

General Information Sheet Interest Only Home Loan

1. Lender

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

2. Purposes for which this loan may be used

Interest Only Home Loans may be used for the purchase, construction, completion, alteration or refurbishment of property to be used as your residence. It may also be used for the redemption of ground rent burdening a property that is being (or shall be) used as your residence.

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 home loans available

Variable rate loans - Variable interest rates are quoted as a margin over our Home Loans Base Rate which is currently 2.25%. The Bank may change the margin and/or the Home Loans 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 currently available on Interest Only Home Loans.

5. Repayment

Interest Only Home Loans have a monthly interest-only repayment with the loan capital being repaid in full at the end of the term of the loan. A detailed repayment schedule will be available.

6. Fees and costs

Fees

Processing Fee of 0.5% of the loan amount, maximum of €1400. 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 If the application for finance is withdrawn and cancelled after the sanction letter has been issued then the processing fee is due in full even if the Bank is offering a full waiver or discount of this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 If, however the application for finance is withdrawn and cancelled (even after the sanction letter has been issued) this processing (Legal) fee is refundable.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 €15.00 will be due when a request to change the conditions of the sanction letter is processed by the Bank.

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 for such registration will be debited to your account.

7. Cost of a typical loan

The cost of a home loan of €200,000, at a variable borrowing interest rate of 3.75% p.a. with interest only repayment for a term of 60 months is illustrated as follows:

The APRC will be 4% p.a. The loan will be repayable in 59 equal monthly instalments of €633.68 and one final instalment of €200,633.80. The total sum payable throughout the term of the loan assuming the interest rate remains unchanged will be €239,450.80.

Applicable charges on this loan are as follows - processing fee of €1000; processing (legal) fee of €200; 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

Interest Only Home Loans are normally to be repaid within a maximum term of 5 years subject to loan being repaid by the time the older borrower is 65 years of age.

10. Currency

Interest Only Home 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.

12. List of documents required

- Evidence of income (three months' payslips and form FS3 if you are employed, or three income tax returns if you are self-employed)

- Identity card (or passport).
- Preliminary agreement or deed of purchase of property.
- Architect's valuation on our standard form. Valuation will need to be done by an architect appointed by the Bank.
- Other documents may possibly be required.

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 give 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. You will also 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.