



# Mortgage Facility Terms





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## IMPORTANT NOTICE

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

It sets out specific terms and conditions on which we agree to provide you with *mortgage facilities*. **You must read it in conjunction with our *Offer Letter*, our *Client Terms* and any other documents forming our banking agreement.** To the extent of any inconsistency between these terms and our *Client Terms*, these terms prevail and if there is any inconsistency between the *Offer Letter* and any other part of our banking agreement, then the terms in the *Offer Letter* prevail.

### **Key words**

The meaning of key words printed *like this* and other word used in our banking agreement is explained in our *Client Terms*. Some additional key words which apply to the *products* referred to in these terms are explained at the end of these terms.

## Part A - Getting started

### 1 Pre-conditions to use

#### 1.1 Before you can use a *mortgage facility* you must:

- comply with the requirements we specify from time to time and any other pre-conditions we specify in our banking agreement;
- unless otherwise stated in our *Offer Letter*, have paid all our costs in connection with the *mortgage facility*. (We may deduct any fees payable from funds drawdown);
- 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*;
- have satisfied our insurance requirements, the requirements of the insurer and, unless we agree to finance them, paid the premiums due;
- provide us with all *securities* in the form and substance we require including a first ranking mortgage over the *property* in favour of us and all other documents we consider necessary to ensure the *security* is effective; and
- provide us with all other documents or information we reasonably require.

Each item must be in form and substance satisfactory to us, our lawyers and our consultants (including evidence of stamping (if applicable) 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).

#### 1.2 We need not provide any funds to you or otherwise allow you to use the *mortgage facility* if:

- any of the circumstances in clause 2 (Pre-conditions to use of any product) of the Client Terms exists; or
- 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.

### 2 Your limit

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

### 3 Conversion

If you want to convert a *mortgage facility* to another type of *mortgage facility* we offer, please contact us to discuss the available options. If we agree to a conversion it must be on terms satisfactory to us (including payment of fees and costs).

## Part B - Mortgage Loans

This Part B sets out terms which apply to each *mortgage facility* which must be repaid in full at the end of its term as stated in the *Offer Letter*.

Part C sets out additional general terms which apply if, for example, you are required to have *mortgage insurance*.

### 4 Disbursement

#### Purpose

- 4.1 You must use the *mortgage facility* only for the purpose set out in the *Offer Letter* or as otherwise approved by us.

#### How we provide the funds

- 4.2 We pay the funds to you as stated in our *Offer Letter*. For example, if the *mortgage facility* is provided:

- in connection with a property you already own, we may pay the funds to you as a lump sum;
- to purchase a completed property, we may pay the funds direct to the seller as a lump sum;
- to purchase a property directly from a developer, we may agree with the developer to pay the funds direct to the developer in a series of advances. We need not get your consent to do this.

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Borrower 1

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Borrower 2

4.3 If we pay funds direct to a seller or a developer, each payment is taken to be a drawdown under the *mortgage facility* and forms part of the balance owing for the *mortgage facility*.

We are not responsible in any way for the actions of the seller or the developer in connection with the funds we disburse.

4.4 We may agree with the seller or developer to change the amount of funds we disburse (up to maximum of agreed *mortgage facility* only) and the same will be notified to you.

#### **Validity period**

4.5 If the *Offer Letter* states a validity period, each request for funds must be made during the validity period. Any unused portion of the *limit* at the end of the validity period is automatically cancelled.

#### **5 Interest, fees and charges Interest**

5.1 You must pay interest on the loan monthly in arrears (or as otherwise set out in our *Offer Letter*) at the rate set out in the *Offer Letter* or at any other rate we determine. Despite the terms of our *Offer Letter*, the interest rate we charge cannot be less than 0.0% per annum at any time. The interest rate stated in our *Offer Letter* is the interest rate which applies at the date of the *Offer Letter*. It is indicative only. The actual interest rate for a drawing is the interest rate as at the drawdown date.

5.2 Unless otherwise stated in our *Offer Letter*, interest accrues on a daily basis and is calculated on the basis of 30 days per month and base days of 360 days in a year.

5.3 Interest is payable on the dates set out in the *Offer Letter* or otherwise in our banking agreement.

5.4 Any overdue payment incurs a Late Payment Fee or as set out otherwise in our banking agreement (see "Interest, fees and Costs" in the Client Terms).

5.5 If the interest rate is a variable rate (that is, not a fixed rate for an agreed period), we may vary the interest rate (including the margin, the Bahrain Inter Bank Offer Rate or any other base lending rate or reference

rate) without notice to you:

- each time we provide funds to you;
- on each re-pricing date as mentioned in the *Offer Letter*;

*We may also vary the interest rate at any other time if we give you at least 30 days' notice before the variation takes effect.*

#### **Fees and charges**

5.6 The fees and costs for each *mortgage facility* are set out in the *Offer Letter* or the *Service and Price Guide*. They are also available by contacting us at any of our branches, by phone banking or by visiting our website.

They may be varied after providing the required notice to you.

#### **6 Facility term**

6.1 The term of a *mortgage facility* commences on the date of first drawdown and continues for the period stated in the *Offer Letter*.

6.2 The *Offer Letter* 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 section 7 below).

#### **7 Repayment**

##### **Repayment by instalments**

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

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

7.3 If we vary the interest rate on the *mortgage facility*, we may vary the instalment amount and the number of instalments. However, if the *Offer Letter* states that the *mortgage facility* has a term that may be extended if an interest rate increases, we extend

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Borrower 1

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Borrower 2

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

7.4 The instalment repayment structure for the *mortgage facility* is stated in the *Offer Letter*.

7.5 If the *Offer Letter* states that the graduated repayment method applies, each year the instalment amount increases by the percentage you and we agree. This increase is applied in addition to any variation in the instalment amount as a result of a change in the interest rate. However, we may at any time determine that it is inappropriate to increase the instalment amount.

7.6 If the *Offer Letter* states that the decreasing balance repayment method applies, each year the instalment amount decreases by the percentage you and we agree. This decrease is applied in addition to any variation in the instalment amount as a result of a change in the interest rate.

7.7 If the *Offer Letter* states that the interest only repayment method applies, during the interest only period the amount of each monthly instalment is the sum of any unpaid interest charges which have accrued on the account for the *mortgage facility* for the month.

At the end of the interest only period, the *mortgage facility* converts to principal and interest instalments. We notify you the new instalment amount at the end of the interest only period.

7.8 Unless the *Offer Letter* states otherwise, if the *mortgage facility* is provided to finance a property under construction, the interest only repayment method applies until you have fully drawn down the *mortgage facility*.

7.9 At the end of the interest only period, the *mortgage facility* converts to principal and interest instalments. We automatically debit the instalment amount from your nominated account. If you ask, we may agree to defer a particular monthly instalment. If this happens, you must pay the additional interest which accrues on the deferred instalment amount on the final payment date.

### Payment holiday

7.10 If you ask, we may agree to a *payment holiday* on terms (including fees and costs) we notify.

7.11 During the *payment holiday*, the principal and interest which would otherwise be payable by you will be carried forward or instalments recalculated over the remaining period of the *mortgage facility* and payable by you after the *payment holiday*.

7.12 Subject to the terms of your payment holiday, you may ask to us to end the payment holiday at any time.

*However, you may not request any changes to the terms of the mortgage facility during the payment holiday.*

### When you must repay in full

7.13 On the last day of the term, to the extent there is any *balance owing* for the account for the *mortgage facility*, you must repay that *balance owing*.

7.14 Despite any other term of our banking agreement and subject to local applicable laws, we may ask you to repay all or part of the *balance owing* for the account 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.

7.15 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).

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Borrower 1

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Borrower 2

## 8 Prepayment

8.1 You may prepay all or part of the *mortgage facility* if:

- you give us reasonable notice in writing;
- the prepayment amount complies with any minimum or maximum amount we specify;
- when you prepay, you also pay all accrued but unpaid interest, fees and costs in connection with the *mortgage facility* (including any early redemption or repayment fees as set out in the *Offer Letter* or *Service & Price Guide* and costs in connection with the prepayment); and
- you comply with any other requirements stated in the *Offer Letter*. In some cases this may require our consent before you make a prepayment.

*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 If you prepay only part of the loan, early redemption or repayment fee is payable. We may adjust the amount of each instalment and/or the term of the loan. Any amount prepaid is credited to your account for the *mortgage facility*.

8.3 We may give you a revised instalment schedule.

## 9 Review, cancellation, termination, suspension

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

9.1 You may cancel a *mortgage facility* by giving us reasonable notice in writing. However, we may charge you a cancellation fee (see the *Offer Letter* and the *Service & Price Guide*).

9.2 In addition to the rights we have under our Client Terms to end your use of any product, we may end our banking agreement for a *mortgage facility* and your use of a *mortgage facility*, with or without notice to you, if:

- the property is totally destroyed; or
- in the case of *property* under construction or renovation, in our opinion the value of the *property* decreases for any reason. We may form this opinion if, for example, we consider that:
  - the building work is not carried out in accordance with the building documents or applicable law; or
  - the building work is not carried out to a satisfactory standard or the material used is not satisfactory; or
  - there is unreasonable delay in the original timetable for construction, and the seller or contractor fails to rectify in accordance with our request; or
  - you do not pay on time any taxes, fees or costs in connection with the property and the amount remains overdue for over 60 days; or
  - the *sale and purchase agreement* is cancelled, repudiated or terminated for any reason, or a default (however described) occurs in connection with the *sale and purchase agreement* which in our opinion may result in its cancellation, repudiation or termination.

9.3 If we consider that the value of the *property* has depreciated since the date of our banking agreement, we may require you to provide or arrange for additional security interests to be granted to us. You must do so promptly after our request.

## 10 The property You must not alter

10.1 you must not:

- make any structural change to the *property* without our consent; or
- remove any fixtures or fittings from the *property* which may reduce its value unless you replace them with fixtures or fittings of at least equal value.

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Borrower 1

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Borrower 2

## Use of property

10.2 You must only use the *property* as a private residence for your immediate family.

## No material adverse affect

10.3 You must not take any action, or permit any action to be taken, which may have a material adverse effect on the security or the value of the property.

## Sale and purchase agreement

10.4 You must:

- pay or arrange payment of the purchased price of the *property* (including each instalment) and all fees and costs payable to the seller or developer of the *property* in accordance with the sale and *purchase agreement*; and
- comply with all other terms of the *sale and purchase agreement*.

## Your interest in common property

10.5 If any shares are issued to you as owner of the *property* in connection with any rights to any common *property* at the place the property is located, if we ask, you must pledge the shares to us on the terms we specify.

## Part C - General

### 11 Foreign currency

This clause applies if your *mortgage facility* may be drawn in a foreign currency or we agree to you switching the currency of your *mortgage facility* to a foreign currency.

Raising funds in foreign currency involves the risk of movement in exchange rates. You can make losses and that is a risk you take if you decide to raise funds in a foreign currency. If you do not understand the risks or are not willing to accept the risks or make losses, you should not raise funds in foreign currency. There are certain products that can help you manage exchange rate risks. Details of these products are available on request.

## Drawing in foreign currency

11.1 Your *mortgage facility* may be drawn in foreign currency only if this is stated in the *Offer Letter* and then, only in the foreign currency specified.

11.2 For any proposed drawing in a foreign currency, we determine the amount of the unused portion of the *limit* by calculating the current *base currency* value of the proposed drawing and all outstanding drawings under the *mortgage facility* by reference to prevailing exchange rates.

## Payment

11.3 You must make each payment in the currency in which you drawdown.

## Switching currency

11.4 If you want to switch the currency of the *loan* to another currency, please contact us to discuss optional currencies we are prepared to offer to you. If we agree to a currency switch, it will be on the terms we specify (including provision of any additional security and payment of all fees and costs). You must repay the *loan* in the base currency on the agreed switching date and we re-advance in the new currency on the same date. The amount re-advanced is the *base currency* amount of the *loan* converted by us into the new currency at a rate of exchange we reasonably consider appropriate less our switching fees and any costs incurred in connection with the conversion.

## Top up

11.5 If, at any time, the then current *base currency* value of all outstanding drawings under your *mortgage facility* determined by reference to the then prevailing exchange rate because of movement in exchange rates is more than 110% of the *limit* for your *mortgage facility*, you must:

- repay an amount sufficient to ensure that this level is not exceeded; or
- provide cash cover; or
- provide additional security acceptable to us.

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Borrower 1

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Borrower 2

## Risks

11.6 You acknowledge that:

- we do not monitor movement in currency rates for you - this is your responsibility;
- in deciding to raise funds in a foreign currency and in selecting a particular currency:
- you have made your own independent judgment and decision and have assessed and accepted the risk of movement in exchange rates;
- you have considered the consequences of being required to reduce the balance owing, provide cash cover or provide additional security because of movements in exchange rates; and
- you are not relying on any information given or representations made by us to you.

## 12 Registration of security

You must:

- if you are already the registered owner of the *property* when you apply for the *mortgage facility*, register the security at the *registration authority*;  
if you are not the registered owner of the *property* when you apply for the *mortgage facility*, you must register the *property* and the security at the *registration authority* at the same time;  
(You must do these things within the period we specify. You also undertake to issue us with authority as we require to complete this on your behalf);
- give to us the original title certificate for the *property* when it is issued. We hold this in safe custody until we release the security over the *property*;
- if we ask, arrange for the seller of the *property* to deliver the title certificate to us and you consent to us contacting the seller to arrange delivery;
- pay all costs and registration fees in connection with the security and the

property. If we arrange registration we add the registration fees to the *balance owing* for the account for the *mortgage facility*.

## 13. Mortgage Insurance

- (a) You hereby agree to take out and maintain insurance policy for a sum equal to at least the full value of the Property, as determined by the Bank, against risk of loss or damage from fire, all other allied natural perils and any other risk, which we at any time may direct to you.
- (b) The premium shall be payable on the first drawdown and shall cover the outstanding principal amount of the *mortgage facility*.
- (c) Such insurance policies should be issued by insurance companies approved by us and you will, if so requested by us, assign the relevant policies to us as collateral security for all indebtedness under the Facility, and/or have us indicated in such insurance policy/ies as "Loss Payee"
- (d) In the event that we are of the opinion that the insurance coverage you have obtained is insufficient, we are irrevocably authorised by you to subscribe on your behalf for additional insurance on such terms deemed fit by us and, in our sole discretion, to either add the costs thereof in the calculation of the instalments payable by you, or to deduct it from any of your accounts with us, whichever is preferable to us at the time.
- (e) Where required by the Bank, you shall subscribe and/or shall cause the relevant Security Party to subscribe for such insurance and/or life assurance policies as set out in the *Offer Letter* (where applicable) through an insurance company approved or acceptable to the Bank, for such amount(s) and on such terms as the Bank may require to cover the rights and interests of the Bank for as long as the Facility is being extended

Signature \_\_\_\_\_

Borrower 1

Signature \_\_\_\_\_

Borrower 2

to you. The insurance policy shall cover such risks as the Bank may in its absolute discretion require and determine fit. The insurance and/or life assurance policies must show the Bank's interest as "First and Sole Loss Payee" and shall, upon the Bank's request, be assigned to the Bank. The Bank reserves the right to pay any premiums in respect of such insurance on your behalf and to the debit of your account in respect thereof, to ensure continuity of cover. The original insurance and/or life assurance policies, together with any endorsements must be lodged with the Bank. You irrevocably and exclusively authorise the Bank to arrange or renew such insurance and/or life assurance policy on your behalf for the full tenure of the *mortgage facility* and debit your account with the amount of the premium. You consent to the Bank disclosing to relevant insurers any information whatsoever about yourself and the security for any purpose in connection with the said insurance policy.

- (f) If a claim is instituted in respect of any insurance taken out by you, the Bank may request the insurer concerned to make payment of the proceeds of such claim directly to the Bank (acting as your agent and/or assignee of the policy concerned and/or the Loss Payee under the policy, as the context may require) and you hereby grant the Bank the necessary authority to do so on your behalf. It shall be in the sole discretion of the Bank whether such proceeds received shall be used in the early repayment of the *mortgage facility* or restoring any damages to the *Property*.
- (g) Non renewal of fire insurance annually and non renewal of life insurance, in cases where it is payable annually, shall be considered as an event of default.

## Part D - Meaning of words

### 14 Meaning of words

*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.*

#### **building documents means:**

- for any property under construction, the plans and specifications in the sale and purchase agreement; and
- for any property under renovation, the building contract and the plans and specifications we approve.

*limit* means, for a *mortgage facility*, the limit set out in the *Offer Letter* for the *mortgage facility*.

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

*mortgage facility* means each mortgage loan we make available to you under these terms as stated in our *Offer Letter*.

*mortgage insurance* means insurance we require to be maintained in connection with your *mortgage facility*.

*payment holiday* means the period (if any) during which we agree to suspend your minimum monthly repayments.

*premium* means, for a *mortgage facility* with *mortgage insurance*, the amount of the premium payable by you before you can use the *mortgage facility*, as set out in the *Offer Letter*.

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

*registration authority* means, for the *property*, the Lands Department or other government authority with responsibility for maintaining a central register of land and interests in it.

*sale and purchase agreement* means, for the *property*, an agreement you enter into with the seller or developer to either purchase or construct the *property* (as the case may be). It includes all ownership documents in connection with the *property*.

Signature \_\_\_\_\_

Borrower 1

Signature \_\_\_\_\_

Borrower 2

**Call 17 531 532**