

GENERAL AND PRE-CONTRACTUAL INFORMATION SHEET

This General and pre-contractual Information Sheet is being issued by Izola Bank plc and governs all home loan products offered by the Bank secured by residential immovable property to residents of Malta.

1. Lender Details

Creditor:	Izola Bank plc
Company Registration Number:	C 16343
Registered Address:	53-58, East Street, Valletta
Telephone Number:	+356 2792 2040
E-mail address:	homeloans@izolabank.com
Web Address:	https://www.izolabank.com

2. Purpose for which the Home Loan will be used

- To purchase, finish and complete your first residence up to a habitable state.
- To refinance your existing Home Loan originally granted to acquire your residence.
- To finance the refurbishment and renovation of your residence.

The Bank will generally finance up to 90% of the value of the property being financed, provided that loan repayments will be affordable and within the limits permitted by local legislation.

3. Security Required

- First ranking General Hypothec for the entire Home Loan amount.
- First ranking Special Hypothec and Special Privilege for the entire Home Loan amount over the immovable property being financed.
- Pledge on an adequate Life Insurance policy in the name/s of the borrower/s for the entire Home Loan amount and covering the entire duration of the facility. In the case of Reducing Term life policies, the minimum loan interest rate must not be less than 5% per annum.
- Pledge on an adequate Buildings Insurance Policy covering the immovable property being financed by the Home Loan for its full replacement value.

Additional security may be requested depending on the specific circumstances of the Home Loan requirement.

4. Types of Izola Home Loans

Izola Bank offers long term home financing denominated in the EURO (€) currency up to a maximum duration of 40 years, not exceeding the applicant's retirement age, under the following product offerings:

Izola Home Loan, Variable Interest Rate product

This type of Home Loan will provide up to a maximum of 90% of the financing required to acquire and complete the first residential unit and this loan would be set at a specific margin over the Bank's Base Rate, this currently being that of 2.2% per annum.

Izola Home Loan, Fixed Interest Rate product

This type of Home Loan will also provide up to a maximum of 90% of the financing required to acquire and complete the first residential unit, but will consist of an initial Fixed debit interest rate, set by the Bank for an initial specific period of time, then followed by a fluctuating debit interest rate composed of a set margin over the Bank's Base Rate, this currently being that of 2.2% per annum.

Izola Home Loan, Refinancing package

Under this package, Izola Bank can offer up to 100% financing of an existing home loan under any one of the above packages, whilst home loan applicants can also consolidate any additional expenses required to renovate or refurbish their residence, provided the total Home Loan amount will not exceed 90% of the market value of the property.

The applicable debit interest rates on Home Loans will be determined by the Bank at its sole discretion and in the case of variable debit interest rates, the Bank reserves the right to vary or change both the margin as well as the Bank's Base Rate during the term of the Home Loan. In this event, the applicable final debit interest rate would change accordingly, resulting in a change of the Home Loan repayment arrangement. The Bank would notify its customers accordingly with any such changes.

5. Home Loan related costs

- (1) A 'Processing' fee of 0.2% of the Home Loan facility amount with a minimum of €75 and a maximum of €500 is applicable. The processing fee would be due and payable to the Bank upon the issuance of the sanction letter, which fee would be refunded after the publication of the deed of acquisition of the immovable property being financed, provided that all sanction letter agreement terms are complied with.
- (2) A one-time non-refundable 'Booking' fee of €75 is applicable in the case of Fixed Interest Rate Home Loans, which would be due and payable to the Bank upon issuance of the sanction letter.
- (3) In the case of Fixed Interest Rate Home Loans an 'Early repayment' fee of 2% would be applicable on the outstanding book balance of the Home Loan, should the Home Loan be paid off within the fixed interest rate period. In the case of any accelerated repayments affected during the fixed interest rate period, the early repayment fee of 2% would be applicable on repayments affected, should these in aggregate exceed twelve (12) months' instalments.
- (4) 'Professional Legal' fees depending on the facility amount are applicable, for the execution of the hypothecary deed of borrowing including all related formalities. The Bank may waive the Professional Legal fees at its sole discretion.
- (5) Where applicable, a 'Bank-appointed architect's' fee would be applicable based on the value of the property being evaluated. The Bank reserves the right to appoint its own architect and may waive this fee at its own discretion.
- (6) A 'Commitment' fee of 0.20% per annum of the undrawn balance of the Home Loan would be applicable in case of the lapse of the 'Draw-Down Expiry' date.
- (7) An 'Extension' fee of €30 is applicable when the Bank is requested to extend the Draw-Down Expiry date for the facility from that stipulated in this sanction letter.
- (8) A 'Legal' fee of €30, excluding out-of-pocket expenses, would be applicable for the issuance of a letter of waiver, reduction, postponement or subrogation of the Bank's hypothecary charges in favour of other bank/s or third parties.
- (9) A 'Legal' fee of €50 (excluding VAT), excluding out-of-pocket expenses is applicable for the renewal of the relative hypothecary and/or privileged charges in the public registry and/or the land registry, as applicable, upon the lapse of (30) thirty years from the date of their registration, should the relative facility not have been repaid by that time.
- (10) An 'Updating of searches' fee of €50 (excluding VAT), excluding any out-of-pocket expenses is applicable for every periodic updating of public registry searches, (normally at eight (8) yearly intervals, but can be less) together with a fee of €2 for every additional inscription.
- (11) A 'Legal' fee of €20 per certificate for post-deed updating of land registry certificate/s, plus out-of-pocket expenses is applicable.
- (12) Where applicable a 'Legal' fee of €126 (excluding VAT) and excluding out-of-pocket expenses would be applicable for the publication of the deed for the Conservation of the Special Privilege over the immovable property being financed.

- (13) A 'Collateral release' fee of €20 per security item is applicable when release of collaterals (such as, but not limited to, waiver/postponement/cancellation of hypothecs) is requested and when such notice of release is to be communicated to third parties.
- (14) Fees in connection with the perfection of security items may be debited to the Borrowers' account to cover any third-party costs required for the perfection and verification of any security items required by the Bank, as stipulated in the Bank's sanction letter agreement.
- (15) A 'Cancellation' fee of €50 is applicable upon full settlement of the Home Loan facility, which includes the issuance of the letter of cancellation for the hypothecary charges.
- (16) A 'Chaser' fee of €15 per letter advising you of any arrears on your home loan repayment and / or non-adherence to any of the sanction letter terms would be applicable.
- (17) An 'Unprocessed loan payment' fee of €10 is applicable when the loan service account is not adequately funded to process the loan repayments as stipulated in the sanction letter agreement.
- (18) A 'Management' fee of €30 would be applicable for any request to affect any changes to the sanction letter or for any application for re-scheduling of the Home Loan facility.

Additional Third-Party costs in connection with the Home Loan

- Life Insurance Policy Premium
- Buildings Insurance Policy Premium
- Architect's Valuation fees for the evaluation of the property being financed
- Notarial fees, Stamp Duty and other contract-related fees
- Conservation of Special Privilege fees when part of the loan funds is required to construct, complete and finish the property.
- Public Registry and / or Lands Registry fees in connection with the periodic updating of searches.
- Fees in connection with the perfection of any security items as stipulated in the sanction letter may be applicable to cover any third-party costs required for the verification of any security items, such as the pledging of: insurance policies, cash balances, equities, bonds, etc.

The above-mentioned costs would be levied by third parties and are not within the Bank's control and thus these cannot be quantified.

6. Representative example of a Home Loan and associated costs

- Total Cost of the Property - €200,000
- Loan amount – €180,000 (Maximum of 90% of total cost of the property)
- Customer's contribution - €20,000 (Minimum of 10% of total cost of the property)

This representative example illustrates a typical Home Loan for €180,000 repayable over a maximum term of 40 years, at a variable interest rate of 3.85% per annum, composed of a Bank's Base rate of 2.2% per annum plus a margin of 1.65% per annum.

This Home Loan will be repayable in 480 equal monthly instalments of €735.58, with the total amount payable including both loan capital and debit interest, being that of €353,078.40; Capital repayment of €180,000 and debit interest of €173,078.40. This calculation is based on the assumption that no advance or accelerated repayments are affected and that the debit interest rate would remain the same throughout the entire 40-year duration of the Home Loan.

The costs involved for this typical loan are the following:

Processing fee:	€360
Professional Legal Fees:	€885 inclusive of VAT
Updating of searches fees at 8-year intervals:	€20 plus VAT, plus €2 for each additional inscription
Legal Fee for the renewal of hypothecary charges after 30 years: €50	
Cancellation Fee for the cancellation of hypothecary charges upon pay-off of the loan:	€50

The typical Annual Percentage Rate of Charge (APRC) for this Home Loan would be 3.93% and this excludes any third-party costs such as insurance policy premia, on which the Bank has no control.

The Home Loan would be secured by the following:

- First ranking General Hypothec by the borrower for the entire Home Loan amount.
- First ranking Special Hypothec and Special Privilege by the borrower for the entire Home Loan amount over the immovable property being financed.
- Pledge on an adequate Life Insurance policy in the name of the borrower for the entire Home Loan amount and covering the entire duration of the facility.
- Pledge on an adequate Buildings Insurance Policy covering the immovable property being financed by the Home Loan for its full replacement value.

Any additional security may be requested by the Bank depending on the specific circumstances of the Home Loan requirement.

The above representative example is being provided for illustration purposes and Izola Home Loans are subject to the Bank's internal policies and lending criteria and the Bank reserves the right to affect any changes as deemed necessary from time to time.

7. Home Loan Repayments

a) Izola Home Loan, Variable Interest Rate product

This Home Loan will be repaid over an agreed period of time through monthly equal instalments which would cover both loan capital as well as debit interest accrued on daily debit balances of the facility account. The repayment amount may change if the applicable debit interest would be changed by the Bank throughout the duration of the Home Loan, as highlighted in section (4) - 'Types of Izola Home Loans'.

b) Izola Home Loan, Fixed Interest Rate product

This Home Loan will be repaid through fixed monthly equal instalments during the duration of the fixed interest rate period based on the applicable fixed debit interest rate. The repayment amount would then change upon expiration of this period and adjusted accordingly based on the applicable variable debit interest rate at the time. The repayment amount would remain fixed during the fixed interest rate period, while the repayment based on the variable rate may change if the applicable variable debit interest rate is changed by the Bank, as highlighted in section (4) - 'Types of Izola Home Loans'.

8. Early Repayments

Early repayments on the Home Loan facility are allowed and this would result in a lower cost for the credit through saving on debit interest.

However, in the case of Fixed Interest Rate Home Loans, should early repayments be affected during the fixed interest rate period, these would attract an early repayment fee of 2% of the facility book balance before the loan is paid-off, alternatively 2% on the total accelerated repayments affected, should these repayments in aggregate exceed 12 months' instalments.

9. Valuation of the immovable property being financed

A valuation of the immovable property being acquired and financed through the Home Loan would be required on the Bank's standard evaluation form by an architect appointed by the borrower, which cost would be for the borrower's account. The Bank however, reserves the right to appoint its own architect as it deems necessary. The associated cost for such property valuations would be based on the estimated market value of the property being valued.

10. Tax relief on the credit agreement interest or other public subsidies

Any information required in respect of possible tax relief on Home Loan interest and / or public subsidies, are to be addressed to the Housing Authority, who may be contacted on 22991000 or at their Offices situated at 12, Pietro Floriani Street, Floriania.

11. Other services

As indicated in section (3) - 'Security' - both life insurance and buildings insurance are mandatory requirements as part of the security set up for the Home Loan. The borrower is however free to take out these insurance policies through any local reputable insurance service provider, subject that the insurances provided are in line with the sanction letter requirements.

12. Possible consequences of non-compliance with the commitments linked to the credit agreement

In the event, that, the borrower fails to pay any amount payable on the due date as per sanction letter, the Bank may apply additional debit interest at the rate of 2% per annum, which shall accrue on the daily debit balance of the unpaid sum from the due date up to the date of actual payment, or any higher rate allowed by the Laws of Malta.

In addition, in the event of non-adherence to any of the sanction letter terms and / or default on the agreed loan repayments, the Bank may take all the steps deemed necessary to protect its interests, including instituting of legal proceedings which may result in the repossession of the borrower's immovable property being financed and thus risk losing the property.

13. Data Protection

Personal data submitted to Izola Bank plc shall be processed in accordance with all the provisions of the General Data Protection Regulations (GDPR).

14. Central Credit Register

In line with Directive No. 14 issued by the Central Bank of Malta (CBM) relating to the establishment of a Central Credit Register (the "Register"), information related to all credit facilities of the borrower in excess of €5,000 will be made available to the Central Bank for inclusion in this Register. In terms of this Directive, all banks in Malta are legally obliged to provide to the Central Bank all the necessary information on a monthly basis.

The credit facilities reportable for the purposes of this Register include loans, overdrafts, commitments, credit cards and other credit lines which are deemed to represent a credit exposure.

Access to the Register, which will be operated through a fully auditable system on the CBM portal, will be strictly limited to banks in Malta, whilst customers themselves, or their lawful representatives, may also request to exercise the right to have an extract of the information held on them on the Register.

15. Complaints Procedure

Izola Bank plc is fully committed to provide its customers with the highest level of service in a professional and helpful manner. The Bank, however acknowledges that a customer may not be satisfied with the level and quality of the service provided. In this respect, the Bank has a complaints procedure in place. Izola Bank plc treats customer complaints strictly in a confidential manner and in accordance with the provisions of the General Data Protection Regulations (GDPR). Izola Bank plc does not view complaints as unwanted, but these are rather considered as a means of assisting the Bank to possibly improve on its product offering and the overall service provided to its customers.

The following is the procedure that should be followed when lodging a complaint:

Step 1: The customer should contact Izola Bank on: +356 2792 2040 or otherwise send an email on homeloans@izolabank.com.

Step 2: If the customer is still not satisfied with the response of Izola Bank, the customer can seek advice elsewhere, including the Office of the Arbiter for Financial Services, First Floor, St. Calcedonius Square, Floriana, FRN 1530, Telephone: 80072366 or 21249245, email: complaint.info@financialarbiter.org.mt.

The Office of the Arbiter for Financial Services would expect customers to have a final and formal reply from Izola Bank plc before they can consider any complaint.

16. Governing Law and Jurisdiction

This General and Pre-Contractual information document is governed by and construed in accordance with the Laws of Malta and the Courts of Malta shall have jurisdiction to settle any possible disputes arising from this document and / or any other non-contractual obligations arising herewith.



izola Bank

Head Office

Izola Bank p.l.c., 53/58, East Street, Valletta VLT 1251, Malta

Issued by Izola Bank plc, Company Registration No. 16343 having its registered address at 53-58, East Street, Valletta VLT 1251, Malta.
Izola Bank p.l.c. is licensed to undertake the business of banking in terms of the Banking Act (CAP 371 of the Laws of Malta) and is regulated by the MFSA (Malta Financial Services Authority).