
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 *letter of offer*, 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 *letter of offer* and any other part of our banking agreement, then the terms in the *letter of offer* prevail.

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 discuss any aspect of our relationship please contact us at one of our branches, by using phone banking +263 4 758078 or +263 4 770007 or by visiting our website www.sc.com/zw

Part A - Getting started

1 Application

- 1.1 If you decide to apply for a *mortgage facility*, you need to fill in an application form and give us any other document(s) or information we require to assess the application.

2 Letter of offer

- 2.1 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*.

3 Pre-conditions to use

- 3.1 Before you can use the *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/*letter of offer*;
 - have paid all our *costs* in connection with the *mortgage facility* (we may deduct any fees payable from funds drawn down);
 - 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 paid the premiums due including, if we require you to have *mortgage life insurance*, the *premium amount*;
 - provide us with all *securities* in the form and substance we require including all documents we consider necessary to ensure the *security* is effective;
 - provide us with all other documents or information we reasonably require; and
 - have paid all *costs* of our service providers (such as lawyers) in connection with the *mortgage facility*.
- Each item must be in form and substance satisfactory to us, our lawyers and our consultants, including evidence of stamping (where applicable). 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.
- 3.2 We are not obliged to provide you with, or otherwise allow you to use, any *mortgage facility* if:
- at our sole discretion, we determine that any of the foregoing preconditions are not fulfilled to our satisfaction; 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.

4 Your limit

- 4.1 You may only draw on the *mortgage facility* up to the *limit*. To the extent permitted by applicable law, we reserve the right to cancel or vary the *limit* at any time without notice to you.

5 Conversion

- 5.1 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 - General

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

6 Funding

Purpose

- 6.1 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

- 6.2 If you want us to provide you with funds, you may request that we do so by a written request in the form we require. If the *mortgage facility* is provided to finance construction or renovation each request made during the construction period may have to be accompanied by a certification of matters relating to the building including documents or other information we specify.

Your request must be made within a reasonable time (for example, at least 7 to 14 banking days after all the documentation has been submitted and the property registration is complete) before you require the funds.

How we provide the funds

- 6.3 We pay the funds to you as directed by you or your agent, except to the extent that we require otherwise. For example:
- if the *mortgage facility* is provided to finance construction or renovation, we provide the *loan* in a series of advances as the work progresses. We may provide the funds by paying them directly to the developer or builder. In the case of a *mortgage facility* provided to finance the purchase of a completed property, we may provide the funds to the seller or his agent, according to the applicable conveyancing practice.
 - We may make funds available to you through an *account* for the *mortgage facility* and in accordance with our usual practice from time to time. This account must be an *account* of a type we specify. We may change this *account* at any time for any reason.

Availability period

- 6.4 If the *letter of offer* states an availability period, each request for funds must be made during the availability period. Any unused portion of the *limit* at the end of the availability period is automatically cancelled.

7 Interest, fees and charges

Interest

- 7.1 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. Notwithstanding anything contained in our *letter of offer*, the interest rate we charge cannot be less than 0% per annum at any time.

- 7.2 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 (a 366 day year in the case of a leap year) (as determined by reference to usual market practice for the relevant currency).
- 7.3 Interest is payable on the dates set out in the *letter of offer* or otherwise in our banking agreement.
- 7.4 Unless otherwise stated in our *letter of offer* interest is charged to your *account* on the day when all amounts owing in connection with the *mortgage facility* are finally paid.
- 7.5 Any overdue payment accrues interest at the *default rate* set out in the *letter of offer* or otherwise in our banking agreement (see "Interest, fees and charges" in the Client Terms).
- 7.6 If we vary the interest rate, we will notify you of the effective date of the revised interest rate.

Fees and charges

- 7.7 The fees and costs for each *mortgage facility* are set out in the *letter of offer* or the *tariff sheet*. They are also available by contacting us at any of our branches, by phone banking 04-745078/9 or by visiting our website: www.sc.com/zw

8 Facility term

- 8.1 The term of a *mortgage facility* commences on the date of first drawdown and continues for the period stated in the *letter of offer*.
- 8.2 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 notwithstanding any change in the interest rate (see clause 9.5 below).

9 Repayment

Repayment by instalments

- 9.1 If the *letter of offer* states that you must repay the *mortgage facility* in instalments based on the instalment amount and at each instalment payment date, any outstanding *balance in relation to the mortgage facility* (after payment of all instalments) must be repaid on the final payment date.
- 9.2 If you have not fully drawn down the *mortgage facility* (that is, you have not used up all of your *limit*) by the end of any availability period stated in the *letter of offer*, and there is an unused portion that is cancelled, we may vary the instalment amount, the number of the instalment payments and/or the term of the *mortgage facility*.
- 9.3 If the *mortgage facility* is provided to finance construction or renovation, instalment payments

may only commence at a date stated in the *letter of offer* or another date to be notified.

- 9.4 You must pay the instalments even if you do not withdraw all or any of the *loan* we deposit in the *nominated account*.
- 9.5 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 may 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, the instalment amount will be varied accordingly.

The right to vary instalments is in addition to our other rights to vary as set out in our banking agreement.

Methods of instalment repayment

- 9.6 The instalment repayment structure for the *mortgage facility* is stated in the *letter of offer*.
- 9.7 If the reducing 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.
- 9.8 If the *letter of offer* 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 instalments, the *mortgage facility* converts to principal and interest instalments. We will inform you of the new instalment amount at the end of the interest only period.
- 9.9 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

- 9.10 We may agree to a *payment holiday* on terms, including terms relating to fees and *costs*, stipulated by us.
- 9.11 During the *payment holiday*, the principal and interest which would otherwise be payable by you will be carried forward, or instalments will be recalculated over the remaining period of the *mortgage facility* and payable by you after the *payment holiday*.
- 9.12 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*.

Statements

- 9.13 We will issue a statement to you twice a year for the *mortgage facility* or upon request by you for the *mortgage facility*, with the following information:
- The outstanding amount as principal and interest on that date;
 - The payments received in the previous six (6) months up to that date;
 - The annual rate of interest applicable in the previous six (6) months up to that date; and
 - Any other prescribed information.

When you must repay in full

- 9.14 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*.
- 9.15 Notwithstanding any other term of our banking agreement, 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.

10 Prepayment

Prepayment

- 10.1 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;
 - you prepay only part of the *loan*, and 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*.

Partial prepayment

- 10.2 If you prepay only part of the *loan*, *no early redemption* or repayment fee is payable. The amount of each instalment is not adjusted. Any amount prepaid is credited to your *account* for the *mortgage facility* as payment for the next instalment.
- An amount prepaid reduces the remaining instalments due in reverse order by the amount prepaid.

- 10.3 We will give you a revised instalment schedule.

Right to re-borrow

- 10.4 You may only re-borrow an amount prepaid if our *letter of offer* states that the *mortgage facility*

permits re-borrowing (known as a revolving loan) and if you satisfy any conditions we require permitting re-borrowing. Any amount you re-borrow forms part of the *loan*.

obligations with respect to any covenant, condition or obligation required to be performed by that party under this agreement which arose prior to any cession or assignment becoming effective.

11 Currency

The base currency of the *loan* is the currency in which the *limit* is expressed in the *letter of offer*. The *mortgage facility* is made available in the base currency (or such other currency as specified under the *letter of offer*).

12 Choice of Law

This facility shall be governed and construed by the laws of Zimbabwe.

13 Cancellation

Our Client Terms and the *letter of offer* set out when you and we may end your use of any *product* and what you need to do if that happens. This includes immediate payment of the *balance owing* for the *account* for the *mortgage facility*.

- 13.1 You may cancel a *mortgage facility* by giving us 30 days notice in writing.
- 13.2 To the extent permitted by applicable law, we reserve the right at any time to 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.

14 Default Clause

In the event of default in making any one repayment on the due date, the outstanding and principal amount of the loan and the accrued interest shall become immediately due and payable. A statement or demand signed by an authorised officer of the Bank shall be conclusive evidence that a sum is due and owing by you.

In the event of default the Bank reserves the rights to transfer the defaulting account to a Third Party Agency to recover outstanding debt and negative listing of the applicant with the credit bureau

15 Transferability of Loan

- 15.1 The bank shall be entitled to cede, assign, transfer or makeover any of its rights in terms of this facility to an alternative lender or collection agent without any requirement to get consent of the borrower or any other prohibition.
- 15.2 Any cession or assignment agreed to by a party will not relieve the other party of any

Part C - General

16 Mortgage life insurance

This clause applies if the *letter of offer* states that *mortgage life insurance* is required for the *mortgage facility*.

Insurance application

- 16.1 You will appoint and apply to an insurer to obtain *mortgage life insurance* in connection with your *mortgage facility* using an insurer listed on our approved list of insurers.
- 16.2 You and the *security provider*? Acknowledge that the insurer decides whether or not to issue the *mortgage life insurance*. We need not do anything to ensure that the insurer issues the requested *mortgage life insurance*.

Amount you must pay

- 16.3 You must pay to us any amounts which we are required to pay to the insurer in connection with the *mortgage life 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.
- 16.4 We may ask you to pay the *premium amount* as a lump sum before you can use your *mortgage facility* or as an annual instalment.
- 16.5 We may apply part of the *loan* towards payment of the *premium amount* before you use your *mortgage facility* instead of collecting the *premium amount* from you as a lump sum. You must pay this amount to us in the same manner as the rest of *loan* under the *mortgage facility* or in any other manner we determine.
- 16.6 You must reimburse us for all *costs* which we incur in connection with the *mortgage life insurance* (including applying for it and making claims against it).
- 16.7 We may add any amounts you have not paid to us in connection with the *mortgage life insurance* to the *loan*.

Acknowledgements

- 16.8 You and each *security provider* acknowledge and agree that in connection with any *mortgage life insurance* (whether arranged by you or us):
- we are the insured and beneficiary under the *mortgage life insurance* and it is for our protection, interest and benefit only;
 - neither you nor the *security provider* benefits from the *mortgage life insurance* and you and the *security provider* are legally responsible for repaying to the insurer the amount outstanding under the *mortgage facility*;

- neither you nor the *security provider* are entitled to the proceeds of any claim under the *mortgage life insurance*.

Refund of premium amount

- 16.9 If the *mortgage life insurance* is cancelled because all amounts owing under the *mortgage facility* have been paid in full by either you or a *security provider*, the insurer may refund to us a portion of the *premium amount*. If we receive a refund we pay it to you. However, we do so only if:
- the *premium amount* has been paid as a lump sum;
- 16.10 You acknowledge that:
- the right to, and calculation of, any potential refund from the insurer is governed by the terms of the *mortgage life insurance*; and
 - we need not do anything to recover any amounts from the insurer (even if you or a *security provider* dispute any matter relating to the *mortgage life insurance* or any refund).
- 16.11 If the *mortgage life insurance* is terminated for any other reason, we may require that any refund is applied to reduce the *balance owing* of the *mortgage facility*.

17 Property insurance

This clause applies if the *letter of offer* states that *property insurance* is required for the *mortgage facility*.

Insurance application

- 17.1 You will apply to an insurer to obtain *property insurance* in connection with the *property* using an insurer listed on our approved list of insurers.
- 17.2 Where we arrange the *property insurance*, you consent to and authorise us to send all relevant data to the insurer for the purpose of processing the insurance application.

Insurance cover

- 17.3 The *property insurance* shall cover against risks of fire and extraneous perils and such other risks as we may reasonably require.
- 17.4 In the event that you decide to have us arrange this insurance, the insurance coverage will be for a sum equal to at least the full value of the property, as we may determine.
- 17.5 In the event that you decide to arrange this insurance, the insurance coverage should be at least equal to the amount of your loan outstanding at any time during the term of your mortgage facility.
- 17.6 The policy/ies will be renewed on an annual basis.

Beneficiaries to insurance cover

17.7 Either the insurance policy/cies is assigned to us, and/or our interest as mortgagee is reflected in the insurance policy/ies as being the beneficiary/loss payee and/or mortgagee.

Amount you must pay

17.8 All premiums are payable by you.

17.9 Where we arrange the *property insurance*, you must pay to us any amounts which we are required to pay to the insurer in connection with the *property 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.

17.10 We may ask you to pay the *premium amount* as a lump sum before you can use your *mortgage facility* or as an annual instalment.

17.11 We may apply part of the *loan* towards payment of the *premium amount* before you use your *mortgage facility* instead of collecting the *premium amount* from you as a lump sum. You must pay this amount to us in the same manner as the rest of *loan* under the *mortgage facility* or in any other manner we determine.

17.12 You must reimburse us for all costs which we incur in connection with the *property insurance* (including applying for it and making claims against it).

17.13 We may add any amounts you have not paid to us in connection with the *mortgage life insurance* to the *loan*.

17.14 You agree to deposit all renewal certificates and all premium receipts with us.

- any *security* or insurance we require in connection with a *product* is or becomes unenforceable or with withdrawn or terminated without our consent; or
- you or any *security provider* becomes *insolvent* or any of your or their assets are subject to *insolvency* proceedings;
- you or any *security provider* dies or becomes incapacitated; or
- 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
- you or any *security provider* acts fraudulently or dishonestly.

18 Inspection of property

18.1 You must do everything necessary to allow us or our authorised representatives to inspect the *property*. Unless there is an emergency, we will give you reasonable notice before we carry out an inspection.

19 Representations and warranties

You represent and warrant that:

19.1 Your obligation 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*;

19.2 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.

20 Termination

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

Part D - Meaning of words

21 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 the *mortgage facility*.

default rate means, for the *mortgage facility* and at a particular time, the rate of interest per annum which applies to amounts owing under the *mortgage facility* as stated in the *letter of offer*, or as otherwise notified by us to you.

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 we make available to you under these terms as stated in our *letter of offer*.

mortgage life insurance means insurance we require to protect us against *loss* in connection with your *mortgage facility*.

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

premium amount means, for a *mortgage facility* with *mortgage life insurance* or *property insurance*, the amount of the premium payable to the insurer, as set out in the *letter of offer*.

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

property insurance means insurance we require to protect us against risks of fire and extraneous perils and such other risks to the property as we may reasonably require.