

## Mortgage Terms

## Contents

### Part A - Getting started

- 1 Letter of offer
- 2 Pre-conditions to use
- 3 Your limit

### Part B - Mortgage Loans - General

- 4 Funding
- 5 Interest, fees and charges
- 6 Facility term
- 7 Repayment
- 8 Prepayment
- 9 Review, cancellation, termination, suspension

### Part C - General

- 10 Mortgage insurance
- 11 Inspection of property
- 12 Representations and warranties
- 13 Termination

### Part D - Meaning of words

- 14 Meaning of words

#### Important notice

##### You need to read this document.

It sets out specific terms and conditions on which we agree to provide you with a *mortgage loan*. **You must read it in conjunction with our Client Terms, the *tariff booklet*, the *product brochure* and any other documents forming our banking agreement included in your Welcome Pack.** To the extent of any inconsistency between these terms and our Client Terms, these terms prevail. These terms do not apply to any existing mortgage loan you have with us to the extent that they are subject to separate terms and conditions.

##### Key words

The meaning of key words printed *like this* and other words used in our banking agreement is explained in our Client Terms. Some additional key words which apply to the *products* referred to in these terms are explained at the end of these terms.

##### How to contact us

To find out information (such as current fees and interest rates or if you need us to explain features or terms) in connection with our *products*, you should contact us at one of our branches, by using phone banking **+2673615800** or by visiting our website **[www.sc.com/bw](http://www.sc.com/bw)**.

## Part A - Getting started

### 1 Letter of Offer

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- 1.1 If we approve your application, we issue a Letter of Offer. If you want to accept our Letter of Offer you need to do so in accordance with the procedures set out in the Letter of Offer.

### 2 Preconditions to Use

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- 2.1 Before you can use a mortgage facility you must:

- Comply with the requirements we specify from time to time and any other pre-conditions we specify in our banking agreement/letter of offer;
- Unless otherwise stated in our letter of offer, have paid all our costs in connection with the mortgage facility. (We may deduct any fees payable from funds drawn down);
- Have opened or maintain a nominated account or any other account we specify with us. These accounts must be maintained at all times for the purposes of the mortgage facility.
- Have satisfied our insurance requirements, the requirements of the insurer and, unless we agree to finance them, paid the premiums due, including if we require you to have mortgage insurance, the premium amount;
- Provide us with all securities in the form and substance we require including all documents we consider necessary to ensure the security is effective; and
- Provide us with all other documents or information we reasonably require.
- Have paid all costs of our service providers (such as lawyers) in connection with the mortgage facility. Each item must be in form and substance satisfactory to us, our lawyers and our consultants (including evidence of stamping (if applicable) and if a document is not an original document it must be certified in the manner we require as being a true and up to date copy of the original.

- 2.2 We need not provide any funds to you or otherwise allow you to use the mortgage facility if:

- any of the circumstances in clause 3 (Preconditions to use of any product) of the Client Terms exists; or
- the results of any searches, requisitions or other enquires in connection with you, any security provider or the property are not in form and substance satisfactory to us, our lawyers or consultants.

## 3 Your Limit

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- 3.1 You may only draw on a mortgage facility up to the limit. We may cancel or vary the limit at any time.

## Part B - Mortgage Loans – General

### 4 Funding

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#### Purpose

- 4.1 You must use the mortgage facility only for the purpose set out in the letter of offer or as otherwise approved by us.

#### Requesting funds

- 4.2 If you want us to provide you with funds, you may do so by a written request in the form we require. If the mortgage facility is provided to finance construction or renovation, each request made during the construction period may need to certify matters relating to the building and attach documents or other information we specify, including invoices from the builder and evidence that you have paid any shortfall between the funds to be advanced and the invoice amount. Your request must be made within a reasonable time (for example, at least fifteen (15) banking days) before you require the funds.

#### How we provide the funds

- 4.3 We pay the funds to you as directed by you or your agent, except to the extent that we require otherwise. For example, if the mortgage facility is provided to finance construction or renovation, we provide the loan in a series of advances as the work progresses against invoices we approve. We may provide the funds by paying them directly to the builder. You must provide us with receipts from the builder within two weeks of the date we provide the funds as specified in the terms and conditions of the letter of offer.

#### Availability period

- 4.4 If the letter of offer states an availability period, each request for funds must be made during the availability period. Any unused portion of the limit at the end of the availability period is automatically cancelled.
- 4.5 If the mortgage facility is provided to finance construction or renovation, you must ensure that the work is completed within the construction period agreed with us.

### 5 Interest, fees and charges

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#### Interest - general

- 5.1 You must pay interest on the loan monthly in arrears (or as otherwise set out in our letter of offer) at the rate set out in the letter of offer or at any other rate we determine based on changes made to the Bank of Botswana rate. Despite the terms of our letter of offer, the interest rate we charge cannot be less than 0% per annum at any time.

- 5.2 Unless otherwise stated in our letter of offer, interest accrues on a daily basis and is calculated on the basis of a 365 day year.
- 5.3 Interest is payable on the dates set out in the letter of offer or otherwise in our banking agreement.
- 5.4 Unless otherwise stated in our letter of offer interest is charged to your account on the last banking day of each month and on the day when all amounts owing in connection with the mortgage facility are finally paid (unless you have made arrangements with us otherwise).
- 5.5 We may vary the interest rate and the margin based on any changes to the Prime Rate. If we vary the interest rate, we will notify you of the effective date of the revised interest rate and give you notice of the change.

**Fees and charges - general**

- 5.6 The fees and costs for each mortgage facility are set out in the letter of offer or the tariff guide. They are also available by contacting us at any of our branches, by phone banking or by visiting our website. We will notify you of any variations 21 days before implementation of the same.

**6 Facility Term**

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- 6.1 The term of a mortgage facility commences on the date of first drawdown and continues for the period stated in the letter of offer.
- 6.2 The letter of offer may allow the original term of the mortgage facility to be extended up to a maximum period. This is to allow the instalment amount to be maintained despite any change in the interest rate (see clause 8.5 below) (This should be subject to variation of charged security documents)

**7 Repayment**

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**Repayment by instalments**

- 7.1 If the letter of offer states that you must repay the mortgage facility in instalments, we notify you the amount of the instalment and each instalment payment date. Any balance owing for the mortgage facility (after payment of all instalments) must be repaid on the final payment date we notify you.
- 7.2 In the event that your salary date changes, it is your duty to inform the Bank of the new salary date. Should you fail to do so, the bank reserves the right to change the date of your instalment to align it to your new salary date without prior notice to you.
- 7.3 If the mortgage facility is provided to finance construction or renovation, you may not be required to begin the repayment of your mortgage facility instalments until a date stated in the letter of offer or another date we notify you.
- 7.4 You must pay the instalments even if you do not withdraw all or any of the loans we deposit in the nominated account.

- 7.5 If we vary the interest rate on the mortgage facility, we may vary the instalment amount and the number of instalments. However, if the letter of offer states that the mortgage facility has a term that may be extended if an interest rate increases, we extend the term of the mortgage facility (until it reaches the maximum term stated) rather than varying the instalment amount. If the maximum term is reached, we may vary the instalment amount. The right to vary instalments is in addition to our other rights to vary, as set out in our banking agreement. See, for example, clause 35.8 (Variation of our banking agreement) in the Client Terms.

**Methods of instalment repayment**

- 7.6 The instalment repayment structure for the mortgage facility is stated in the letter of offer.
- 7.7 If you ask, we may agree to defer a particular monthly instalment. If this happens, you must pay the additional interest which accrues on the deferred instalment amount on the final payment date we notify you.

**Statements**

- 7.8 Statements will be available to you online or upon request by you for the mortgage facility.

**When you must repay in full**

- 7.9 On the last day of the term, to the extent there is any balance owing for the mortgage facility, you must repay that balance owing.
- 7.10 Despite any other term of our banking agreement, we may ask you to repay all or part of the balance owing for the mortgage facility and all other amounts owing to us in connection with the mortgage facility at any time. If we do so, you must immediately pay the amount we demand.
- 7.11 Before we discharge any security, you must pay all fees and costs payable in connection with the final settlement of your mortgage facility (such as discharge fees and costs).

**8 Prepayment**

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- 8.1 You may prepay all or part of the mortgage facility if:
  - the prepayment amount complies with any minimum or maximum amount we specify; you prepay only part of the loan, you maintain a minimum loan balance we specify;
  - when you prepay, you also pay all accrued but unpaid interest, fees and costs in connection with the mortgage facility and you comply with any other requirements stated in the letter of offer
  - if you are unable to give us reasonable notice of prepayment, we may also require you to pay us an amount equal to one month's interest on the mortgage facility.
- 8.2 An amount prepaid reduces the remaining instalments due.

**Right to reborrow**

- 8.3 You may only re-borrow an amount prepaid if our letter of offer states that the mortgage facility permits reborrowing (known as a revolving loan) and if you satisfy any conditions we require to permit re-borrowing.

## 9 Review, cancellation, termination, suspension

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In addition to the terms below, our Client Terms and the letter of offer set out our right to review the terms of your mortgage facility, when you and we may end or suspend your use of any product. The Client Terms also set out what you need to do if that happens (including immediate payment of the balance owing for the mortgage facility) and our enforcement rights. See, for example, Parts A and H of the Client Terms.

- 9.1 Notice of 45 days should be given where you wish to make an early settlement of the loan. Where the notice period given is less than the required period, the penalty payable will be charged on a pro-rata basis, the maximum that the bank will charge being 30 days interest on the outstanding balance. The settlement quotation provided will only be valid for 30 days after the expiry of the notice period.
- 9.2 We may at any time cancel or reduce a mortgage facility by giving you written notice. If we do so, you must repay the balance owing within the time we specify. This may include combining it with an existing mortgage facility we provide to you.

## Part C - General

### 10 Mortgage insurance

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This clause applies as we require you to take up mortgage insurance such as Mortgage Protection for the mortgage facility. In certain circumstances it provides protection for loss we may suffer in connection with your mortgage facility.

This clause is in addition to the "Insurance" clause in the Client Terms.

#### Insurance application

- 10.1 You may apply to an insurer approved by us, or an insurer of your choice, subject to our approval to obtain mortgage insurance in connection with your mortgage facility.
- 10.2 You and the security provider acknowledge that the insurer decides whether or not to issue the mortgage insurance. We need not do anything to ensure that the insurer issues the requested mortgage insurance.
- 10.3 The terms of the mortgage insurance will be set out in the certificate of insurance issued to you by the insurer and the letter of offer. You should read the mortgage insurance terms carefully to ensure that it provides you with the necessary cover.

Please note that your insurance does not take effect until the insurer issues you the certificate of insurance.

#### Amount you must pay

- 10.4 If we ask, you must pay to us any amounts which we are required to pay to the insurer in connection with the mortgage insurance, when we ask you to do so and within the time we specify. This may be before the amount is due to the insurer.
- 10.5 If we allow you to finance the premium amount out of drawdown proceeds, we apply part of the loan towards payment of the premium amount instead of collecting the premium amount from you as a lump sum. You must repay this amount to us in the same manner as the rest of loan under the mortgage facility or in any other manner we determine.
- 10.6 You must reimburse us for all costs which we incur in connection with the mortgage insurance (including making claims against it).

#### Acknowledgements

- 10.7 You and the security provider acknowledge and agree that in connection with any mortgage insurance:
- the insurer decides whether or not to provide the mortgage insurance;
  - we are not responsible for ensuring that your application for the mortgage insurance is accepted by the insurer; and
  - we are the beneficiary under the mortgage insurance.

#### Surrender of policy

- 10.8 If the mortgage insurance is surrendered because all amounts owing under the mortgage facility have been paid in full by either you or a security provider, the insurer may pay us a portion of the premium amount as the surrender value. If we receive any surrender value we pay it to you. However, we do so only if the premium amount has not been financed out of drawdown proceeds.
- 10.9 If the mortgage insurance is terminated for any other reason, we may require that the surrender value is applied to reduce the balance owing of the mortgage facility.

### 11 Inspection of property

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- 11.1 Determination of the fair value of the property will be made by an independent valuer as appointed by the Bank. You must pay all cost incurred by us in connection with any inspection.
- 11.2 You must do everything necessary to allow us or our authorised representatives to inspect the property. Unless there is an emergency, we give you reasonable notice before we carry out an inspection. You must pay all costs incurred by

us in connection with any inspection (including travel and accommodation expenses).

## 12 Representations and warranties

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You represent and warrant that:

- 12.1 Your obligations under each of our banking agreements and any security (and the obligations of any security provider) are valid, binding and enforceable and neither you nor any security provider will be in breach of any law, authorisation, document or agreement by entering into or complying with obligations or exercising rights under any of our banking agreements or any other arrangement with us;
- 12.2 All the information given by you or any security provider (or on your or their behalf) is correct, complete and not misleading and each representation made by you to us is correct and not misleading.

## 13 Termination

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- 13.1 We may end any (or all) of our banking agreements for a product, with or without notice to you, if:
  - any security or insurance we require in connection with a product is or becomes unenforceable or is withdrawn or terminated without our consent; or
  - you or any security provider becomes insolvent or any of your or their assets are subject to insolvency proceedings; or
  - you or any security provider dies or becomes incapacitated; or
  - you or any security provider stops payment, ceases to carry on its business or a material part of it or threatens to do so; or
  - you or any security provider acts fraudulently or dishonestly

## Part D - Meaning of words

### 14 Meaning of words

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You also need to refer to our Client Terms which also define key words used in these terms. If a word defined in these terms is also defined in our Client Terms, the definition in these terms applies for the purposes of a mortgage facility.

- 14.1 **limit** means, for a mortgage facility, the limit set out in the letter of offer for the mortgage facility. **loan** means the outstanding principal amount of all drawdowns under a mortgage facility.
- 14.2 **mortgage facility** means each mortgage loan or we make available to you under these terms as stated in our letter of offer.
- 14.3 **property** means the property the subject of the security for your mortgage