

<b>Pre-contractual General Information Sheet (Home Loans)</b>
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**Classic Home Loans, Bridge Loans, APlus Accounts, Buy-to-Let Loans and Personal Loans secured by residential immovable property to residents of Malta**

**1. Lender identity, geographical address and contact details**

Creditor	<b>APS BANK PLC</b>
Company Registration Number	C2192
Address	APS Centre, Tower Street Birkirkara BKR 4012
Telephone Number	00356 21226644
E-mail Address	csc@apsbank.com.mt
Web Address	<a href="http://www.apsbank.com.mt">http://www.apsbank.com.mt</a>

**2. Purposes for which the home financing may be used**

- Buy a plot of land, budget for construction and completion/finishing costs, including the acquisition of furniture (up to €25,000) and legal fees/stamp duty (up to €2,500)
- Buy a property in shell form and budget for finishings, furniture and legal fees
- Buy a finished property (that is ready to move into)
- Renovate or upgrade your first property and /or future residential properties you may own
- Buy a second or additional residential property for own use
- Buy a property with the intention to rent it out
- Refinance your home loan from another bank.

The Bank normally lends up to a maximum of 90% of the property purchase price plus construction/completion costs up to habitable state.

In the case of a Buy-to-Let loan, the Bank lends up to a maximum of 75% of the Total Cost or professional valuation of the property for amounts not exceeding €700,000, including the purchase of furniture (up to €20,000) and notarial fees/stamp duty (up to €2,500).

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### 3. Forms of security

- First General Hypothec for the entire loan amount.
- First Special Hypothec and Special Privilege for the entire loan amount embracing the immovable property being financed in Malta.
- Pledge on an adequate Life Assurance policy covering the entire loan amount for the whole duration of the facility in the name of the borrower/s. In the case of reducing term life assurance policies securing A+ Accounts, the sum assured has to be 110% of the entire facility amount, inclusive of the 10% Bonus limit.
- Pledge on an adequate Buildings Insurance policy covering the immovable property being financed for its full replacement value.
- Pledge on a “Contractors All Risks” insurance policy when the financing is required for the construction of residential property (*where applicable*).

Additional security may be requested, depending on the particular circumstances of the proposal, such as a pledge on a credit balance and/or securities.

### 4. Description of the types of Home Loans available

Variable Rate Home Loans (VRHL) – VRHL are quoted at a margin over the Bank’s Base Rate (BBR), currently 2.25% p.a. The Bank may change the margin and/or the BBR at any time, in which case your applicable interest rate would change accordingly. Your repayment amount or the number of repayments may also change whenever there is a change in the interest rate. When this occurs, we will advise you accordingly.

Fixed Interest Rate Home Loans (FIRHL) – With a FIRHL, your interest rate and repayment amount will remain unchanged throughout the whole term of the pre-agreed fixed interest rate period, irrespective of changes to the BBR. At the end of this term, your home loan will automatically switch to the pre-agreed variable interest rate (VRHL).

APluS Account (A+) – A+ accounts operate like a reducing overdraft, where you can combine your home loan amount with your savings, current and virtual account balances and your monthly salary/income into one single account in order to benefit from lower debit interest charges on the net overdraft daily balances. Unlike a home loan, the extra funds deposited on the account, net of the monthly repayment instalments, are available for withdrawal at any time via cheque book, plastic cards or internet banking. An additional Bonus overdraft limit of 10% of the home loan amount, subject to a maximum of €10,000, may also be availed of at the same low interest rate.

A+ accounts, Bridge Loans, Buy-to-Let Loans and Personal Loans secured by residential immovable property are quoted at a margin over the Bank’s Base Rate (BBR), currently 2.25% p.a. The Bank may change the margin and/or the BBR at any time, in which case your applicable interest rate would change accordingly. Your

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repayment amount or the number of repayments may also change whenever there is a change in the interest rate. When this occurs, we will advise you accordingly.

### 5. Fees and costs

#### Bank fees

- Processing fee – 0.25% (minimum €100) of the facility amount. 0.30% of the loan amount in the case of a Buy-to-Let loan. Fee is payable in full at time of issue of the Bank's sanction letter of approval. In case of classic Home Loans and A+ Accounts granted to first time home buyers the fee may be refunded (except for €100 which is retained by the Bank in the case of A+ accounts) at time of signing of the deed of acquisition of the residential property, provided all security requirements and all terms and conditions of sanction have been complied with.
- Legal fees – 0.325% of the loan amount, excluding 18% VAT, with a maximum fee of €767 per deed of hypothec. The fee may be waived, in the case of first time home buyers, provided the loan is utilised. Should the customer/s decide not to utilise the facility, for any reason whatsoever, they will be obliged to refund the Bank with 50% of the applicable Legal fees already incurred/to be incurred by the Bank.
- Bank-appointed architect's fee - Should the Bank, in its discretion, appoint its own architect for a residential property valuation, a fee of 0.2% of the market value of the property (minimum €70 - maximum €465, inclusive of VAT, besides a 5% bank commission) are payable whenever the Bank is financing the acquisition of a second residential property for your own use or for letting purposes.
- Booking fee – €150 payable for each FIRHL application.
- Commitment fee – 0.25% per annum and 0.30% per annum in the case of a Buy-to-Let Loans, subject to a minimum charge of €1 payable with each loan drawdown, on the undrawn loan amounts if the facility is not wholly utilised by a pre-agreed Drawdown Date.
- Bank Draft fee - €3 upon each loan drawdown in the case of Bridge Loans, Buy-to-Let Loans and Personal Loans secured by residential immovable property.
- Management fee - €30 is payable whenever a revised sanction letter is issued to incorporate any changes to the originally agreed terms of approval.
- Insufficient funds fee - €10 is payable whenever the loan service account is not adequately funded to process the agreed loan repayment amount.
- Administration fee - €10 is payable per letter issued by the Bank to follow up settlement of loan repayment arrears, perfection of security, etc. from time to time.
- Updating of Searches (legal) fee - €20 (excluding 18% VAT) and a further €2 per inscription, is payable when the Bank updates the legal searches every five years.
- Rescheduling fee – 0.3% (minimum €30) on the outstanding loan balance whenever repayment arrangements are extended beyond the original duration of the facility.
- Collaterals release fee - €12 per item of security whenever an urgent release of pledged securities is requested and this has to be notified to third parties.

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- Renewal of Hypothecs (legal) fee - €50 per hypothec upon renewal of the Bank's hypothecary charges upon the lapse of 30 years from the date of their registration in the Public and/or Land Registry. This legal fee excludes out-of-pocket expenses payable at the time, and is applicable should any loan balance remain outstanding upon expiry of the 30 year timeframe.
- Cancellation (legal) fee – €46 is payable for each deed of cancellation, waiver, subrogation, postponement or reduction of the Bank's hypothecary charges on the property financed.

The Bank's fees and charges may change from time to time. For further information and/or the latest version, always refer to the Bank's Advances Tariff of Charges available on the Bank's website.

### **Insurance and other third party costs – compulsory in order to obtain the loan**

- Life assurance premium
- Property insurance premium
- Architect's valuation costs
- Notarial fees, other contract related expenses and stamp duty
- Public &/or Land Registry fees before and after the signing of the hypothecary deed of borrowing, and every five years thereafter
- Fees in connection with the perfection of security to enable the Bank register pledges on bank balances, shares, bonds, Malta Government stocks and insurance policies.
- Notarial fees and Public Registry charges to enable the Bank conserve its Special Privilege arising out of Law when part of the loan amount is used to finance construction and completion costs of the property.

Since the abovementioned insurance and third party costs are not levied by the Bank directly, the Bank has no control over the amount of the costs payable to or charged by third parties.

### **6. An indication of the cost of a typical home loan, including the total amount payable**

Terms and conditions apply. A typical example of a Home Loan based on a loan amount of €150,000 being made available to a first-time home buyer. The Home Loan will be subject to a variable borrowing interest rate of 3% per annum and repayable in 480 equal monthly instalments of €540.58 over a maximum duration of 40 years. The APRC or total cost of the credit will be 3.04% per annum. The total sum payable throughout the term of the loan, assuming the interest rate remains unchanged, will be €259,478.40. Bank charges currently applicable on this Home Loan (for the purchase of a first residence only) are as follows: – processing fee of €375 is refunded in full; legal fee of €575 is waived; updating of searches (legal) fee (every 5 years) is €20 plus

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VAT, apart from an additional charge of €2 per inscription; renewal of hypothec (legal) fee (after 30 years) is €50, excluding out-of-pocket expenses payable at the time; and cancellation (legal) fee for the hypothec is €46. Insurance costs and third party fees have not been taken into consideration in the calculation of the APRC. The loan is to be secured by a first ranking general and special hypothec and special privilege over the property being financed in Malta, a first ranking pledge over a life assurance policy covering the whole loan amount and a buildings insurance policy for the replacement cost of the property being end-financed. In the event of non-observance of the terms and conditions, including non-adherence to the loan repayments, the Bank may take steps to sell the property financed, following legal proceedings, and you may lose the property.

### 7. Repayment options

The loan facilities, except for Bridge Loans, are repaid over a pre-agreed period of time through linear (equal) monthly repayments covering accrued debit interest first, with the remaining amount applied in permanent reduction of loan capital. Until such time that the full facility amount is availed of, the repayment amount would be based on the actual utilised amount.

Bridge Loans are bullet repayment loans, where loan capital is repaid from sales proceeds of a residential property, with debit interest accrued met separately when due on a monthly basis.

Loan repayments are effected directly from your service account, where your salary/income (and rental income, in case of a Buy-to-Let Loan) is to be direct credited or deposited every month.

In the case of A+ accounts, the overdraft limit decreases every month with the interest accrued on the daily debit balances of the account, including the Bonus overdraft balance, besides the capital amount due/payable.

In the case of a FIRHL, the repayment amount will remain unchanged during the pre-agreed fixed interest rate period. Thereafter, when the loan switches to a variable interest rate (VRHL), the repayment amount will increase accordingly and remain unchanged, unless there is a change in the interest rate, as explained in no. (4) above.

In case of Classic Home Loans and A+ Accounts, an optional initial maximum two-year capital repayment moratorium (holiday) may also be availed of, during which time debit interest accrued is to be met separately when due every month.

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### 8. Early repayment

VRHL, Buy-to-Let Loans and Personal Loans secured by residential immovable property – You can effect additional or extra payments to repay the loan earlier than the agreed term (duration), in which case you can benefit from a reduction of the total costs of the credit. Any additional payments made will be used to pay accrued interest first, with the remaining amount applied in permanent reduction of loan capital. At the time of effecting the bullet/prepaid amount, you have three options, namely either:

- a) retain the same monthly repayments unchanged, thus effectively repaying the loan earlier.
- b) reduce the monthly repayments accordingly, thereafter, to ensure full settlement of the loan balance and accrued interest over the remaining duration of the loan agreement.
- c) request a moratorium (holiday) on capital repayments, during which time debit interest accrued on the reduced loan balance is to be met separately on a monthly basis.

In the event that a VRHL facility granted to a first time home buyer is either fully repaid or has the relative debit balance reduced by more than 30% of the sanctioned home loan limit within the first three years from first loan drawdown, you will be obliged to refund the Bank in full the Bank processing fees and legal fees refunded and/or waived, as well as the notarial fees (up to a maximum of €700) paid by the Bank in the case of refinancing of home loans from other banks.

FIRHL - An administration fee of 1% will be charged on the value of loan prepayments exceeding the equivalent of six (6) monthly repayment instalments during the currency of the pre-agreed fixed interest rate period.

A+ accounts - In the event that the facility sanctioned to a first time home buyer is fully repaid and account closed within the first three years from first drawdown, you will be obliged to refund the Bank in full the Bank processing and legal fees refunded and/or waived, as well as the notarial fees (up to a maximum of €700) paid by the Bank in the case of refinancing of home loans from other banks.

### 9. Duration of the loan agreement

Classic Home Loans and A+ Accounts are normally repaid over a maximum duration (term) of 40 years and Buy-to-Let Loans have a maximum duration of 25 years from first loan drawdown, subject that the loan balance is settled in full by the time the main income earner or older borrower reaches the statutory retirement age, currently 65 years of age.

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Bridge Loans are usually repaid over a maximum term of two years from first loan drawdown.

Personal Loans secured by residential immovable property are usually repaid over a term not exceeding 7 years from first loan drawdown, depending on the useful economic life of the asset financed.

## **10. Currency**

Classic Home Loans, Bridge Loans, APluS Accounts, Buy-to-Let Loans and Personal Loans are only available in Euro.

## **11. The borrowing rate**

Borrowing rates vary, depending on the loan amount required. For more information or to get a formal quote, please contact any of our lending officials at our branches/mini-branches to set up an appointment or phone our Customer Support Centre on +00356 21226644.

## **12. Valuation of the property**

A valuation of the property by an architect of your choice on the Bank's standard Form AD8 would be required at your expense. In certain cases, including for the Buy-to-Let Loans, the valuation would need to be done or confirmed by the Bank-appointed architect.

Where financing for construction, extension, completion, finishing and/or refurbishment of a residential property is requested, your architect would also be required to compile a detailed breakdown of the estimated costs involved on the Bank's Form AD31 at your expense. In certain cases, the Bank-appointed architect would be required to confirm whether the costings are sufficient and realistic.

For Buy-to-Let Loans, the Bank-appointed architect would also be required to confirm the estimated rental income provided by the customer or real estate agent.

## **13. Tax relief on Home Loan interest or public subsidies**

To obtain information on tax relief on home loan interest and/or public subsidies, if any, you may contact the Housing Authority at 12, Pietro Floriani Street, Floriana.

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**14. Ancillary services**

Life and property insurance are obligatory in order to obtain the loan. Whilst we can offer you indicative quotes of the premiums payable, as offered by our intermediaries, you are not obliged to purchase these ancillary services through the Bank. You are free to purchase these services, subject to the Bank's satisfaction, from other insurance companies.

**15. Possible consequences of non-compliance with the commitments**

- a) You will be charged an additional debit interest rate of 2% per annum, over and above the debit interest rate charged on the regular borrowings on any loan arrears / missed payments / excesses, until regularisation. This besides insufficient funds and/or administration fees, as listed under section (5) above.
- b) In the event of non-compliance with any of the terms and conditions of the loan facility, including non-adherence to the facility repayments by the customer, the Bank may take steps to repossess and sell the property financed, following legal proceedings, and you may lose your property.