

**HOMEBASE MORTGAGE BANK LIMITED**

**CUSTOMER MORTGAGE ADVOCACY AND EDUCATION FORM**

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| **S/n** | **Modules** | **Objective** | **Comment** |
| **1** | **EQUITY CONTRIBUTION** | This is the amount you are expected to contribute towards buying the property. It depends on the cost of the property and calculated as 20%, 25% and 30% of the cost of the property. |  |
| **2** | **LOAN AMOUNT** | This is the amount that the HOMEBASE has lent to you, to enable you to part finance the purchase of your home. It may include amounts that you might need for closing costs, perfection of title etc. |  |
| **3** | **INTEREST RATE** | The Lender will charge you for the use of its money. This is called interest. This, and through fees, is how it earns its money. The interest is usually expressed as a percentage of the loan, and is included in the monthly installment. |  |
| **4** | **DEED OF LEGAL MORTGAGE** | The Lender registers a mortgage bond over the property, which gives it security over the property. The Lender normally holds the title deed of the property in its possession.  This means that the Lender uses the house as security, which means, that if you default on your loan repayments, the Lender can sell the house to get back the money that you still owe. |  |
| **5** | **INSURANCE**  **MORTGAGE PROTECTION** | The Lender requires the property to be insured against certain **hazards** and **risks such as fire**.  This is homeowner **insurance**. This insurance covers structural damage. For example, if the house is destroyed by an act of God, e.g. high winds or heavy rains or fire. The transfer of interests to the Lender is a condition of the loan.  The Lender may require you to have **life insurance** or **mortgage protection** which will protect the Lender from loss in the event that you die before the loan is fully paid. In this case, the outstanding balance will be settled by the insurance, and the home will form part of your estate, allowing your beneficiaries to remain in the home.  The Lender require you to have **mortgage protection** which will protect the Lender in the event of loss of job before the loan is fully paid. In this case, the insurance firm takes care of your monthly repayment for six months  The borrower pays the **insurance premium** annuallyorin monthly instalments. These monthly insurance costs must be added into your budget. |  |
| **6** | **FEE/CHARGES** | You will be required to make payments on accepting the loan offer. These are:  Legal fees for registration, transfer, stamp duty  A valuation or property inspection cost  Annual premium for property insurance  Mortgage protection or life insurance  Origination (which is a percentage of the loan amount)  Servicer fees (1% of the loan amount and payable every 1 year anniversary of the loan on the principal balance)  Legal search, Credit search, Charting etc |  |
| **7** | **ROLES AND RESPONSIBILITY** | |  |  |  | | --- | --- | --- | | **EVENT** | **YOU**  **(THE BORROWER)** | **THE LENDER** | | 1. A home loan is granted | Pay the instalment  on or before due date and in full | Keeps accurate records of payments made | | 1. Interest rate adjusted | Pay increased instalment as notified by the Lender | Notifies the borrower in time if the instalment amount is adjusted | | 1. Change in your financial situation | Inform Lender and make  suitable arrangements | Meets with the borrower to make arrangements that are acceptable to both parties | | 1. Risk cover | Take out Comprehensive home owner’s insurance and life assurance (where required by the Lender) | Ensures that the necessary insurances are in place and paid for by the borrower |  |  |  |  | | --- | --- | --- | | 1. Structural improvements and additions | Inform the Lender that you intend to make improvements and additions to the house | Gives approval before any alterations/building can be done | | 1. Maintenance | Maintain the house and keep it in a good condition | May inspect the property at any time to ensure its value is maintained | | 1. Local authority services | Keep payments for utilities and property rates up to date | Not the Lender’s responsibility. The property belongs to you not the Lender | | 1. Drafting a will | Draw up a so that your family so they can inherit the property | May provide assistance at a cost | | 1. Total cost of the loan | Read and fully understand the loan agreement which gives all the costs associated with the loan | Explains the total cost of the loan to the borrower | |  |
| **8** | **MAINTAINANCE OF PROPERTY** | Responsible home ownership means paying your mortgage loan on time, paying your monthly rates and taxes and **maintaining your property**.  You have an obligation, as an owner and a borrower, to keep the property in good repair. It is your responsibility to pay for the repairs and upkeep, while continuing to pay the instalments. The house **belongs to you, and is your asset**. Remember, the costs for repairs or maintenance work must be budgeted for. |  |
| **9** | **PROPERTY DAMAGE** | **The homeowner hazard or fire insurance** protects both you and the Lender from financial loss if there is loss of, or damage to the property. This could be as a result of fire or other hazards. Without this cover, even if there was fire and the house was destroyed, you would still owe the Lender. The insurance covers the structure of the property, not the furniture or the other contents. The policy describes exactly what is covered and the circumstances under which the cover applies. Make sure you are fully aware of the terms and conditions of the homeowner hazard or fire insurance on your property and find out how to submit a claim should you need to. |  |
| **10** | **RENOVATION AND IMPROVEMENT** | You could increase the value of your property by laying tiles or paving, or setting out a garden.  Always get professional advice for any structural or electrical work that may need to be carried out. Always inform the Lender if you intend to make major improvements. |  |
| **11** | **PERFECTION OF TITLE** | The Lender require you to make available an amount equivalent to the cost of transferring and perfecting the title document in your favour. |  |
| **12** | **ACCESS TO THE PROPERTY** | The require you to sign an undertaking that you will allow the borrower or its representative unrestricted access to property without notice. |  |
| **13** | **PROPERTY USAGE** | The lender require you not to sublet the property to another person and the property must be owner occupier. |  |
| **14** | **DEBT SERVICE RATIO** | You are required by law to use only 1/3 of your income to service loan. You are required by law not to borrow additional loan from another institution after utilizing your 33.3% on an existing facility. |  |
| **15** | **WILL** | You are required to have a documented will to protect ownership of property in the event of death. |  |

**I/We…………………………………………………………………………………….**Hereby acknowledged that we understood all the information as contained in the manual and agree to implement them.

………………………………………….. ………………………………………….

Signature Date

In the presence of;

Account Officer……………………………………………………… Signature/Date………………………………………………….