

# **BOV HOME LOANS**

## **GENERAL TERMS AND CONDITIONS**

Home Loan sanctioned by Bank of Valletta p.l.c. (The Bank)

1. Unless otherwise agreed, the English language will be used for the purpose of interpreting the Facility Letter and for all communications in connection with the Facility Letter.

## 2. Facility Letter Validity

The validity period of a Facility letter commences from the date when the Facility letter is issued.

- a. If the preliminary agreement is due to expire within 6 months' time, then the Facility letter will be valid for 6 months;
- b. If the preliminary agreement extends for more than 6 months but less than one year, then the Facility letter will be valid for one year.
- c. If the preliminary agreement is of a longer term which exceeds more than one year, then the Facility letter will still be valid for one year with the proviso that it may be extended for a further period after the Bank certifies that there were no material changes to the customer's financial position.

In each of the above cases, any extension of the validity of the Facility letter may be considered.

## Utilisation of facilities

No drawdown will be permitted if the Facility letter validity has expired. The Bank may consider extending the drawdown of a loan subject that the Facility letter is valid and subject to the payment of a commitment fee as per Bank's Tariff of Charges.

3. This facility is also subject to the terms and conditions set out hereunder:
  - a. Unless you are self-employed, you agree to channel your wage or salary direct to the Bank at all times during the duration of the Loan.
  - b. Unless otherwise agreed, the Bank should have the right to supply loan funds to you, whether in whole, or in part, by means of a direct payment of the supplier indicated on the invoice submitted by yourself.
  - c. Where there is more than one customer, any reference to 'Customer' includes a reference to each of them and the agreements, obligations and liabilities of such person herein contained are joint and several.
  - d. Unless otherwise agreed, withdrawals from the loan account are to be signed by all account holders.
  - e. Unless otherwise agreed, all payments and remittances received in the name/s or for the credit of either or any one or more of the account holders shall be placed to the credit of the loan account.
4. Authority is hereby given to the Bank to divulge any information regarding this/these facility/ies to the guarantor/s and/or pledgor/s indicated in this Facility Letter.
5. a. The loan/s shall become immediately due and payable together with interest and charges upon the occurrence of any of the events of default listed in the attached 'Events of Default' and on receipt of the Bank's first demand in writing.

In addition to the above, the Bank reserves the right, at its sole discretion to terminate its business relationship with you for grounds, even if extraneous to the conduct of the loan account, which it considers of sufficient gravity to warrant such termination. In such cases, and depending on the severity of the circumstances, the Bank shall be entitled, at its option, to consider such grounds as an event of default entitling the Bank to give you reasonable notice to make alternative banking arrangements or claim full repayment of the outstanding loan balance within thirty (30) days. Circumstances for termination may include, but are not limited to, the following:

- Conduct on your part which prejudices the Bank's interests, security, reputation or giving rise to a material risk to the Bank, or
- If you or any third party whom the Bank would be paying from the loan account (such as a property vendor, supplier or service provider) become subject to any court order prohibiting us from making any payment to you or contract with you, or any court order attaching or freezing your assets, in which case, the Bank would have no obligation to disclose the reason for terminating the business relationship, or

- If you or any third party whom the Bank would be paying from the loan account (such as a property vendor, supplier or service provider) become the subject of any sanction/s issued by any national government, such as the United States, or any international organisation, such as the United Nations Security Council and the European Union, or,
- If it becomes apparent to us that you or any third party whom the Bank would be paying from the loan account (such as a property vendor, supplier or service provider) are involved in any fraud, money laundering or financing of terrorism whatsoever in which case, the Bank would have no obligation to disclose the reason for terminating the business relationship.

- b. In the event that you do not effect repayment as agreed or if you are in default, the Bank may, by giving you notice in writing, debit any account held by you with the Bank, with all or any repayment instalments, interest calculated in accordance with the above, and charges as set out herein.

Notwithstanding any other clause of this Facility letter and/or deed of loan, in so far as costs payable by you are concerned, where you do not effect repayment as agreed, where you are in default or where you are otherwise in breach of any of your obligations or any of the conditions of the Facility letter and/or the deed of loan, the Bank may increase the interest rate, up to a maximum which is presently eight percent (8%), on the full loan amount by giving you a prior written notice.

- c. Contribution towards the property purchase is to be deposited with the Bank before signing of the deed.
- d. i. Loan repayments are to be effected by standing order.  
 ii. Payment for insurance premia and emphyteusis are to be strictly affected by privileged standing order arrangements with the Bank.  
 Furthermore, in the event of a change in the amount of the repayment resulting from a change in the Home Loans Bank Base Rate, or in the applicable insurance policy stamp duty, you are hereby authorising the Bank to amend in accordance with the terms of this Facility Letter the loan repayment / insurance policy standing order amount, on your behalf and without further notice.  
 Moreover, if no funds are available in the account indicated by you in the standing order application for the payment of any insurance premia, the Bank may, by giving you notice in writing, debit any account held by you with the Bank, including the Loan account, with the relative premia.
- e. You acknowledge that the Bank has issued this Facility Letter in reliance on representations and/or information given to the Bank. Consequently, if any event occurs or circumstance arises which, may reasonably affect the performance of all or any of your obligations under this Facility Letter then, or at any time thereafter, prior to utilisation of the banking facilities indicated above, the Bank shall have the right to amend, withdraw or cancel this Facility Letter by giving you notice thereof by simple letter.

6. Financial statement of affairs of applicants in detail to show the repayments are still feasible and sustainable, as and when required by the Bank from time to time.

7. Loan repayments should not in any way prejudice the performance and operations of any account in which you have any interest or control.

8. The terms and conditions (including the interest rate, fees and charges) may be amended from time to time by the Bank:

- a. in the event of changes in market conditions or in banking practice;
- b. in the event of changes in costs or reductions in return to the Bank, including costs or reductions in return which shall be consequent upon compliance by the Bank with any capital adequacy or minimum reserve requirements or any other request from or requirement of any Central Bank or other fiscal, monetary or other authority;
- c. if you are in breach of your obligations in line with paragraph 5b above;
- d. in the event of changes in the law and/or a decision or recommendation of a court, regulator or similar body;
- e. in the event of the introduction of new or improved products, systems, methods of operation, technology, alternative delivery channels, services or facilities;
- f. in the case of a merger with or takeover of the business of another bank or organisation offering similar services;
- g. If any event occurs or circumstances arises which may reasonably affect the performance by you or all or any of the obligations under this Facility Letter. The Bank will give you reasonable written notice of such changes.

If a change in the interest rate is solely due to a change in the Home Loans Bank Base Rate, the Bank will inform you thereof by publication in the local press or on the Bank's website [www.bov.com](http://www.bov.com). Information concerning the new Home Loans Bank Base Rate will also be available at the Bank's branches or through internet banking.

9. In the case of non-Euro denominated home loans, customer/s confirm that he/she/they is/are aware of the potential risks involved as a result of fluctuations in the interest rate and currency exchange risks.

10. **Security**

You and/or the Pledgor may be required to make up for the difference between the value of the securities pledged in favour of the Bank and the amount of the facility. This difference is called the 'Security Margin'. If at any time, the value of the securities pledged in favour of the Bank taken at the lowest market price of the day or at the exchange rate of the day (if applicable) is less than the amount of the facility plus a margin as may be determined by the Bank from time to time, you and/or the Pledgor shall on demand, and at the sole discretion of the Bank, either pay to the Bank an amount which is required to make up the Security Margin or alternatively give further security to make up the required Security Margin.

a. Insurance

- i. All properties hypothecated should be adequately insured for full replacement value, and the said Insurance policies are to be pledged in favour of the Bank.
- ii. Any policy of life assurance required by the Bank as security against credit or loan facilities may be arranged with and obtained from any insurance company, or through an enrolled insurance intermediary, broker or tied insurance intermediary, provided the policy meets the requirements of the Bank, such as, it is issued by a reputable insurance company, it provides adequate cover for the purposes of the credit or loan facilities being required from the Bank.

Whilst you are free to contract life assurance and buildings insurance cover from any other source, we are taking this opportunity to inform you that the Bank offers life assurance products issued by MSV Life p.l.c. and buildings insurance products issued by Middle Sea Insurance.

Pledges on Life Assurance Policy & Comprehensive Property Protection Insurance Policy should be received by the Bank and perfected within 15 days from issue of Facility letter.

Insurance policies pledged in favour of the Bank must be acceptable to the Bank and, unless otherwise agreed, are to be subject to the laws of Malta.

b. Hypothecated Property

- i. The facility will only become operative when the security required and an architect's valuation of the property to be hypothecated are submitted to the Bank, and these are found to be to the Bank's satisfaction.
- ii. Loan Drawings for the completion and finishes are to be duly certified by the responsible architect confirming that works are of the required standards of workmanship and comply with approved building permits and plans. Moreover, on completion of the works on the property an architect's declaration duly completed for the issue of a compliance certificate is required. This document is to confirm that:
  - a. the building and finishes are in accordance with the building permit and approved plans;
  - b. there are no infringements which may prejudice the provision of water and electricity to the property;
  - c. on completion, an architect's property report and valuation certifying that property will be fit for habitation.
- iii. Within two years from date of Facility letter you should provide the Bank with an architect's certificate confirming that all the required works are completed and that property is fit for habitation, including the provision of water and electricity services.
- iv. Contractual undertaking to immediately inform the Bank once the relative works are completed and authorising the Bank to appear on the relevant deed of conservation of privilege at the Bank's sole discretion and at your sole expense.
- v. Copy of the latest ground rent receipt.
- vi. You are kindly requested to submit the relevant Planning Authority permit, if not already submitted, prior to first loan drawdown. Please note that drawdown will only be allowed after the first thirty (30) days commencing from decision press date of relative permit, and on condition that no 3<sup>rd</sup> party appeal related to the said permit has been lodged within this period, in which case, drawdown will only be allowed once the Environment and Planning Review Tribunal decides to release suspension of said permit.

- vii. Unless the property/ies under Security Required has/have already been registered at the Land Registry, you are to provide your Notary with a site plan of the property/ies in conformity with Land Registry requirements.
- viii. On the deed of Loan you are to give the Bank your contractual undertaking not to:
  - a. give further charges over the hypothecated property even if these rank after the charges registered in favour of Bank of Valletta p.l.c.
  - b. Transfer, let, sublet, part with, or allow third parties to use the hypothecated property without the Bank's prior written consent.

## 11. Legal

- a. You are advised that the amendment/s is/are not to be interpreted to constitute a novation of your obligations towards the Bank. On default the terms and conditions of the quoted Facility Letter shall apply and have effect immediately.
- b. In accordance with law, the facility/ies is/are being granted on a joint and several basis, where applicable.
- c. This Facility Letter shall be regulated by, and shall be construed in accordance with the laws of Malta and any dispute in relation thereto shall be subject to the exclusive jurisdiction of the Courts of Malta.

## 12. Tariffs and Other Expenses

- a. A fee is charged in accordance with the Bank's Tariff of Charges when the loan is repaid in full.
- b. The full or partial Advances Processing fee is payable on issuance of the Bank's Facility letter which fee may be refunded after the publication of the relative deed, where applicable.
- c. The full or partial legal fees are payable on the publication of the relative deed, if applicable.
- d. The property hypothecated in the Bank's favour as security for facilities granted may be subject to a property revaluation every three years or at shorter intervals, at the Bank's discretion. The Bank-appointed valuer will be engaged to carry out property revaluation/s, in line with current banking regulations. Fees and expenses in respect of property revaluations shall be for your account.

### 13. a. Early Repayment Administration Fee - Variable / Interest Only Home Loans

You may at any time repay the loan and all interest accrued up to the date of repayment, in full or in part.

In the event that you request to do so, the Bank shall calculate the exact amount which is due from you at the time of the request. Depending on the time of the early repayment, the exact amount which you will repay may be lower than the total amount repayable to the Bank had you not effected such early repayment.

In order to effect an early repayment you may contact any of the Bank's branches, or the Bank's Customer Service Centre on (356) 2131 2020 or via the Bank's website [www.bov.com](http://www.bov.com).

The Bank reserves the right to charge any administrative costs which it may incur as a result of an early repayment, as per the Bank's Tariff of Charges, as may be amended from time to time which is available at any of the Bank's branches, on the website [www.bov.com](http://www.bov.com) or by calling the Bank's Customer Service Centre.

In the case of early repayment no refund is given of one-time fees such as processing and legal fees.

### b. Early Repayment Fee – Fixed Interest Rate Home Loans

In the case of Fixed Interest Rate Home Loans, the following fixed interest rate contract terms and conditions shall apply:

#### i. Utilization Period:

The fixed interest rate (the "Fixed Interest Rate") specified in the Facility Letter shall be fully utilized within a period of eighteen (18) months from the date of the Facility Letter (the "Utilization Period").

## ii. Forfeiture of Charges:

The booking fee as stated in the Bank's Tariff of Charges (currently €250) shall not be refunded if amount of the loan at the Fixed Interest Rate is not utilized within the Utilization Period.

## iii. Changes to the Fixed Interest Rate:

Changes to the Fixed Interest Rate are not allowed, save in exceptional circumstances, at the discretion of the Bank, and, if allowed, may be subject to further conditions, and, in particular to a fee covering the loss incurred by the Bank resulting from the difference between the Fixed Interest Rate and the prevailing interbank interest rate at the time of the change to the Fixed Interest Rate.

No refund of one-time fees such as processing, booking and legal fees shall be given.

## iv. Early Repayment:

You may at any time repay the loan and all interest accrued up to the date of repayment, in full or in part.

In the event that you request to do so, the Bank shall calculate the exact amount which is due from you at the time of the request. Depending on the time of the early repayment, the exact amount which you will repay may be lower than the total amount repayable to the Bank had you not effected such early repayment.

Should you request to repay the home loan early in part or in full, during the Fixed Interest Rate Period the Bank reserves the right to charge a fee covering the loss incurred by the Bank resulting from the difference between the Fixed Interest Rate and the prevailing interbank interest rate at the time of the early repayment (the "Early Repayment Fee").

In order to effect an early repayment and ascertain the exact level of the Early Repayment Fee at that moment, you may contact any of the Bank's branches, or the Bank's Customer Service Centre on (356) 2131 2020 or via the Bank's website [www.bov.com](http://www.bov.com).

The Bank reserves the right to charge any administrative costs which it may incur as a result of an early repayment, as per the Bank's Tariff of Charges, as may be amended from time to time which is available at any of the Bank's branches, on the website [www.bov.com](http://www.bov.com) or by calling the Bank's Customer Service Centre.

In the case of early repayment no refund is given of one-time fees such as processing and legal fees.

## c. Settlement Fee

This fee is charged in accordance with the Bank's Tariff of Charges when the loan is repaid in full.

**14. AIP Permits**

The AIP permit is to be provided to the Bank prior to the signing of the final deed, when applicable.

**15. Central Credit Register**

In line with Directive No. 14 issued by the Central Bank of Malta relating to the establishment of a new Central Credit Register, information related to all your credit facilities in excess of €5,000 (if any) will be made available to the Central Bank for inclusion in this Register. In terms of this Directive, all banks in Malta are legally obliged to provide to the Central Bank all the necessary information on a monthly basis.

The credit facilities reportable for the purposes of this Register include loans, overdrafts, commitments, credit cards and other credit lines which are deemed to represent a credit exposure.

Access to the Register, which will be operated through a fully auditable system on the CBM portal, will be strictly limited to banks in Malta and Credit Reference Agencies for the issuance of credit scores, whilst customers themselves, or their lawful representatives, may also request to exercise the right to have an extract of the information held on them on the Register.

**16. Amortisation Table**

You are entitled at any time throughout the duration of the loan to a statement of account in the form of an amortisation table, upon your request free of charge. So however that you shall remain obliged to continue effecting monthly repayments as stated above.

**17. Complaints**

Complaints regarding the facility should ideally be first discussed with the Manager of the Unit or the branch where the facility is domiciled. If the response is not satisfactory, one may write to:

The Manager, Customer Issues,

Bank of Valletta p.l.c.

62 Triq Sant'Anna,

Floriana, FRN 9011 - Malta

email: customerissues@bov.com

or complete a Bank's complaint form available in electronic format on our website - <https://www.bov.com> via

'Customer Support'.

In the event that you are still not satisfied with the Bank's reply or no agreement was reached with the Bank, you may refer the matter in writing to the Office of the Arbiter for Financial Services, as per the contact details provided below:

Office of the Arbiter for Financial Services,

N/S in Regional Road,

Msida MSD1920,

Malta.

Further information may be obtained through the official website: [www.financialarbiter.org.mt](http://www.financialarbiter.org.mt); Freephone (local calls): 8007 2366 and Telephone: (356) 2316 6221.

**EVENTS OF DEFAULT**

There shall be an event of default if:

- a. the Customer\* fails to pay any sum whether of principal, interest, fees or charges, due from it at the time and in the manner stipulated in the document/s regulating the Loan; or
- b. the Customer commits any breach of or omits to observe any obligations and undertakings expressed to be assumed by it in the document/s regulating the Loan; or
- c. any representation or warranty made or deemed to be made, or repeated by or in respect of the Customer, is or proves to have been, incorrect in any material respect; or
- d. any indebtedness of the Customer is not paid when due or becomes due and payable, or any creditor of the Customer becomes entitled to declare any such indebtedness due and payable prior to the date when it would otherwise have become due or any guarantee or indemnity of the Customer in respect of indebtedness is not honoured when due and called upon; or
- e. any consent, authorisation, licence or approval of, or registration with, or declaration to, governmental or public bodies or authorities, or courts, required by the Customer in connection with, or pursuant to, the execution, delivery, validity, enforceability or admissibility in evidence of the document/s regulating the Loan or the performance by the Customer of its obligations in the document/s regulating the Loan, is modified, or is not granted, or is revoked or terminated or expires and is not renewed or otherwise ceases to be in full force and effect; or
- f. a creditor attaches or takes possession of, by way of execution, sequestration or other process is levied or enforced upon or sued out against, any of the undertakings, assets, rights or revenues of the Customer; and is not discharged within seven (7) days; or
- g. the Customer suspends payment of its debts, or is unable, or admits inability to pay its debts as they fall due, or commences negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of all or part of its indebtedness, or proposes, or enters into any composition or other arrangement for the benefit of its creditors generally or as a class of creditors, or proceedings are commenced in relation to the Customer under any law, regulation or procedure relating to the reconstruction of debts; or

- h. the Customer takes any action or any legal proceedings are started or other steps taken for :
  - i. the Customer to be adjudicated or found bankrupt or insolvent; or
  - ii. the winding up or dissolution of the Customer; or
  - iii. the appointment of a liquidator, curator, administrator or similar officer of the Customer
- i. the Customer suspends or ceases or threatens to suspend or cease to carry on its business; or
- j. all or a material part of the undertakings, assets, rights, or revenues of, or shares, or other ownership interests in, the Customer are seized, nationalised, expropriated or compulsorily acquired by, or under the authority of any government; or
- k. unless previously approved in writing by the Bank, the Customer allows and/or recognises any transfer of its shares or any change of its ownership and/or in any other manner whatsoever allows the control of the Customer to be acquired or exercised by any person or entity not having control as at the date of the document/s regulating the Loan. For the purposes of this clause, "control" means the power to direct the management and/or policies of the Customer whether through the ownership of capital, by contract or otherwise; or
- l. it becomes unlawful at any time for the Customer to perform all or any of its obligations in the document/s regulating the Loan; or
- m. the Customer repudiates, or does, or causes, or permits to be done, any act or thing evidencing an intention to repudiate the document/s regulating the Loan; or
- n. there occurs in the opinion of the Bank, a material adverse change in the financial condition of the Customer; or
- o. any other event occurs or circumstance arises which, in the opinion of the Bank, is likely, materially and adversely to effect the ability of the Customer to perform all or any of its obligations under or otherwise comply with the terms of the documents/s regulating the Loan; or
- p. if the loan is utilized in any other way than for the purpose indicated in the Facility letter, in which case without prejudice to any of the Bank's rights on the occurrence of an event of default, the Bank shall be entitled to increase the interest rate to three point seven per cent (3.7%) over the Home Loans Bank Base Rate immediately upon giving your written notification thereof.

\* Wherever the word 'Customer' appears herein, this shall include the surety, if applicable.