

FINANCING (MORTGAGE) & OVERSEAS INFORMATION

The following information was prepared by Merit to help give you a better understanding of the mortgage process, fees, obligations and requirements when seeking a mortgage.

DOCUMENTS REQUIRED FOR PROCESSING OF MORTGAGE:

- Agreement for Sale (Duly completed)
- Receipt evidencing initial (deposit) payment
- Registered Commissioned Land Surveyors Report
- Valuation Report (Most institutions have a list of established Valuators)
- Up-to-date Property Tax Certificate
- Up-to-date Water payment receipt
- Copy of Certificate of Title
- Proof of closing cost and related mortgage fees
- National Housing Trust Referral Letter (if borrowing from the NHT)
- Income Verification/Job Letter
- Last 3 months pay slips
- Proof of Age (Passport, Driver's Licence, National Identification Card)
- Tax Registration Number (TRN)

SELF EMPLOYED AND OVERSEAS PERSONS WILL REQUIRE ADDITIONAL DOCUMENTS:

Self Employed Persons:

- Audited Financial Statement for 3 years prepared by a public or chartered accountant, or last 3 years' tax returns.
- 12-month Bank Statement
- Cash flow projection if the business has been in operation less than 3 years

Persons Overseas:

- Tax Returns for the last 2-3 years
- Credit Bureau Report (clients from the UK, USA and Canada)
- Bank Statements for at least 6 months

An important note if you are overseas: If you are in the United States or Canada, the signing of all relevant documents must be witnessed and notarized by a “Notary Public” and accompanied by a County Clerk Certificate. For the United Kingdom, you may have your documents legally certified by an attorney-at-law. The seal of the signee, where applicable, must be affixed to all documents.

FEES AND CHARGES ASSOCIATED WITH THE MORTGAGE PROCESS - BY INSTITUTIONS

VMBS: Peril Insurance contribution, Life Insurance coverage, Stamp Duty, Attorneys fee, Registration Fee, Compulsory Share Account with established minimum balance.

JN: Peril Insurance contribution, Life Insurance coverage, Stamp Duty, Attorneys fee, Registration Fee, Compulsory Share Account with established minimum balance.

BNS : Peril Insurance contribution, Life Insurance coverage, Stamp Duty, Attorneys fee, Registration Fee, Compulsory Share Account with established minimum balance.

FCIB: Peril Insurance contribution, Life Insurance coverage, Stamp Duty, Attorneys fee, Registration Fee, Compulsory Share Account with established minimum balance, monthly upkeep. (Upkeep, forms part of mortgage payment but is set aside in an escrow account. This amount can be retrieved at intervals to carry out maintenance work on the property)

Sagicor: Peril Insurance contribution, Life Insurance coverage, Stamp Duty, Attorneys fee, Registration Fee, Compulsory Share Account with established minimum balance.

NHT: Peril Insurance contribution, Life Insurance coverage, Stamp Duty, Attorneys Fees

Please note that most mortgage service providers have individual insurers with whom they have established relationships, and are therefore able to negotiate better rates for both life and peril insurance on behalf of homeowners. If however you have an existing life insurance policy that provides adequate coverage, in an amount equal to or greater than the mortgage amount being considered, this may be used or assigned to the mortgage, thus reducing your processing costs.

MORTGAGE OBLIGATIONS

All mortgage service providers stipulate that Life and Property Insurance be paid in full annually for the life of the mortgage. In some instances, these payments become part of your monthly obligation. It’s important to note that you may exercise the right to use an insurer of your choice; however that insurer must be approved by the mortgage company.

OTHER STIPULATIONS - BY INSTITUTIONS

VMBS, JN, BNS, FCIB, Sagicor:

The property must be well-kept

Property Taxes must be paid annually

A Compulsory Share Account be established

NHT:

Monthly contributions continue, as per the NHT Act

MORTGAGE REGISTRATION, INCLUSIVE OF ATTORNEYS' FEE, FALLS WITHIN THE FOLLOWING RANGES:

VMBS: 6-8%

BNS: 6-8%

FCIB: 6-8%

JN: 5-6%

NHT: 2-5%

Please note that these rates are subject to change.

INTEREST RATE AND MORTGAGE PAYMENTS

Mortgage rates are variable and so will change over time; however a written notice is usually sent to you in advance of the change.

When you make your mortgage payments, the accrued interest is taken first, and then the balance is applied to the principal and/or any other related debt you may have incurred.

LATE PAYMENTS & ARREARS

You are encouraged to make your mortgage payments on time. If you don't, you will be charged additional interest and if, for any reason, you fail to make your payments, the mortgage company/ NHT has the right to sell your property after a period of 90 days or more.

PRE-PAYMENTS

VMBS, JN, BNS, FCIB require that you give 3 months Notice in writing before making lump sum payments on mortgages, following the agreed dates in your mortgage contract.

POSSESSION OF TITLE

Your Certificate of Title will be held by your mortgage company until you have fully paid off your mortgage, at which time the mortgage will be discharged at your request, i.e. indicating that the mortgage company no longer has any interest in your property. In the case of a joint mortgage, the other mortgage institution will then keep the title.

GUARANTORS

VMBS, JN, BNS, FCIB and Sagicor may allow you to use a guarantor if your salary is not sufficient. Guarantors are required to sign the mortgage deed and are held just as legally responsible as you are, for the repayment of the mortgage.

TRANSFER/ ASSIGNMENT

Your mortgage may be transferred at your request should you choose to refinance or get a second mortgage. In the case of a second mortgage the title will be returned to your original lender. For refinancing, the new company will hold on to the title.

An important note when processing your mortgage: Please ensure that you are advised of the attorney-at-law or firm that has been assigned to handle the processing of your mortgage documents. You will then be able to personally follow-up on the progress of your application. You should also maintain a close relationship with your mortgage service provider to ensure that the timelines set out in your commitment letter and sales agreement are met. Finally, please ensure also that your mortgage instrument is endorsed/ stamped before the handing over of your new home, as this serves as proof that the process is now complete.

We hope this information has been helpful. It was our pleasure putting it together for you. Do contact us if you would like to give us your feedback or if you have any other question concerning the purchase of your new home.

Happy home purchasing!