

Bank of Valletta p.l.c. Home Loans

Frequently Asked Questions

1. Eligibility for a home loan

How can I find out how much I can borrow?

Can I apply for a first time buyer home loan?

My income is partially generated from rent. Can I take up a loan with BOV?

Sometimes I work overtime. Will this income be considered when calculating how much I can borrow?

My employment is on a part-time basis. Can I still apply for a loan?

Can I borrow less than the maximum amount I am eligible for?

I wish to take a home loan with my partner but I want to repay the loan on my own. Is this possible?

I currently have a loan with another bank. Can I still take up a home loan with BOV?

Do I need to have an account with BOV to apply for a home loan?

2. Purpose for loan

Can I obtain a bank loan, if I want to rent out the property?

I live in a property on which I have a loan. I would like to buy another property and rent out the first. How can I do this?

Once I buy the property with the bank loan, can I start renting the property?

I want to buy land for development.

3. Fees / Costs / Repayments

How much will I pay in fees?

How much do I need for a deposit/down payment?

I do not have enough money to pay for the deposit/down payment. Can my parents help me out?

Can I include furniture with the completion costs?

Does the monthly repayment include the interest paid on the loan?

Can I pay off the home loan earlier than agreed in the contract?

4. Loan Process

How do I start the homebuying process?

What documents would I need to apply for a home loan?

Who will pay the person selling the property?

How long should the Promise of Sale period be?

What happens if the contract is not signed by the promise of sale date?

Will the Bank provide me with a notary or architect?

What happens if I change job after I submit my home loan application?

5. Insurance

What insurance will I need?

Can I secure my property with cash instead of insurance?

I am unable to take up a life assurance policy due to medical issues. Can I still get a home loan?

6. General

How can I get information on home loan options?

Can my application be done via the internet or I need to visit a branch?

What is a fixed interest rate?

What is a variable interest rate?

What is a re-mortgage?

What is a sanction / facility letter?

What's the difference between an Agreement in Principle and a Facility Letter?

What is the maximum term for a home loan?

7. Other loans

Can I get a loan to set up renewable energy products in my home?

Does the Bank offer bridge loans?

8. Post-Buying

What happens if I can't keep up with my loan repayments?

By when should I withdraw the money for completion from the loan?

Can I sell my house during the time I have a home loan on it and buy another?

Eligibility for a home loan

How can I find out how much I can borrow?

If you require an indication of how much you can borrow, go to our **BOV Online Home Loan Tool** and select '*I want a rough estimate of how much I can borrow*'. If you want an accurate amount, select '*I want the accurate amount I can borrow and/or quotation*'. To obtain the accurate amount, you will need to input details related to your employment, financial situation and property costs.

We recommend that before you sign a Promise of Sale/Preliminary Agreement (Konvenju) you obtain the accurate amount you can borrow, so that you make your decision based on facts. Alternatively, if you prefer to discuss in-person, request a meeting with one of our specialists at your preferred BOV Branch by clicking [here](#).

Can I apply for a first time buyer home loan?

A first time buyer home loan normally comes with attractive rates and other benefits. You may be eligible for such a loan if you are buying:

- your first home, or
- a second home to live in and you do not have another home loan

My income is partially generated from rent. Can I take up a loan with BOV?

Yes, you can apply for a home loan with us. Like for all applications, we will assess your situation and will guide you accordingly. We will ask you to provide us with the Rental Income Tax Form (TA24) of the past year and a copy of the tax payment on rental income receipt.

Sometimes I work overtime. Will this income be considered when calculating how much I can borrow?

Income from overtime work is considered when it is earned on a regular basis for at least 1 year. In such case, it can be included in your gross annual income. To help us assess your home loan application, we will ask you to provide us with evidence of overtime performed for the past year.

My employment is on a part-time basis. Can I still apply for a loan?

If you are applying for a home loan on your own, you would normally need to be in full-time employment. If you are applying for a home loan with someone else, at least one of you must have a full-time job.

Can I borrow less than the maximum amount I am eligible for?

Yes, sure. We will lend you the amount you require up to the maximum loan entitlement.

I wish to take a home loan with my partner but I want to repay the loan on my own. Is this possible?

Yes. In this case, the monthly loan repayments will be taken only from your account. However, your partner will still be liable for the full amount of the loan.

I currently have a loan with another bank. Can I still take up a home loan with BOV?

Yes you can. However the best practice is that all loans are held with the same financial institution to avoid legal implications. For more assistance please request an appointment with your preferred BOV Branch by clicking [here](#).

Do I need to have an account with BOV to apply for a home loan?

No, you do not require a BOV account to query or apply for a home loan. However, if you and/or the joint applicant are not BOV customers, you will need to have a BOV account before we can give you final approval of the loan.

We therefore recommend that you start the process of opening a BOV deposit account as soon as possible once you decide to take up a home loan with BOV. You can apply for a BOV account [here](#).

Purpose for loan

Can I obtain a bank loan, if I want to rent out the property?

Of course! We tailor our home loans according to your needs.

I live in a property on which I have a loan. I would like to buy another property and rent out the first. How can I do this?

A loan may be granted for the purchase of the second property with a contribution of at least 25% and over a maximum term of 25 years or until retirement age (whichever is lower). The interest rate on your current home loan may be increased since the property will be rented out.

Once I buy the property with the bank loan, can I start renting the property?

The Bank would have granted you a specific home loan with terms and conditions based on your circumstances and intentions at that point in time. If the purpose of the property changes after you sign the Facility Letter or the final loan agreement, the Bank has the right to increase the rate of interest on your home loan.

I want to buy land for development.

You will need to discuss your plans with one of our business loan specialists, who can guide you accordingly. Please request an appointment by clicking [here](#).

Fees / Costs / Repayments

How much will I pay in fees?

We will be able to work out these fees once you provide us with the required information. We will then give you a comprehensive list of bank charges together with a home loan quotation, following which you can then decide if you would like to go ahead with your home loan application.

As a guideline, these are the fees you would typically pay for the servicing of your home loan:

- **Mortgage Processing Fees** – charges covering the cost of processing the home loan, payable once the Facility Letter is issued
- **Architect Fees** - payable for the valuation of the property. The property may be subject to an independent valuation by a bank-appointed valuer which may carry a charge as per Bank's Architect Services Valuation Fees
- **Legal Fees** - pre-deed and post-deed vetting charges, as well as any out-of-pocket expenses, payable upon signing of deed
- **Commitment Fee** – applies if you do not withdraw the full loan amount by the end of the drawdown period as per your Facility Letter. Normally this period is six (6) months from date of the Facility Letter for loans granted to purchase a property and twenty-four (24) months from date of facility letter for loans granted to construct or complete a property
- **Updating of searches** – fees payable during the term of the loan for periodic updates of Public Registry searches of title.

Other charges may apply.

You will also need to think about fees charged by third party for example:

- **Public Registry Fees** - paid upon registration of title of property and hypothecs
- **Land Registry Fees** - (if applicable) for properties in Land Registry Area
- **Stamp Duty** - payable to the Commissioner of Inland Revenue, normally first part payment at Promise of Sale Agreement stage and final payment upon purchase of property
- **Notarial Fees** - payable upon signing of contract
- **Life Assurance and Property Insurance Premia** - payable between Promise of Sale Agreement and Final Deed (contract) signing and annually thereafter.

How much do I need for a deposit/down payment?

If the property being purchased will be used as your main and primary residence and you do not have any other home loans, your deposit / down payment should be at least 10% of the total cost.

On the other hand, the deposit / down payment should be at least 25% if the property being purchased will be used:

- as your primary residence but you have other home loans, or
- as your secondary residence, or
- for investment or rental purposes.

I do not have enough money to pay for the deposit/down payment. Can my parents help me out?

Yes of course! You will need to go to a notary to get it in writing that the donation may be used as deposit/down payment on the property.

We will then ask you to provide us with a public deed of donation/a written declaration (depending on the amount donated) duly attested by a notary.

Can I include furniture with the completion costs?

Furniture is not included in a home loan, but it can be financed through a personal loan. Just let us know your requirements and we will guide you to choose the personal loan that best fits your needs.

Does the monthly repayment include the interest paid on the loan?

The typical home loan is repayable in equal monthly instalments over the period for which the home loan is granted.

The monthly repayments start one month after the first loan amount has been withdrawn, unless otherwise agreed. These normally include interest on the loan as well as a portion of the capital, unless you choose to pay interest only for the initial period, in which case you will pay interest only for the chosen period, and interest and capital repayments when that period expires.

Can I pay off the home loan earlier than agreed in the contract?

Yes, you can.

In the case of a Fixed Interest Rate home loan, the Bank may charge you administrative costs incurred as a result of the early loan repayment as per the Bank's Tariff of Charges. Moreover, processing and legals fees are not refundable.

Loan Process

How do I start the homebuying process?

You should first confirm with your bank how much you can borrow and the deposit you will need to pay. You can then start searching for the property. Once you find the property you would like to buy and negotiate the price, you will need to sign a Promise of Sale / Preliminary Agreement together with the seller in the presence of a Notary of your choice. Following this stage, you can then apply for a home loan with your bank.

What documents would I need to apply for a home loan?

You will need the following documents:

- ID Card/s of all applicants;
- Latest FS3 and the latest three payslips, if employed, for all applicants
- Income tax returns for the last three years, if self-employed
- Statements of all accounts held with other banks and Consolidated Position Sheet including credit cards and loans
- Hire Purchase agreement and recent statements
- Contract of employment, if available
- Legal separation / divorce agreement (or draft copy), if applicable
- Certified true copy of Promise of Sale Agreement (Konvenju)
- [Architect's Valuation Form](#)
- Planning Authority approved layout plans and permits
- Site Plan

More details are available [here](#)

Who will pay the person selling the property?

When you sign the Promise of Sale/Preliminary Agreement, you will normally pay a deposit which is kept by the Notary. When you sign the final deed, the Notary gives the seller the deposited amount, while the Bank pays the remaining balance from your home loan. If the sum of the deposit and the home loan is lower than the price of the property, you will need to pay the difference to the seller through a bank transfer or bank draft.

How long should the Promise of Sale period be?

This has to be agreed to between the vendor and yourself. However, we recommend at least a 6-month period so that you will have enough time to obtain the required documentation, have the property checked by an architect of your choice, apply for the home loan and obtain the go-ahead for a loan from the Bank.

What happens if the contract is not signed by the promise of sale date?

You need to sign an extension to the Promise of Sale Agreement together with the vendor, in the presence of a notary. The Bank will then issue an extension to the Facility Letter against a commitment fee as quoted in the Facility Letter.

Will the Bank provide me with a notary or architect?

You should appoint a notary of your choice to draw up the Promise of Sale Agreement (Konvenju), carry out the necessary searches and draw up the final deed (contract of purchase).

You need to ask a Perit (warranted architect) of your choice to value the property and estimate any completion costs that may be required, on the Architect's Valuation [form](#) and also to provide you with documentation such as Approved Layout Plans, Planning Authority Permits, and Land Registry Plans.

The property may be subject to an independent valuation by a bank-appointed valuer which may carry a charge as per Bank's Architect Services Valuation [Fees](#).

What happens if I change job after I submit my home loan application?

You have to advise the Bank of the change and provide us with the new contract of employment and payslips. Please request an appointment [here](#).

Insurance***What insurance will I need?***

Once your home loan has been approved and you received the facility letter, you need to provide the Bank with the following:

- A pledge on a life assurance policy that covers the amount of the loans
- A pledge on property insurance

Once you submit your home loan application, you should apply for a Life Assurance Policy and a Buildings Insurance Policy with an insurance company acceptable to the Bank. We can assist you by providing you with a quote from MAPFRE MSV Life p.l.c. and MAPFRE MiddleSea p.l.c. Please request a meeting with one of our specialists at your preferred BOV Branch [here](#).

Can I secure my property with cash instead of insurance?

If the cash deposit/investment is in your name, the Bank may decide not to take a pledge on your life assurance policy but solely on the buildings policy. On the other hand, if the cash deposit/ investment is provided by a guarantor, the Bank will take a pledge on a life and a buildings policy.

I am unable to take up a life assurance policy due to medical issues. Can I still get a home loan?

The Bank will always request a life assurance policy. However, you may contact your BOV Branch for further guidance. Please request an appointment [here](#).

General

How can I get information on home loan options?

You can start your journey by visiting our [website](#) or by setting an appointment at your preferred BOV Branch [here](#). You can also get personalised information, options and quotes through our [BOV Online Home Loan Tool](#).

Can my application be done via the internet or I need to visit a branch?

You can apply either through the [BOV Online Home Loan Tool](#) or by requesting an appointment at your preferred BOV Branch [here](#).

What is a fixed interest rate?

The fixed interest rate is the interest rate that remains the same for an agreed fixed period, meaning that during the agreed period your monthly repayments will remain the same.

What is a variable interest rate?

A fixed rate means that the interest rate will be fixed for the indicated period. A variable rate means that the interest rate may change during the duration of your loan. E.g. Fixed rate 1.5 years, then variable: For the first 1.5 years you will pay the specified interest rate. After 1.5 years, the interest rate may change. This means that your repayments may increase or decrease accordingly.

What is a re-mortgage?

A re-mortgage is when you move an existing home loan from one bank to another.

What is a sanction / facility letter?

A Facility Letter is an important document that confirms the amount you will borrow and defines the terms and conditions upon which a home loan can be issued. It can help you decide whether to proceed with your loan application and serves as proof of your loan eligibility before you sign a formal loan agreement with Bank of Valletta. Your notary will also ask you for a copy of the Facility Letter prior to initiating searches on the title of the property, the seller and buyer.

What's the difference between an Agreement in Principle and a Facility Letter?

When you ask us for a home loan quote, we will also provide you with an Agreement in Principle. The Agreement in Principle gives you an indication of how much you can borrow based on what you would have told us about your income and commitment. The amount may need to be adjusted following our assessment of your home loan application, verification of documents and/or if your circumstances have changed from the time you took the home loan quotation to the time you submit your home loan application.

Once you accept the Agreement in Principle, you may choose to apply formally for the home loan, at which point we will start our assessment of your application. When the assessment is successfully concluded, we will issue a Facility Letter.

The Facility Letter is a formal approval of the home loan and confirms the amount you will borrow and the terms and conditions upon which the home loan can be issued. It can help you decide whether to proceed with your loan application and serves as proof of your loan eligibility before you sign a formal loan agreement with Bank of Valletta. Your notary will also ask you for a copy of the Facility Letter prior to initiating searches on the title of the property, the seller and buyer.

What is the maximum term for a home loan?

The maximum period for a home loan to finance your first residence is 40 years or until retirement age (whichever is lower). For all other home loans, the maximum term is 25 years or until retirement age (whichever is lower).

Other loans

Can I get a loan to set up renewable energy products in my home?

Yes, BOV has affordable Home Energy Loans to help you finance environmentally friendly products. Further information is available [here](#).

Does the Bank offer bridge loans?

The Bank may consider granting a Closed ended Bridge Loan (meaning that you have a promise of sale to sell your property and another promise of sale to purchase a new one). Please visit your preferred BOV Branch for further details. You can request an appointment with one of our home loan specialists [here](#).

Post-Buying

What happens if I can't keep up with my loan repayments?

If your circumstances change in a way that you are unable to meet your repayments, please reach out to us so that we discuss how we can assist you. If repayments are not maintained, the Bank may take steps to sell the property financed following legal proceedings and you may lose the property. Request an appointment [here](#).

By when should I withdraw the money for completion from the loan?

You should withdraw the money for completion within 24 months from the date of the facility letter. If works are not completed by the stipulated time, you can apply for an extension against payment of a commitment fee.

Can I sell my house during the time I have a home loan on it and buy another?

You will need the consent of the Bank to sell the property which is securing your loan. You may then sign a Promise of Sale to sell your property and another agreement to buy the new property. The loan originally granted to purchase your existing property will be closed off from the sale proceeds of the property. Should you require another home loan for the purchase of the new property, you may apply for a new loan through the [BOV Online Home Loan Tool](#) or by visiting one of our branches, in which case please request an appointment [here](#).