Each item must be in form and substance satisfactory to us, our lawyers and our consultants and if a document is not an original document it must be certified in the manner we require as being a true and up to date copy of the original).

2.2. We need not provide any funds to you or otherwise allow you to use the mortgage facility if:

- i. any of the circumstances in clause 2 (Preconditions to use of any product) of the Client Terms exists; or
- ii. the results of any searches, requisitions or other enquires in connection with you, any security provider or the property are not in form and substance satisfactory to us, our lawyers or consultants.

## 3. Your limit

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You may only draw on a mortgage facility up to the limit. We may cancel or vary the limit at any time.

# Part B - Mortgage Loans - General

## 4. Funding

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### Purpose

- 4.1. You must use the mortgage facility only for the purpose set out in the letter of offer or as otherwise approved by us.

### Requesting funds

- 4.2. If you want us to provide you with funds, you may do so by a written request in the form we require. Your request must be made within a reasonable time (for example, at least fifteen (15) banking days) before you require the funds.

### How we provide the funds

- 4.3. We pay the funds to you as directed by you or your agent, except to the extent that we require otherwise.

## 5. Interest, fees and charges Interest - general

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- 5.1. You must pay interest on the loan monthly in arrears (or as otherwise set out in our letter of offer) at the rate set out in the letter of offer or at any other rate we determine based on changes made to the Bank of Zambia rate. Despite the terms of our letter of offer, the interest rate we charge cannot be less than 0% per annum at any time.
- 5.2. Unless otherwise stated in our letter of offer, interest accrues on a daily basis and is calculated on the basis of a 365 day year (and 366 day year in a leap year).
- 5.3. Interest is payable on the dates set out in the letter of offer or otherwise in our banking agreement.
- 5.4. Unless otherwise stated in our letter of offer interest is charged to your account on the last banking day of each month and on the day when all amounts owing in connection with the mortgage facility are finally paid (unless you have made arrangements with us otherwise).
- 5.5. We may vary the interest rate and the margin based on any changes to the Banks of Zambia's Monetary Policy Rate. If we vary the interest rate, we will notify you of the revised rate, the effective date of the revised interest rate and give you notice of the change in accordance with clause 7 of the client terms.

### Fees and charges - general

- 5.6. The fees and costs for each mortgage facility are set out in the letter of offer or the tariff guide.  
They are also available by contacting us at any of our branches, by phone banking or by visiting our website. We will notify you of any variations 30 days before implementation of the same.

## 6. Facility term

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- 6.1. The term of a mortgage facility commences on the date of drawdown and continues for the period stated in the letter of offer.
- 6.2. The letter of offer may allow the original term of the mortgage facility to be extended up to a maximum period. This is to allow the instalment amount to be maintained despite any change in the interest rate (see clause 8.5 below) (This should be subject to variation of charged security documents).

## 7. Repayment

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### Repayment by instalments

- 7.1. If the letter of offer states that you must repay the mortgage facility in instalments, we notify you the amount of the instalment and each instalment payment date. Any balance owing for the mortgage facility (after payment of all instalments) must be repaid on the final payment date we notify you.

- 7.2. If you have not fully drawn down the mortgage facility (that is, you have not used up your entire limit) by the end of any availability period stated in the letter of offer, we may vary the instalment amount, the number of the instalments and the term of the mortgage facility. We will notify you when we do so.

- 7.3. You must pay the instalments even if you do not withdraw all or any of the loan we deposit in the nominated account.

- 7.4. If we vary the interest rate on the mortgage facility, we may vary the instalment amount and the number of instalments. However, if the letter of offer states that the mortgage facility has a term that may be extended if an interest rate increases, we extend the term of the mortgage facility (until it reaches the maximum term stated) rather than varying the instalment amount. If the maximum term is reached, we may vary the instalment amount.

The right to vary instalments is in addition to our other rights to vary, as set out in our banking agreement. See, for example, clause 36.18 (Variation of our banking agreement) in the Client Terms.

### Methods of instalment repayment

- 7.5. The instalment repayment structure for the mortgage facility is stated in the letter of offer.

### Statements

- 7.6. Statements will be available to you online or upon request by you for the mortgage facility.

### When you must repay in full

- 7.7. On the last day of the term, to the extent there is any balance owing for the mortgage facility, you must repay that balance owing.
- 7.8. Despite any other term of our banking agreement, we may ask you to repay all or part of the balance owing for the mortgage facility and all other amounts owing to us in connection with the mortgage facility at any time. If we do so, you must immediately pay the amount we demand.
- 7.9. Before we discharge any security, you must pay all fees and costs payable in connection with the final settlement of your mortgage facility (such as discharge fees and costs).

## 8. Prepayment

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### Prepayment

- 8.1. You may prepay all or part of the mortgage facility if:
- the prepayment amount complies with any minimum or maximum amount we specify;
  - you prepay only part of the loan, you maintain a minimum loan balance we specify;
  - when you prepay, you also pay all accrued but unpaid interest, fees and costs in connection with the mortgage facility; and
  - you comply with any other requirements stated in the letter of offer. If you are unable to give us reasonable notice of prepayment, we may also require you to pay us an amount equal to one month's interest on the mortgage facility.
- 8.2. An amount prepaid reduces the remaining instalments due in reverse order by the amount prepaid.

## 9. Review, cancellation, termination, suspension

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- 9.1. In addition to the terms below, our Client Terms and the letter of offer set out our right to review the terms of your mortgage facility, when you and we may end or suspend your use of any product. The Client

Terms also set out what you need to do if that happens (including immediate payment of the balance owing for the mortgage facility) and our enforcement rights. See, for example, Parts A and H of the Client Terms.

- 9.2. We may at any time cancel or reduce a mortgage facility by giving you written notice. If we do so, you must repay the balance owing within the time we specify. This may include combining it with an existing mortgage facility we provide to you.

## Part C - General

### 10. Mortgage insurance

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This clause applies as we require you to take up mortgage insurance such as Mortgage Protection for the mortgage facility. In certain circumstances it provides protection for loss we may suffer in connection with your mortgage facility.

This clause is in addition to the "Insurance" clause in the Client Terms.

#### Insurance application

10.1. You may apply to an insurer approved by us, or an insurer of your choice, subject to our approval to obtain mortgage insurance in connection with your mortgage facility.

10.2. You and the security provider acknowledge that the insurer decides whether or not to issue the mortgage insurance. We need not do anything to ensure that the insurer issues the requested mortgage insurance.

10.3. The terms of the mortgage insurance will be set out in the certificate of insurance issued to you by the insurer and the letter of offer. You should read the mortgage insurance terms carefully to ensure that it provides you with the necessary cover. Please note that your insurance does not take effect until the insurer issues you the certificate of insurance.

#### Amount you must pay

10.4. If we ask, you must pay to us any amounts which we are required to pay to the insurer in connection with the mortgage insurance, when we ask you to do so and within the time we specify. This may be before the amount is due to the insurer.

10.5. If we allow you to finance the premium amount out of drawdown proceeds, we apply part of the loan towards payment of the premium amount instead of collecting the premium amount from you as a lump sum. You must repay this amount to us in the same manner as the rest of loan under the mortgage facility or in any other manner we determine.

10.6. You must reimburse us for all costs which we incur in connection with the mortgage insurance (including making claims against it).

#### Acknowledgements

10.7. You and the security provider acknowledge and agree that in connection with any mortgage insurance:

- i. the insurer decides whether or not to provide the mortgage insurance;
- ii. we are not responsible for ensuring that your application for the mortgage insurance is accepted by the insurer; and
- iii. we are the beneficiary under the mortgage insurance.

#### Surrender of policy

10.8. If the mortgage insurance is surrendered because all amounts owing under the mortgage facility have been paid in full by either you or a security provider, the insurer may pay us a portion of the premium amount as the surrender value. If we receive any surrender value we pay it to you. However, we do so only if the premium amount has not been financed out of drawdown proceeds.

10.9. If the mortgage insurance is terminated for any other reason, we may require that the surrender value is applied to reduce the balance owing of the mortgage facility.

### 11. Inspection of property

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You must do everything necessary to allow us or our authorised representatives to inspect the property. Unless there is an emergency, we give you reasonable notice before we carry out an inspection. You must pay all costs incurred by us in connection with any inspection (including travel and accommodation expenses).

### 12. Representations and warranties

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#### You represent and warrant that:

12.1. Your obligations under each of our banking agreements and any security (and the obligations of any security provider) are valid, binding and enforceable and neither you nor any security provider will be in breach of any law, authorisation, document or agreement by entering into or complying with obligations or exercising rights under any of our banking agreements or any other arrangement with us;

12.2. All the information given by you or any security provider (or on your or their behalf) is correct, complete and not misleading and each representation made by you to us is correct and not misleading.

### 13. Termination

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We may end any (or all) of our banking agreements for a product, with or without notice to you, if:

- i. any security or insurance we require in connection with a product is or becomes unenforceable or is withdrawn or terminated without our consent; or
- ii. you or any security provider becomes insolvent or any of your or their assets are subject to insolvency proceedings; or
- iii. you or any security provider dies or becomes incapacitated; or
- iv. you or any security provider stops payment, ceases to carry on its business or a material part of it or threatens to do so; or
- v. you or any security provider acts fraudulently or dishonestly; or

## Part D - Meaning of words

### 14. Meaning of words

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You also need to refer to our Client Terms which also define key words used in these terms. If a word defined in these terms is also defined in our Client Terms, the definition in these terms applies for the purposes of a mortgage facility.

**limit** means, for a mortgage facility, the limit set out in the letter of offer for the mortgage facility.

**loan** means the outstanding principal amount of all drawdowns under a mortgage facility.

**mortgage facility** means each mortgage loan or we make available to you under these terms as stated in our letter of offer.

**property** means the property the subject of the security for your mortgage facility.