



## Mortgage Terms

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## Important Notice

### You need to read this document.

It sets out specific terms and conditions on which we agree to provide you with *mortgage facilities*. **You must read it in conjunction with our *letter of offer*, our **Client Terms and any other documents forming our banking agreement**.** To the extent of any inconsistency between these terms and our Client Terms, these terms prevail and if there is any inconsistency between the *letter of offer* and any other part of our banking agreement, then the terms in the *letter of offer* prevail.

## Key words

The meaning of key words printed *like this* and other words used in our banking agreement are 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 discuss any aspect of our relationship please contact us at one of our branches, by using phone banking  
+256 414 340077 or by visiting our website  
[www.sc.com/ug](http://www.sc.com/ug).

## Part A - Getting started

### 1 Letter of offer

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 Pre-conditions to use

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

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

#### 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

### 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 Uganda base lending 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 360 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 Bank of Uganda's base lending. 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

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

### 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 If you have not fully drawn down the *mortgage facility* (that is, you have not used up your entire *limit*) by the end of any availability period stated in the *letter of offer*, we may vary the instalment amount, the number of the instalments and the term of the *mortgage facility*. We will notify you when we do so.

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 *loan* 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 the *letter of offer* states that the interest only repayment method applies, during the interest only period the amount of each monthly instalment is the sum of any unpaid interest charges which have accrued on the *account* for the *mortgage facility* for the month. At the end of the interest only period instalments, the *mortgage facility* converts to principal and interest instalments. We will notify you of the new instalment amount at the end of the interest only period.

7.8 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

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

## When you must repay in full

7.10 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*.

7.11 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.

7.12 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

### Prepayment

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 in reverse order* by the amount prepaid.

### Right to re-borrow

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

## 9 Review, cancellation, termination, suspension

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 You may cancel a *mortgage facility* by giving us 10 days notice in writing.

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

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

- 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

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

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

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; or

### Part D - Meaning of words

#### 14 Meaning of words

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*.

**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*.

**Mortgage facility** means each mortgage loan or we make available to you under these terms as stated in our *letter of offer*.

**Property** means the property the subject of the *security* for your *mortgage facility*.