

# GENERAL INFORMATION GUIDE

BOV Home Loans



**BOV**  
Bank of Valletta



The purpose of this document is to provide you with an understanding of what obtaining a Home Loan entails. Once you read this document, you should feel comfortable with the process, requirements and responsibilities associated with a Home Loan. You will also know what you can expect from the Bank to support you in achieving your goal of owning your own home.

## THE PURPOSES OF A HOME LOAN

A Home Loan (sometimes also called “mortgage”) is provided by the Bank to assist you to purchase, build, finish, rebuild, alter or improve a home or a second residence, or to refinance an existing Home Loan.

There are no set minimum or maximum amounts for a Home Loan. The property being financed is to be located in Malta.

## TYPES OF HOME LOANS

The typical Home Loan is denominated in Euro, repayable over a maximum period of 40 years for the purchase of a primary residence or a maximum period of 25 years for the financing of a secondary residence, in both cases not exceeding the applicant’s retirement age, whichever comes first.

Home Loans are typically charged either at a variable interest rate for the full term of the loan or else at a fixed interest rate for an initial period and then at a variable interest rate for the remaining term of the loan. A variable interest rate means that the interest rate is quoted as a margin over the Home Loans Bank Base Rate (HLBBR). The HLBBR is the basis, as established by the Bank, from time to time, on which the rate of interest payable generally on all Home Loans is determined. A fixed interest rate means that the interest rate does not change during the agreed fixed rate period and is not affected by any changes in the HLBBR. During a fixed rate period the Customer may still opt out against the payment of an applicable fee.

A typical Home Loan is repayable in equal monthly instalments for the loan’s duration. However, the Bank can also cater for different repayment periods, as well as Home Loans denominated in a foreign currency in accordance with customer’s needs. Customers are advised that they are subject to Exchange Rate risks when dealing in foreign currency accounts. The Exchange Rate Risk is the risk associated with an exposure due to changes in exchange rates when converting funds between different currencies.

All the conditions under which the Bank is prepared to lend will be contained in a document entitled the “*Facility Letter*”. The *Facility Letter* outlines the obligations of both the Bank and the Customer, associated with the Home Loan, and includes all terms and conditions that bind the Bank and the Customer.

## LOAN REPAYMENTS

The typical Home Loan is repayable in equal monthly instalments over the period of time for which the Home Loan is granted. These monthly repayments include interest on the loan as well as a portion of the capital. Loan repayments are to commence one month following the first loan drawdown, unless otherwise agreed.

Unless the Customer is self-employed, a direct credit of salary to a current /savings account is required and repayments are to be effected by means of a Standing Order.

## PROPERTY VALUATION

The Bank will request a valuation of the property from an architect of your choice. In certain circumstances, the Bank may also require the property to be valued by an architect appointed by the Bank, in which case a fee applies as per Bank’s Tariff of Charges.

## FORMS OF SECURITY

As security covering the Home Loan, the Bank requires three forms of security:

1. Legal hypothecs, which provide the Bank with a legal right over the property being financed;
2. A pledge on a life assurance policy that covers the amount of the loans from an Insurance Company acceptable to the Bank;
3. A pledge on building insurance policy to cover the replacement value of the property being hypothecated.

In certain instances the Bank will also require additional security, such as, a personal guarantee by a third party or a pledge on deposits/ investments, either belonging to the Customer or to a third party.

## RELATED COSTS

It is important for you to be aware of the costs and fees related to the setting up of a Home Loan so as to plan accordingly.

As part of this package we are providing you with separate detailed information with regards to these costs. Furthermore, the fees charged by the Bank can be found in the Bank's Tariff of Charges, a copy of which can be obtained from any of our branches or from the Bank's official website. The third party fees referred to hereunder are not levied by the Bank but directly by the third party concerned. The Bank has no control over the amount payable to, or charged by, third parties.

Generally, the following fees are associated with a Home Loan:

### Bank Fees –

- **Mortgage Processing Fees** – charges associated with processing the Home Loan, payable upon issue of Facility Letter;
- **Legal Fees** – pre-deed and post-deed vetting charges, as well as any out of pocket expenses, payable upon signing of contract;
- **Commitment Fee** – a fee on the undrawn balance of the loan applicable as from the first (1st) day following the lapse of the grace period, as stipulated in the Facility Letter, which is typically six (6) months from Facility Letter date for loans granted for the purchase of a property and/or twenty-four (24) months from Facility Letter date for loans granted for the construction/completion of a property;
- **Updating of Searches** – fees for periodic updates of Public Registry searches of title, payable during the term of the loan.
- **Settlement Fee** – an administration fee charged in accordance with the Bank's Tariff of Charges when the loan is repaid in full.

### Third-party costs/taxes –

- **Public Registry Fees** – payable upon registration of title of property and hypothecs;
- **Land Registry Fees** – (if applicable) for properties in Land Registration Areas
- **Stamp Duty** – payable to the Commissioner of Inland Revenue upon purchase of property;
- **Notarial Fees** – payable upon signing of contract (including fees for conservation of the special privilege, if applicable, and cancellation of hypothecary charges);
- **Architect's Fees** – payable for the valuation of the property and the estimate of finishing costs where applicable;
- **Life Assurance and Property Insurance Premia** – payable prior to signing of contract, and annually thereafter.

## TAX RELIEF ON HOME LOAN INTEREST OR PUBLIC SUBSIDIES

Should you wish to obtain information on any tax relief on Home Loan interest, you are kindly requested to contact the Department of Inland Revenue, and should you require any information on the possibility of public subsidy you are requested to contact the Housing Authority.

## DOCUMENTS REQUIRED

To enquire about how much you can borrow you will only need to take a copy of the last FS3 and three recent payslips (Income Tax Returns for the last three years if you are self-employed). You may ask for a quotation once you know how much you can, or need, to borrow.

## To apply for your Home Loan you will need:

- I.D. Card/s or passport/s;
- Evidence of income, FS3 forms and/or tax returns (as the case may be);
- Records of any investments, life assurance policies and other assets;
- Bank statements of all accounts (including loans and credit cards) held with other Bank/s, covering the transactions of the last 12 months, including a Consolidated Customer Position sheet (if applicable);
- Records of any financial commitments such as hire purchase agreements;
- Architect's property report and valuation;
- Architect's estimate of costs (if applicable);
- Building permits, layout plans and site plans;
- Preliminary agreement/deed of acquisition/deed of donation;
- Ground rent receipts (if applicable);
- Energy Performance Certificate (if applicable);
- Other documents may be required.

## FURTHER INFORMATION

Additional Information is provided in the Enquiry Form, and/or the European Standardised Information Sheet, upon your request for a quotation for your Home Loan.

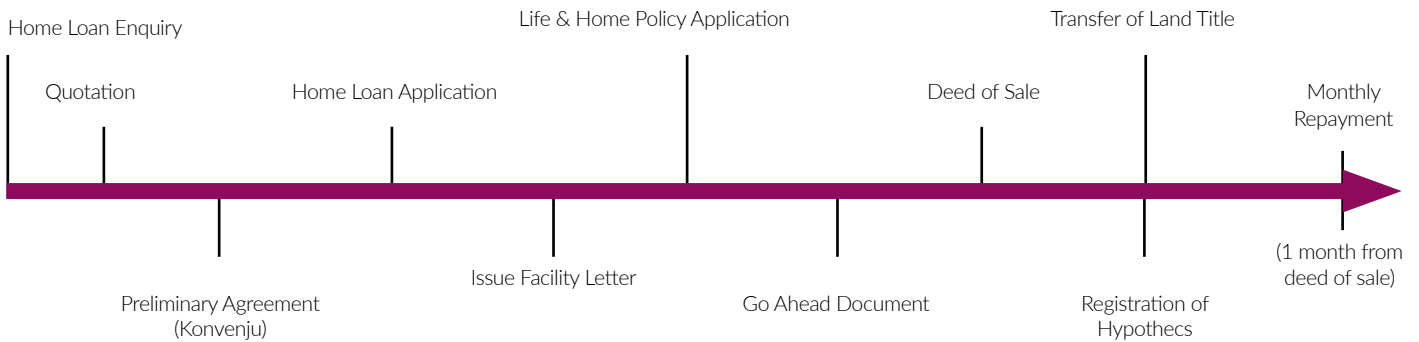
It would be our pleasure to be of assistance and to support you in the purchase of your new home. If you need any further clarifications, or explanations of the process, please do not hesitate to get in touch with us. We look forward to being of service to you.



## THE ACQUISITION PROCESS

At Bank of Valletta we know that the purchase of a new home requires careful consideration. We facilitate this process by offering professional assistance for you to find the most appropriate financial option that best suits your needs and requirements.

The acquisition process involves the following stages:



You can take your first step towards buying your property by:

- Setting an appointment with one of our Home Loan specialists at your preferred BOV Branch through <https://myappointment.bov.com/> or
- Using our BOV Home Loan Online Tool from the convenience of your own home. You can calculate how much you may borrow, get an accurate quotation real-time, and/or apply for your Home Loan – online, in simple and easy steps. You can also stop at any stage and continue the process at one of our branches. <https://homeloan.bov.com/>

Once you have chosen your property, you will sign the **Preliminary Agreement**, also known as the Promise Of Sale (Konvenju). This normally requires a deposit of the purchase price (usually 10%) as well as payment of 1% provisional Stamp Duty for the registration of the agreement at the Inland Revenue Department. Preferably, your preliminary agreement includes a clause stating that the agreement is subject to you obtaining a bank loan.

Your next step would be the **Home Loan Application**, which requires the submission of the required documents to enable the Bank to start processing your loan.

Upon approval of your Home Loan, the Bank issues a **Facility Letter** (also referred to as the Sanction Letter) which includes all terms and conditions governing the facility. The Bank's processing fees are payable on issuance of the Facility Letter. A copy of this letter is to be handed to your Notary so that the relative searches regarding title of property/seller/buyer are initiated.

You are then required to provide a pledge on a **Life Policy** with a sum assured equivalent to at least the Home Loan value, as well as a pledge on **Building Insurance Policy** covering the property being financed.

Once the above documents have been presented to the Bank and the required security found to be in order, the Bank gives its Legal Office the **Go Ahead** to proceed with the publication of deed.

**The Deed of Sale** is the agreement between the seller and the buyer, in which the property title is transferred onto the buyer. The Bank appears on the deed to take the property as security, known as a hypothec. During the Deed of Sale process, the Bank will effect a loan drawdown and the proceeds are handed to the seller in full settlement of the property price. If your Home Loan includes financing completion works, funds are to be drawn against invoices after the deed.

The final steps involve the **Registration of Hypothecs** and **Transfer of Titles**. These are effected by your Notary within 15 days of the deed of sale at the Public Registry of Malta. At this stage the legal title of the property is transferred onto your name.

Own Funds

Bank Funds

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All loans are subject to normal lending criteria and final approval from your BOV branch. Term of Loan must not go beyond retirement age. Terms and conditions apply. Issued by Bank of Valletta p.l.c., 58, Triq San Żakkarija, Il-Belt Valletta VLT 1130. Bank of Valletta p.l.c. is a public limited company regulated by the MFSA and is licensed to carry out the business of banking in terms of the Banking Act (Cap. 371 of the Laws of Malta).