

STANDARD TERMS AND CONDITIONS FOR SECURED LOANS



zambia national building society
"Shelter Through Savings"

www.znbs.co.zm

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

Agreement: unless the context otherwise requires: "Agreement" means these Standard Terms and Conditions

Business Day: means each day Monday through Friday (days inclusive) other than a day which is a statutory holiday in Zambia;

Borrower: means the Mortgagor

Debt: means the total amount of all loans and any interest, fees and costs in respect of the loan which are owed by the Borrower to the Society from time to time and the total amounts including any interest, fees and costs which are owed by the Borrower to the Society in respect of any other clause, including in respect of any indemnity given by the Borrower in favour of the Bank in respect of the Borrower's indebtedness under the loan agreement from time to time.

i) *Mortgage*: means a Mortgage in favour of the Society.

ii) *Loan*: means any amount which the Society has lent or agreed to lend to the Borrower upon draw down under the loan agreement, on the terms and conditions set out in the loan agreement;

iii) *Society*: means the Zambia National Building Society

1.2 *Headings*

The headings herein are inserted for convenience of reference only and will not affect the construction or interpretation of this Agreement.

1.3 *Governing law*

This Agreement will be governed by, and construed in accordance with, the laws of Zambia.

2. SECURITY

2.1 *Collateral*

The security shall be land and any buildings on it which is on title.

2.2 *Registration*

The Society will, at the expense of the Borrower, register, file or record the loans where applicable in all offices where such registration, filing, or recording is necessary to the creation, perfection and preserving of the security interests arising pursuant thereto and renew of such registrations, filings and recordings from time to time as and when required to keep them in full force and effect.

3. LOAN ADVANCES

3.1 Loan Advances

- The Loan will be advanced and applied in such a manner as specified by the Borrower on the loan application and as approved by the Society.
- Unless the Borrower otherwise provides in writing to the Zambia National Building Society, all advances of the Loan may be deposited in an account which the borrower holds with the Society.
- The Zambia National Building Society may deduct from the Loan or may charge to the Account the following, as applicable: the legal fees, survey fees, appraisal fees, interest adjustment, prepayment penalties, and Other Amounts.

3.2 Conditions Precedent to Advance

The obligation of the Zambia National Building Society to advance the Loan is subject to the fulfilment of the following conditions to the satisfaction of the Zambia National Building Society:

- i) That you have signed the loan offer letter and the Bank of Zambia form detailing the conditions of the loan amount, applicable interest rate, loan tenure loan repayment mode and applicable insurance premiums.
- ii) Security provided has no encumbrance unless otherwise agreed to and allowed by the Society.
- iii) Providing the security document and signing the mortgage deed.

4. INTEREST

The Borrower consent to paying interest on the loan calculated on the basis of a 365-day per year for loans denominated in Kwacha. The Society reserves the right to vary the rate of interest payable on loan in line with market conditions.

5. CREDIT REFERENCE BUREAU AND NOTIFICATION OF ADVERSE ACTION

The borrower hereby gives his/her irrevocable consent to Zambia National Building Society to collect, receive, compile and retain his/her personal information and all such information relating to his/her credit worthiness or history and to submit all or any such information to the registered Credit Reporting Agency in Zambia.

In the event that Zambia National Building Society takes any adverse action against the borrower on the basis of a credit report obtained from a Credit Reporting Agency, he/she shall be notified within 60 days of taking such action.

Further, should the borrower's account be in default, Zambia National Building Society shall give to him/her within 30 days from the date of default a written reminder stating that unless the amount in default is fully repaid before the expiry of 60 days from the date of the default, the person shall be liable to have his/her account data retained by the Credit Reporting Agency in Zambia until the expiry of 7 years from the date of final settlement of the amount in default or 7 years from the date of the person's discharge from bankruptcy.

6. POSITIVE COVENANTS

6.1 The Borrower covenants with the Zambia National Building Society as follows:

(a) Payment of loan

The Borrower will Pay all costs relating to the preparation and registration of the mortgage, including stamp duty if applicable, and shall also pay for the costs of cancellation of the mortgage; and pay all costs and expenses of any nature (including legal costs) incurred by the Society in taking steps to exercise or enforce its rights under the loan agreement and any collateral given directly or indirectly in respect of the Borrower's obligations under the loan agreement.

The Zambai National Building Society will apply all payments received from the Borrower, including prepayments, in such order as it deems fit.

(b) Title to Property

That he/she has good title and possession of the Property subject only to Permitted Encumbrances;

(c) Insurance

That he/she will obtain and keep in force insurance which meets the requirements of the Society. Where the Borrower fails to insure the buildings as required, the Society will have the right, but not an obligation, to insure the property in the Society's name and/or the Borrower's name, at the Borrowers expense, and with an insurance company nominated by the Society.

(d) Rates and Taxes

The Borrower may, on or before the due dates, pay all charges in respect of the property, inclusive of rates, taxes, licences and any other charges and shall produce proof, at the request of the Society of having done so. Notwithstanding the foregoing, the Society shall be entitled at its option to make payment on the Borrower's behalf of any such charges without reference to the Borrower and without being obliged to wait until the Borrower is in arrears therewith and which amounts shall be recoverable from the Borrower.

(e) Costs Caused By Default

If the Borrower defaults in any covenant to be performed by him/her hereunder or under the Securities, the Society may perform any covenant of the Borrower capable of being performed by the Society and if the Society incurs any costs, charges, expenses or outlays to perform any such covenant, the Borrower will indemnify the Society for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays incurred by it.

(d) Court Costs

In any judicial proceedings taken to enforce this Agreement and the covenants of the Borrower hereunder or to enforce or redeem the Securities or to foreclose the interest of the Borrower in any property subject thereto the Society will be entitled to costs.

7. NEGATIVE COVENANTS

7.1 The Borrower covenants with the Society that the Borrower will not, without the consent in writing of the Society:

(a) Grant Security

The borrower will not make, give or create or attempt to create any mortgage, charge, lien or encumbrance upon the Property or any part or parts thereof ranking or purporting to rank prior to or pari passu with the Securities or any of them.

(b) Demolish Property

The borrower will not demolish, remove or destroy any of the Property or any part or parts thereof or cause or permit the demolition, or removal or destruction of the same except in the ordinary course of business.

(c) Sell Property

The Borrower shall not, without the prior written consent of the Society, sell, dispose of or otherwise alienate the property under a contract in terms of which the purchase price or consideration is payable in more than 1 (one) instalment extending over more than 1 (one) year. If the Borrower does not obtain the consent of the Society then, without prejudice to any of the Society's other rights, the Borrower hereby irrevocably cedes and transfers to the Society, with power of substitution and in the interests of the Society as the Borrower's attorney and agent for the purpose of, inter alia and if the Borrower disposes of the whole or any substantial part of the Property it will hold the proceeds of the sale thereof in trust for the Society.

(d) Subdivide Property

The borrower shall not subdivide Property without the written consent of the Society

8. DEFAULT

8.1 The Borrower shall be deemed to be in default on the happening of the, but not limited to the following:

(a) Payment of Dues

The Borrower fails to pay the Loan or any of the fee, charges or costs in the manner herein cointatined, or any other amount due hereunder remains unpaid for the priod of 15 days from the date on which it becomes due.

(b) Dishonor of any payment mechnasim.

If the agreed repayment is not made through the agreed payment mode on the date thereof.

9. DISCLOSURE OF INFORMATION

The borrower consents that he/she will disclose all information necessary to the Society relating to his financial standing, and any adverse or potentially adverse information, registered or not, relating

to the collateral/security. The borrower will also cause to allow the Society Surveyors or any external surveyors appointed by the Society to value the property before and during the period that the mortgage remains outstanding. The Society will communicate to the mortgager of any such plans including the details of the appointed external borrower.

10. TERMINATION

Termination of Agreement

This Agreement will continue in full force and effect until the outstanding balance of Term Loan (including principal, interest and all Other Amounts) has been paid in full.

The borrower hereby consent to the said terms and conditions:

Borrower's Names:Signature: Date:../../.....

WITNESS:

Society Staff:Signature:..... Date:../../.....

