



Auto Loans Terms

www.sc.com/bw

Copyright © 2017 Standard Chartered Bank

Contents

Part A - Getting started

- 1 Application
- 2 Pre-conditions to use
- 3 Your limit

Part B - Auto Loans - General

- 4 Grant of Credit Facilities
- 5 Funding
- 6 Interest, fees and charges
- 7 Facility term
- 8 Repayment
- 9 Events of Default
- 10 Prepayment
- 11 Security
- 12 Conditions of Sanction of Advance
- 13 Termination
- 14 Delivery
- 15 Use
- 16 Maintenance and repair

Part C - General

- 17 Motor Vehicle Insurance
- 18 Indemnity
- 19 Termination on Total Loss or Theft
- 20 Non Variation
- 21 Acknowledgements

Part D - Meaning of words

- 22 Meaning of words

Important notice

You need to read this document.

It sets out specific terms and conditions on which we agree to provide you with an Auto Loan facility. **You must read it in conjunction with our Client Terms, the product brochure and any other documents forming our banking Agreement.** To the extent of any inconsistency between these terms and our Client Terms, these terms prevail. These terms do not apply to any existing Auto Loan products you have with us to the extent that they are subject to separate terms and conditions.

Key words

The meaning of key words printed like this and other words 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.

How to contact us

To find out information (such as current fees and interest rates or if you need us to explain features or terms) in connection with our products, you should contact us at one of our branches, by using phone banking **+267 3615800** or by visiting our website www.sc.com/bw.

Part A – Getting Started

1 Application

- 1.1 When you decide on the vehicle that suits you, you need to fill in an application and give us any other documents or information we require to assess the application.

2 Preconditions to Use

- 2.1 Before you can use an Auto loan facility you must:

- Provide us with all documents requested, (if any) in the form and substance that we require.
- Have opened or maintained a nominated account or any other account we specify with us. This account must be maintained at all times for the purposes of the Auto loan facility.
- Sanctions of advance under clause 10 in the form and substance required by us and to our satisfaction.
- Provide us with proof of payment of owner's equity into the designated account with us.
- Have paid all costs of our service providers in connection with the Auto loan facility.

- 2.2 We need not provide any funds to you or otherwise allow you to use the Auto loan facility if:

- any of the circumstances in clause 2 (Preconditions to use of any product) or the Client Terms exists;
- the results of any searches, requisitions or other enquires in connection with you or the motor vehicle are not in form and substance satisfactory to us or our lawyers;
- circumstances have arisen resulting in our failure to perform our obligations hereunder caused by reasons beyond our control or resulting directly or indirectly from the action or inaction of the Government, any Government Authority or any strike, boycott, blockade, Act of God, revolution or civil disturbance

3 Your Limit

- 3.1 If we issue an approval, we agree to provide a loan up to the limit. The limit may be different to the limit you asked for in your application. We may cancel or vary the limit at any time.

Part B – Auto Loans - General

4 Grant of Credit Facilities

- 4.1 Standard Chartered Bank Botswana Limited (hereinafter referred to as "The Bank" or "Us" or "We") may approve or decline an application for the Auto loan facility at its absolute discretion. The Bank is not obliged to disclose any reasons for decline or approval of an application

5 Funding

Purpose

- 5.1 The facility shall be used solely for the purpose of purchasing a motor vehicle the particulars of which shall be captured and set out in the application. However failure to comply shall not prejudice any rights of the Bank, which shall not be responsible for monitoring or ensuring the use or application of the credit facility.

How we provide the funds

- 5.2 We pay the funds directly to the car dealer or the dealer's agent, except to the extent that we may require otherwise.
- 5.3 We may provide the funds by depositing it into the car dealer's nominated account.
- 5.4 Fees and charges that apply to the Auto loan may be deducted from the loan before depositing it into the nominated account.

6 Interest, fees and charges

Interest - general

- 6.1 You must pay interest on the loan monthly in arrears (or as otherwise set out in our approval or offer) at the rate set out in our approval or at any other rate we determine based on changes made to the Prime Rate. The interest rate we charge cannot be less than 0% per annum at any time.
- 6.2 Unless otherwise stated elsewhere in our banking agreement, interest accrues on a daily basis and is calculated on the basis of a 365 day year.
- 6.3 Interest is payable on the dates set out in the approval or otherwise in our banking agreement.
- 6.4 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 Auto loan facility are finally paid (unless you have made arrangements with us otherwise).
- 6.5 Should the rate of interest applicable to the facility change as herein above provided, we reserve the right to amend the remaining monthly instalments and/or the remaining loan period within which the repayment should be made.

- 6.6 In the event that any amount payable by you remains unpaid when it is due for payment in accordance with the provisions of these Terms, or if any sum due and payable by you under any judgment of any Court in connection herewith is not paid on the date of such judgment, you shall pay late payment interest at a rate to be advised by us over and above the rate of interest then payable by you, from the date on which such payment fell due to the date when payment is received. Interest shall be calculated and paid in the same manner as set out in this clause 6.
- 6.7 You shall pay such commission and charges on the facility as may be agreed or as we may fix from time to time.
- 6.8 The Bank may, with immediate notice to You, change its interest rates in line with any changes in the Prime Rate as set by Bank of Botswana. Notification shall be done in the form of notice in two newspapers of national circulation as well as notices in our branches. The effective date of the change will duly be communicated in the notice sent by us.

Fees and charges - general

- 6.9 General fees and costs for each Auto loan facility are set out in our tariff guide. They are also available by contacting us at any of our branches, by phone banking or by visiting our website.
- 6.10 Arrangement fees will be charged as a percentage of the Loan amount with a minimum amount applicable as will be advised in the tariff guide. This amount will be recovered upfront on acceptance of the Auto loan facility.
- 6.11 The Bank reserves the right to change such charges and fees as it will notify from time to time by publication in its tariff of charges. The tariff of charges will be displayed at its branches in Botswana, and a copy will be made available on request.
- 6.12 Where payments due from you are not received by the due date for the payment, the Bank reserves the right to charge overdue interest.

7 Facility Term

- 7.1 The term of the Auto loan facility commences on the date of first drawdown and continues for the period that we notify you.
- 7.2 You understand that the number of installments / loan tenure may be more or less than the number stated in the application depending on the variation of the rate of interest chargeable.
- 7.3 The Bank reserves the right to change the loan tenure and / or the monthly installment to adjust for interest changes affecting the Bank.

8 Repayment

Repayment by instalments

- 8.1 You must repay the loan in monthly instalments. We will notify you the amount of the instalment and each instalment payment date before disbursement of the loan.
- 8.2 In the event that your salary date changes, it is your duty to inform the Bank of the new date. Should you fail to do so, the Bank reserves the right to change the date of your installment without prior notice to you.

Methods of instalment repayment

- 8.3 The instalment repayment structure for the Auto loan facility is stated in the disbursement document.
- 8.4 We advise you of the manner in which you must repay the instalments. For example, we may ask you to nominate an account for repayment by direct debit by us or any other bank or from deduction at source by your employer and give us documents to facilitate direct debit from the nominated account.

You must comply with our requirements for the relevant payment method, including any set out in this clause.

- 8.5 All repayments by you under these Terms shall be paid in full without any set-off or counterclaim and (save in so far as required by the law to the contrary) free and clear of and without any deduction or withholding whatsoever.
- 8.6 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 we notify you.

Statements

- 8.7 We issue a statement to you annually or upon request by you for the Auto loan facility. When you must repay in full on the last day of the term, to the extent there is any balance owing for the Auto loan facility, you must repay that balance owing.

If you do not make an instalment on or before the relevant due date the loan plus all accrued but unpaid interest plus any other sum due to us is immediately due and payable;

- 8.8 On demand being made by us:
- You shall pay us all amounts outstanding on the date of payment together with interest thereon and all other costs charges and expenses due and payable to us hereunder or under the security.
 - Before we discharge the motor vehicle used as security, you must pay all fees and costs payable in connection with the final settlement of your Auto loan facility (such as discharge fees and costs).

- 8.9 You shall indemnify us against any loss that we may suffer as a result of granting the facility to you.

9 Events of Default

An event of default occurs where:

- 9.1 You fail to perform any of your obligations under these terms or under the Security;
- 9.2 Any representation or warranty made by you pursuant to the Security or any statement delivered or made pursuant to it is incorrect when made.
- 9.3 Any action is taken for or with a view to the bankruptcy of yourself or you become insolvent or are unable to pay your debts or enter into dealings with any of your creditors with a view to avoiding, or in expectation of, insolvency or stop or threaten to stop payments generally or an encumbrance takes possession or a receiver is appointed of the whole or any material part of your assets.
- 9.4 If an event of default occurs at any time hereafter and if such event is continuing, the Bank may, without notice to you:-
- declare the obligations of the Bank to be terminated whereupon such obligations will terminate; and
 - declare that the Security has become enforceable whereupon all amounts payable by the yourself in respect of the facility hereunder and under the Security shall become immediately due and payable, all without diligence, presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived by you.
- The Bank in this case reserves the right to repossess the motor vehicle and sell the same and apply the proceeds thereof towards the outstanding repayments. In the event of any shortfall arising from such sale, the Bank reserves the right to demand settlement of the said shortfall from you.
- 9.5 In the event that the Bank has to engage a third party (e.g. a Debt Collection Agency or a Law Firm) in its recovery efforts, You shall solely be liable for payment of any costs, fees and commissions relating to the same. The Bank reserves the right to apply any payments made by You towards any outstanding costs, fees and/or commissions under this clause, prior to allocating sums paid against the principal.

10 Prepayment

Prepayment

You may prepay all or part of the Auto loan if:

- 10.1 When you prepay, you also pay all accrued but unpaid interest, fees and costs in connection with the Auto loan. If you prepay the loan, no early settlement fee is payable and the amount

of each instalment is not adjusted. When you prepay, you must specify whether you want the amount prepaid to be credited to your account for the loan as payment for the next instalment or to make the remaining instalments due in reverse order by the amount prepaid.

Disbursement

- 10.2 I understand and agree that the loan arrangement fee, insurance premium and other fees will be deducted from my loan and the balance paid out to the car dealer or to any third party that the bank has issued an undertaking to.
- The fees will be capitalized and financed, becoming part of your total loan.

Early Settlement Notice

- 10.3 Minimum written notice of 45 days applies for early settlement for loans or credit facilities extended under this Letter. The notice shall stipulate the date for payment. Within 10 days of receipt of the notice the Bank shall notify you the amount required for settlement on the day fixed for early settlement. If the amount for settlement is not paid in full within 15 days of the date fixed for payment, you shall be required, to give a further 45 day notice for early settlement. Where the notice period is less than 45 days, a penalty payable shall be charged on a pro rata basis, the maximum that the bank will charge being 30 days interest on the outstanding balance.
- However no penalty shall be payable in the event the term of the Facility is less than 12 months, or the remaining term of the Facility to be settled is less than 12 months.

11 Security

Security Registration

- 11.1 As security for the Auto loan facility, you shall ensure that the Bank's financial interest is noted when the motor vehicle is registered.
- 11.2 While the interest of the Bank is noted in the registration document, it is understood that this is purely to secure the motor vehicle to cover us and that any liability arising from accidents, illegal and/ or criminal activities is your responsibility and you hereby indemnify us from such liability.

Salary Diversion

- 11.3 For non scheme applicants the loan is provided on the basis that the applicant's salary will be deposited into SCB current account until the unsecured loan is fully paid. Any transfer of the salary to any other account or the Bank will constitute an act of default which entitles the Bank to pursue legal action against the applicant.

Valuation

- 11.4 Determination of fair value of the vehicle value will be made by an independent valuer as appointed by the Bank.
- You will be responsible for settling the Valuer's fees directly prior to the disbursement of the loan.
- 11.5 Should the value of the motor vehicle upon the annual valuation required to be undertaken by you be diminished such that we deem it insufficient to cover the outstanding Loan amount, we shall require you to provide additional security, such additional security to be given to us within twenty one (21) days of us calling for the same.

12 Conditions of Sanction of Advance

Security Perfection

- 12.1 Securities must be perfected before drawdown of the facility;

Vehicle Registration

- 12.2 The Bank's financial interest in the motor vehicle must be noted when it is registered.

Insurance Cover

- 12.3 You must obtain a valid comprehensive vehicle insurance cover for the motor vehicle from an insurer approved by us;
- 12.4 A comprehensive auto cover is calculated on gross replacement value which is adjusted annually to cover theft, fire and damage and third party liability through the Bank's approved plan or an insurance plan approved by the Bank.
- 12.5 You understand that subscribing to a Life Insurance Policy provides cover for your outstanding loan amount in case of death and disability. You also understand and accept that in case of other causes of disability or death, fire and damage that are not covered by the insurer; you will continue to be liable for any shortfall in the full outstanding loan balance.
- 12.6 You also understand however that Credit Life Insurance is not compulsory for your Auto Loan and you do not have to apply for it if you do not want to. Your decision on whether or not to take up Credit Life Insurance for your Auto Loan has no bearing on your Auto Loan application

Security Tracking

- 12.7 You must ensure that a vehicle security tracking device is fitted to the motor vehicle and a certificate provided to us before disbursement of the facility;

Registration document

- 12.8 You must provide us with a copy of the registration document within 5 days of registering the vehicle.

Inspection of the Motor Vehicle

- 12.9 You must do everything necessary to allow us or our authorised representatives to inspect the motor vehicle for any reason. Unless there is an emergency, we give you reasonable notice before we carry out an inspection.

Inspection costs

- 12.10 You must pay all costs incurred by us in connection with any inspection (including travel and accommodation expenses).

Representations and warranties

- 12.11 You represent and warrant that:-
- All the information given by you (or on your behalf) is correct, complete and not misleading and each representation made by you to us is correct and not misleading.
- 12.12 You shall not create any Encumbrance or permit any Encumbrance to subsist, arise or be created or extended over the motor vehicle.
- 12.13 You shall at all times comply with and observe all covenants duties and obligations contained in these Terms and in the Security.

13 Termination

- 13.1 We may end any (or all) of our banking agreements for Auto loan, with or without notice to you, if any security or insurance we require in connection with a product is or becomes unenforceable or is withdrawn or terminated without our consent; or
- 13.2 You become insolvent or any of your assets are subject to insolvency proceedings; or
- 13.3 You die or become incapacitated; or
- 13.4 You stop making payments or cease to carry on business or a material part of it or threaten to do so.

Part C – General

14 Delivery

- 14.1 You will, at your own cost arrange for and take delivery of the vehicle from the supplier.
- 14.2 The Bank will not be liable for consequential damage or loss suffered by you or any person resulting from a failure to deliver the vehicle either timeously or at all.
- 14.3 The parties' record that you have selected the vehicle and that the Bank has no knowledge of the purpose for which the vehicle is required by yourself

15 Use

- 15.1 You will at all times use the vehicle and ensure that the vehicle is used with due skill and care and in accordance with the manufacture's recommendations (if any) and in compliance with any terms of any manufacture's guarantee and will not use or permit it to be used for any purpose other than that for which it is designed.
- 15.2 You will be obliged to ensure at your own expense that all requirements of law relating to the lease, possession or use of the vehicle are complied with, and in particular, without limitation, you will ensure that the vehicle is licensed, registered and insured in compliance with applicable law.
- 15.3 The vehicle shall not be removed from Botswana without the prior written consent of the Bank.

16 Maintenance and repair

- 16.1 You will at your own expense:
- attend to any repair that may be necessary to keep the vehicle in good condition and proper and efficient working order.
 - regularly maintain and service the vehicle in accordance with the manufacture's specifications and/or recommendations.
 - All replacement parts used in the maintenance and repair of the vehicle shall be in strict accordance with the specifications of the manufacturer of the vehicle.

17 Motor Vehicle Insurance

- 17.1 You must ensure that the motor vehicle is comprehensively insured.
- 17.2 You may take the insurance through the Standard Chartered Insurance Agency or use an insurer of your choice, subject to our approval, in connection with your Auto loan facility.
- 17.3 The insurance should cover the full market value of the vehicle at all times and you must to present to us certified copies of all insurance policies and any subsequent renewals. Our interest must be duly noted on the insurance policy document.
- 17.4 Upon expiry of any insurance cover, You shall within seven (7) days of such expiry deliver to us the relevant renewal advice failing which we shall be at liberty to effect such insurance cover and at Your cost without further reference to You and recover the same as part of the outstanding principal with any amount paid by us.
- 17.5 You must reimburse us for all costs which we may incur in connection with the motor vehicle insurance (including making claims against it).

18 Indemnity

- 18.1 You hereby indemnify the Bank against any claims by any person whether for damages, consequential or otherwise, arising in any

manner whatsoever out of this agreement concerning the vehicle, including but without derogating from the generality of the foregoing the failure to deliver the vehicle timeously or at all or arising out of the state, condition or quality of the vehicle, or arising out of fitness for its purpose, or the use, possession or enjoyment thereof by yourself

19 Termination on Total Loss or Theft

- 19.1 This agreement shall terminate if the Vehicle is lost or stolen and is not recovered within a period of 21 (Twenty one) days of such loss or theft or if they are destroyed or damaged beyond repair.

This termination does not exonerate you from the liability under the finance agreement until it is fully paid off.

20 Non-variation

- 20.1 This lease constitutes the whole agreement between the parties and no oral or collateral agreements, additions, variations, alterations or consensual cancellation of this agreement shall be of any force or effect unless reduced to writing, agreed to and signed by both parties.
- 20.2 This agreement shall only be binding on the Bank when executed by it and until such time, you will have no claim to the existence of an oral or written agreement, by reason of negotiations having been conducted or concluded in regard hereto or by reason of the agreement having been signed by you only.
- 20.3 No relaxation or indulgence granted by the Bank yourself shall in any way prejudice the Bank's rights nor be construed as any waiver thereof.
- 20.4 The acceptance by you of any payment after cancellation of this agreement shall not be deemed to be a waiver of the Bank's rights or a novation or reinstatement hereof and the Bank's cancellation shall remain of full force and effect, such payment being conclusively deemed to be an amount paid by the you on account of damages for wrongful holding-over or on account of liquidated damages.

21 Acknowledgements

- 21.1 You acknowledge and agree that in connection with any motor vehicle insurance the insurer decides whether or not to provide the motor vehicle insurance; we are not responsible for ensuring that your application for the vehicle insurance is accepted by the insurer.

Set-off and consolidation

- 21.2 The Bank may at any time and without notice combine all or any of the applicant's accounts and liabilities with the Bank in Botswana (or elsewhere) whether singly or jointly with any person or set off all monies standing to the credit

of such account(s) including the applicant's deposits with the Bank (whether matured or not) towards satisfaction of any of the applicant's liabilities to the Bank whether as principal or surety, actual or contingent, primary or collateral, singly or jointly with any other person.

- 21.3 The Bank may effect any necessary currency conversion at the Bank's own rate of exchange prevailing.

Standing Instructions

- 21.4 I consent that a standing instruction be set on my account to service the monthly repayment of my loan.

Waiver

- 21.5 No forbearance, neglect or waiver by the Bank in the enforcement of any of these Terms and Conditions shall prejudice the Bank's right thereafter to strictly enforce the same. No waiver by the Bank shall be effective unless it is in writing.

Part D – Meaning of words

22 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 purpose of each account for an Auto Loan;

Limit means, for the Auto loan facility, the limit set out in the approval for the facility;

Auto loan facility means the motor vehicle loan (Auto loan) facility advanced to you

Loan means the outstanding principal amount of all drawdowns under the Auto loan facility;

Client Terms means the terms and conditions applicable from time to time to the Bank's relationship with you the Borrower, a copy of which has been previously made available to you and which are also available at any of the Bank's branches and on the Bank's website;

Encumbrance includes any mortgage, charge, pledge, lien, hypothecation, assignment by way of security, security interest title retention, preferential rights of set off, counterclaim, banker's lien or other encumbrance securing any obligation of any person;

Security means the security referred to in Paragraph 11 of these Terms and/or any security created or to be created by you in our favour in respect of the Auto loan facility and any other security that we may reasonably request from time to time.