

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 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, on the following numbers or by visiting our website www.sc.com/lk.

24 hour hotline - 2480480

Priority Banking - 4525252

E-mail : Feedback.RC@sc.com

Address : Manager, Client Experience, No 37, York Street, Colombo 01.

Translations

If you require any of our terms and conditions in Sinhala or Tamil, you can refer our website or call our 24-hour customer service hotline.

Part A - Getting started

1. Our mortgage facilities

The *mortgage facilities* we offer are:

Mortgage Loans

- Home Loans;
- Home Equity;
- Building under Construction;

You should contact us to discuss which *mortgage facility* suits your personal banking needs. We can also explain the features and terms of our *mortgage facilities*.

This document applies to all our *mortgage facilities*.

2. Application

When you decide on the *mortgage facility* that suits you, you need to fill in an *application* and give us any other documents or information we require to assess the *application*.

3. 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*.

4. Pre-conditions to use

4.1 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;
- 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* in accordance with the *letter of offer*;
- 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.

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).

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

- any of the circumstances in clause 2 (Pre-conditions 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.

5. Your limit

You may only draw on a *mortgage facility* up to the *limit*. We may cancel or vary the *limit* at any time without notice to you.

6. Conversion

If you want to convert a *mortgage facility* to another type of *mortgage facility* we offer, please contact us to discuss the available options. If applicable and if we agree to a conversion it must be on terms satisfactory to us (including payment of fees and costs).

Part B - Mortgage Loans - General

This Part B sets out terms which apply to each *mortgage facility* which must be repaid in full at the end of its term as stated in the *letter of offer*. Part C sets out additional general terms which apply if, for example, you are required to have *Mortgage insurance*.

7. Funding

Purpose

7.1 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

7.2 If you want us to provide you with funds, you may do so by a written request in the form we require, unless otherwise not required by us.

7.3 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.

Your request must be made within a reasonable time (for example, at least 07 days banking days) before you require the funds.

How we provide the funds

7.4 We make funds available to you through an *account* for the *mortgage facility* and in accordance with our usual practice from time to time. This *account* must be an *account* of a type we specify. We may change this *account* at any time for any reason.

7.5 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 the certifications or invoices we approve. (We may provide the funds by paying them directly to the builder/developer. If we mistakenly provide funds in excess of those required to pay the builder's invoice, you must immediately repay the excess to us. You must provide us with receipts from the builder within 2 months of the date we provide the funds unless otherwise not required by us.

Availability period

7.6 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. This is only applicable if an availability period is offered by us.

7.7 If the *mortgage facility* is provided to finance construction, you must ensure that the work is completed within the construction or renovation period you and we agree. We are not responsible in any way for ensuring that the construction is completed within the agreed construction or renovation period or in accordance with the builder's invoices.

You must inform us immediately if the construction or renovation is delayed.

8. Interest, fees and charges

Interest - general

8.1 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. Despite the terms of our *letter of offer*, the interest rate we charge cannot be less than 0.0% per annum at any time.

8.2 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 (a 366 day year in the case of a leap year (as determined by reference to usual market practice for the relevant currency)).

8.3 Interest is payable on the dates set out in the *letter of offer* or otherwise in our banking agreement or *disbursement notice*.

8.4 Any overdue payment incurs interest at the *applicable rate* for the loan account, together with any applicable late payment fee.

8.5 We may vary the interest rate, the basis for calculating the interest rate (including any base lending rate or other reference rate) and the margin without notice to you. However, if we vary the interest rate, we will notify you of the effective date of the revised interest rate.

9. Facility term

9.1 The term of a *mortgage facility* commences on the date of first drawdown and continues for the period stated in the *letter of offer*.

9.2 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.

10. Repayment

Repayment by instalments

10.1 If the *letter of offer* states that you must repay the *mortgage facility* in

instalments, we notify you the amount of the instalment and the instalment payment date in the *disbursement notice*. Any *balance owing* for the *mortgage facility* (after payment of all instalments) must be repaid on the final payment date we notify you.

10.2 If you have not fully drawn down the *mortgage facility* (that is, you have not used up all of your *limit*) by the end of any applicable availability period stated in the *letter of offer*, and there is an unused portion that is cancelled, we may vary the instalment amount, the number of the instalments and the term of the *mortgage facility* or cancel the undrawn amount of the *limit*.

10.3 You must pay the instalments even if you do not withdraw all or any of the *loan* we deposit in the *nominated account*.

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 may extend the term of the *mortgage facility* (until it reaches the maximum term stated) rather than varying the instalment amount if this option is offered by us. 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 34.11 (Variation of our banking agreement) in the Client Terms.

10.4 You must open a *current or savings account* with us which must be maintained by you until the *loan* and interest and other monies payable thereon are paid and settled in full. We are entitled to debit any of these accounts with all amounts payable under the *loan* including interest, costs, charges and other expenses.

10.5 On the loan instalment due date, if funds are available in your *current or savings account*, the relevant account will be debited with such agreed instalment and credited to the *loan account*.

10.6 We will recover any available funds which are available from the *current or savings account* as settlement of any dues to us. The unpaid portion of the loan instalment will be shown as arrears in the *loan account*. We will charge interest on this overdue amount.

Methods of instalment repayment

10.7 The method of calculation of the instalment will be equated monthly instalments which will be stated in the loan schedule provided to you with the *disbursement notice*.

10.8 The instalment is calculated taking into account 30 days equal cycle within the specified term.

Statements

10.9 We issue a statement to you every six (06) months for the *mortgage facility*.

When you must repay in full

10.10 On the last day of the *term*, to the extent there is any *balance owing* for the *account* for the *mortgage facility*, you must repay that *balance owing*.

10.11 Despite any other term of our banking agreement, we may ask you to repay all or part of the *balance owing* for the *account* 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.

10.12 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).

11. Prepayment

Prepayment

11.1 You may prepay all or part of the *mortgage facility*:

- after the number of months from the date of drawdown stated in the *letter of offer*;
- if the prepayment amount complies with any minimum or maximum amount we specify;
- if you prepay only part of the *loan*, you must maintain a minimum *loan* balance we specify;
- if when you prepay, you also pay all accrued but unpaid interest, fees and costs in connection with the *mortgage facility* (including any early redemption or repayment fees as set out in the *letter of offer* or *tariff sheet* and costs in connection with the prepayment); and
- you comply with any other requirements stated in the *letter of offer*. In some cases this may require our consent before you make a prepayment.

Partial prepayment

11.2 If you prepay part of the *loan*, we may charge an early redemption or repayment fee. The amount of each instalment and the term of the *loan* may be adjusted.

11.3 We will give you a revised instalment schedule.

Right to reborrow

11.4 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. Any amount you re-borrow forms part of the *loan*.

12. Cancellation

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* and 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 *account* for the *mortgage facility*) and our enforcement rights. See, for example, Parts A and H of the Client Terms.

12.1 You may cancel a *mortgage facility* by giving us notice in writing on the terms we specify.

12.2 In addition to the rights we have under our Client Terms to end your use of any *product*, we may end a *mortgage facility*.

13. Reporting to the Credit Information Bureau

13.1 We will report your name and other details to the Credit Information Bureau or any other authority established for this purpose which will be available to all member banks and financial institutions. This may affect your current and future banking agreements with other banks and financial institutions.

13.2 We have the right to request for client data from the Credit Information Bureau at any time.

Part C - Additional features

14. Property insurance

This clause is in addition to the "Insurance" clause in the Client Terms. This clause applies if the *letter of offer* states that *property insurance* is required for the *mortgage facility*. *Property insurance* protects us - not you, including in certain circumstances where it provides protection for *loss* we may suffer in connection with your *mortgage facility*.

Insurance application

14.1 Either you or we apply to an insurer approved by us to obtain *property insurance* in connection with the *property*.

14.2 Where we arrange the *property insurance*, you consent to and authorise us to send all relevant data to the insurer for the purpose of processing the insurance application.

Insurance cover

14.3 The *property insurance* shall cover against risks of fire and extraneous perils and such other risks as we may reasonably require.

14.4 In the event that you decide to have us arrange this insurance, the insurance coverage will be for a sum equal to at least the full value of the property, as we may determine.

14.5 In the event that you decide to arrange this insurance, the insurance coverage should be at least equal to the amount of your loan outstanding at any time during the term of your mortgage facility. You have the option to get the initial property insurance and subsequent renewals through our nominated insurance agent. The premium shall be paid by you directly in favour of an insurance provider chosen by you.

14.6 It must also be assigned to us, and/or have us indicated in such insurance policy/ies as a beneficiary/loss payee.

14.7 The policy/ies will be renewed on an annual basis.

Beneficiaries to insurance cover

14.8 The insurance coverage must have us indicated in such insurance policy/ies as the beneficiary/loss payee and/or mortgagee. The non-cancellation and mortgagee clauses shall be endorsed on the policy/ies.

Amount you must pay

14.9 All premiums are payable by you.

14.10 Where we arrange the *property insurance*, you must pay to us any amounts which we are required to pay to the insurer in connection with the *property 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.

14.11 We may ask you to pay the *premium amount* as a lump sum before you can use your *mortgage facility* or as an annual instalment.

14.12 We may apply part of the *loan* towards payment of the *premium amount* before you use your *mortgage facility* instead of collecting the *premium amount* from you as a lump sum. You must pay this amount to us in the same manner as the rest of *loan* under the *mortgage facility* or in any other manner we determine.

14.13 You must reimburse us for all costs which we incur in connection with the *property insurance* (including applying for it and making claims against it).

14.14 We may add any amounts you have not paid to us in connection with the *mortgage insurance* to the *loan*.

14.15 You agree to deposit all renewal certificates and all premium receipts with us.

14.16 We are not liable to you for any *loss* you suffer in connection with any lapse of insurance cover and you must ensure each insurance policy is renewed on time.

14.17 You must notify us in writing before any building work is carried out on the *property* and maintain a contractors all risks policy if applicable.

Part D - Meaning of words

15. 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*.

disbursement notice means, for a *mortgage facility*, the notice we send you setting out the disbursement and instalment schedule. It supplements and is to be read with the *letter of offer*.

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 we make available to you under these terms as stated in our *letter of offer*.

mortgage insurance means insurance we may require to protect us against *loss* in connection with your *mortgage facility*.

premium amount means, for a *mortgage facility* with *property insurance*, the amount of the premium payable by you to the insurer before you can use the *mortgage facility*, as stated in our *letter of offer*.

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

property insurance means insurance we require to protect us against risks of fire and extraneous perils and such other risks to the property as we may reasonably require.