

# General Information Sheet

## Buy To Let Loan

## 1. Lender

HSBC Bank Malta p.l.c.  
116 Archbishop Street  
Valletta VLT 1444

## 2. Purposes for which this loan may be used

Buy To Let Loans may be used for the purchase and / or completion of residential property for letting. Buy To Let Loans are not intended for customers seeking to build property portfolios as a business and are therefore only available to personal customers.

## 3. Security

We will normally ask for the following security for your loan:

- First General Hypothec for the full loan amount.
- First Special Hypothec and special privilege for the full loan amount over the property being financed.
- Life assurance policy for the full loan amount.
- Buildings insurance policy for the replacement cost of the property being financed.

Additional security may possibly be required.

## 4. Description of the types of buy to let loans available

Variable rate loans- Variable interest rates are quoted as a margin over our Bank's Base Rate which is currently 2.50%. The Bank may change the margin and/or the Bank's Base Rate, and as a consequence your applicable variable interest rate, at any time. Your repayment amount or the number of repayments may change whenever there is a change in the interest rate. We will advise you should there be such a change to the repayment amount or number of repayments.

Fixed rate loans - Fixed interest rates are not available on Buy To Let Loans.

## 5. Repayment

Buy To Let Loans have a monthly capital and interest repayment by means of a direct debit from a current or savings account. A detailed repayment schedule will be available.

Rental income is to be paid directly into the current or savings account from which the loan repayments are paid.

## 6. Fees and costs

### Fees

Processing Fee of 0.30% of the loan amount (maximum of €700) is payable on acceptance of the Buy to let Loan application. The fee is non-refundable. If the application for finance is withdrawn and cancelled after the sanction letter has been issued then the processing fee is due in full even if the Bank is offering a full waiver or discount of this fee.

Processing (Legal) Fee of €200 is applicable. If, however the application for finance is withdrawn and cancelled (even after the sanction letter has been issued) this processing (Legal) fee is refundable.

Amendment Fee of €15 will be due when a request to change the conditions of the sanction letter is processed by the Bank.

Updating of Searches Fee of €13.90 will be due when the Bank updates the legal searches. This exercise takes place every eight years.

Commitment Fee - This fee applies only if the amount of the loan is not fully drawn following the expiry of the last date permitted for drawings of the loan as stated in the sanction letter. In such case a commitment fee will be debited to your calculated as follows:

Variable rate loans: 0.10% (minimum €15 and maximum €40) on the undrawn amount and is payable quarterly in advance.

### Insurance Costs

Life assurance premium.

Property insurance premium.

### Third Party Costs

Architect's valuation costs.

Notarial fees and other contract related expenses (Public Registry fees, Land Registry fees and ancillary costs).

A charge of €30 per deed plus €20 for any immovable property situated in a Land Registration Area which is taken as security will be levied to cover third party costs with respect to post-deed updating of hypothecary security.

In the case of a pledge on shares, bonds, bank balances or insurance policies any fees charged by other financial institutions will be debited to your account.

If the funds are used for the construction or the completion of property the Special Privilege competent to the Bank by law on the amount which was used for this purpose must be registered in the Public Registry. The third party charges incurred by the Bank will be debited to your account.

## **7. Cost of a typical loan**

The cost of a buy to let loan of €200,000, at a variable borrowing interest rate of 3.90% p.a. for a term of 300 months is illustrated as follows:

The APRC will be 4.10% p.a. The loan will be repayable in 299 equal monthly instalments of €1050.92 and one final instalment of €1078.41. The total sum payable throughout the term of the loan assuming the interest rate remains unchanged will be €316,375.19.

Applicable charges on this loan are as follows - processing fee of €600; processing (legal) fee of €200; updating of searches fee of €41.70; fee for post-deed checking of hypothecary charge of €30; and a bank appointed architect fee of €200 (based on a property value up to €400,000).

## **8. Early repayment**

Additional repayments may be made without any restrictions.

## **9. Duration**

The maximum loan term is 25 years. Loan is to be repaid by age 70, or age 65 if personal income is being relied on.

## **10. Currency**

Buy To Let Loans are only available in euro.

## **11. Tax relief and public subsidies**

Please refer with your tax advisor or the relevant public entity for guidance on tax relief on interest or other public subsidies that may apply.

## **12. List of documents required**

- ID Cards of all applicants.
- Preliminary agreement.
- Evidence of income (three months' payslips and form FS3 if you are employed, or three income tax returns if you are self-employed).
- Estimate of rental income from estate or letting agent (if property is not already being let)
- Bank statements confirming 12 months rental income and rent agreement (if property is already being let).
- Architect's valuation on our standard form. Valuation will need to be done by an architect appointed by the Bank.
- Copy of the latest ground rent receipt (if applicable)
- Any other documents that may be requested by the bank.

## **13. Mandatory Ancillary Services**

In order to be able to take out a Loan you are required to obtain life insurance cover and home owner insurance cover. These ancillary products may be obtained through HSBC or from any other third party providers who are able to offer adequate insurance cover deemed acceptable by the Bank.

## **14. Non-Compliance with your commitments towards the Bank**

It is important to take into consideration the consequences of non-compliance with the sanction letter and the General Conditions Regulating Loans especially where this is an event of default. Where there is an event of default as described in the General Conditions Regulating Loans, the Bank may be forced to act on the security that is securing the loan and this will mean that the property securing the loan will be sold through court auction in order to pay off the outstanding loan balance.

## **15. Other Consideration**

If you are resident in any country other than Malta, any regulatory protections afforded to you by your country of residence shall not apply to this Loan.

## 16. Tax Disclaimer

If you are not a resident of Malta, you may have to pay tax arising in your country of residence over the Loan, which would be payable to the relative tax authority and which shall be separate and in addition to any interest payments over the Loan which fall due and are payable to us.

There may however be relief available from the tax paid. We do not provide tax advice and you should seek advice from an independent tax advisor to ensure you understand any tax obligations and potential tax relief available.

If there is tax payable, you are solely responsible for paying the tax arising in your Country of residence or elsewhere.

If your country of residence imposes such tax, this would make the cost of your Loan higher than indicated in your loan statement/documentation.

## 17. Advisory Services

We do not provide advice or recommend a particular mortgage for you. However, based on your answers to some questions, we will give you information about a mortgage proposition as described in this document so that you can consider before you make your own choice.

## 18. Creditworthiness Assessment - Obligation to disclose correct information

You shall provide the bank with complete and correct information on your financial situation and personal circumstances in the context of the application process. This information will be used to establish creditworthiness.

If you choose not to provide the information necessary for an assessment of your creditworthiness, the bank shall warn you that it will be unable to carry out a creditworthiness assessment and therefore the credit agreement may not be granted.

## Creditworthiness Assessment – right of Bank to re-assess up to deed of Loan execution

At any time after the date of a Sanction Letter and until the deed of Loan is actually executed, the Bank shall have the right to request that you provide it

with documentation required in order to be able to re-assess your credit worthiness. If you do not provide the required documentation in time or if the re-assessment findings are such that would lead to a re-consideration and the refusal by the Bank to provide you with the Loan, the Bank shall have the right to withdraw its Sanction Letter with immediate effect\*. In such cases, you will be informed that the sanction letter has been withdrawn and that your request for a loan has been declined. Please ensure that this condition is well clear to you and to the seller.

## 19. Bank Appointed Architect Valuation

You shall provide the Bank with a Bank Appointed Architect valuation of the Property. If the valuation provided is dated earlier than 12 months prior to signing of deed, the Bank will be requesting your same Bank Appointed Architect to provide it with a reconfirmation of the property valuation prior to signing of deed (at its cost). Should such reconfirmation report include any adverse comments or revised valuation that would lead to a reconsideration and the refusal by the Bank to provide you with the loan, the Bank shall have the right to withdraw the sanction letter already issued with immediate effect\*. In such case, You will be informed in writing that the sanction letter has been withdrawn and that your request for a loan has been cancelled.

### \*Important Note:

Cancellation of the loan at such stage will have material consequences and may also impact your right to be refunded with any deposit made so it is important that you ensure to discuss this aspect with your notary so that he can include any necessary provisions in the promise of sale agreement\*\* to protect your rights.

Make sure you understand the full implications of this condition.

\*\*If you have already entered into a promise of sale agreement ensure to seek further legal advice on the implications of this condition.

## 20. Vetting of Title by the Bank's Legal Office

Prior to signing the deed, your chosen Notary must present a file, with all the required documents, to assist the Bank's lawyers in the vetting process of the property's title. The list of standard documents (as

may be applicable) which are required to be submitted upon presentation of files at the Legal Office for vetting, includes but is not limited to :-

- Updated official Public Registry searches of clients / sureties and vendors;
- Updated official Public Registry searches of all prior owners covering at least 10 years to cover acquisitive prescription;
- Copy of deeds of acquisition covering the full root of title;
- Form E of all properties to be hypothecated. If the Property Falls in a Land Registration Area, a full updated copy of the Certificate of Title;
- Draft deed and any plans to be annexed;
- Written root of title;
- Death certificates, Testamentary Searches (secret and public wills) and copy of wills (where applicable) – and if decedent died abroad, Grant of Probate;
- Copy of declaration causa mortis (where applicable);
- Door renumbering and street renaming (where applicable);
- Copy of any Powers of Attorney to be used on deed and if drawn abroad to be legalised / apostilled;
- In case of vendor being a company – (i) copy of the latest Memos and Articles and any subsequent notifications re changes in representation and company name and (ii) copy of board resolutions to be used (where applicable);
- Authorisation letters from creditors re any required waiver / postponement / cancellations of hypothecs – and any required Memos and Articles of same;
- Any other document as might be necessary to complete title and/or as requested by the bank;

The Bank may need to return the file for resubmission if the file is missing these documents, depending on the particular case.