

Key Fact Document (KFD) Term Loans
Merchant Bank of Sri Lanka & Finance PLC

1. Product – Mortgage Loan/Term loan

Objective of this product is to extend financial assistance to customers, fulfilling a diverse range of their financial needs in order to fulfill their personal and business needs by mortgaging a residential/ commercial property.

2. Key Features & Benefits

- A) Attractive interest rates.
- B) Minimum loan disbursement period
- C) Repayment terms up to 7 years
- D) Speedy customer Service
- E)

3. Eligibility: the applicant should

- A) Sri Lankan citizens over 18 & below 65 years of age
- B) have an acceptable/ proven repayment capacity
- C) have a clear past track record. (Satisfactory CRIB records)
- D) the purpose of the facility should be legal

4. Interest Rates & Other charges

4.1 Interest Rates

Interest rates are based on the decision taken by the ALCO committee depending on the asset quality, customer risk profile and market conditions. Interest rate range between 15.00% to 26.00% p.a.

4.2 Other Charges

4.2.1. Documentation Charges

Up to LKR 1.00 Mn	7,500.00
LKR 1.00 M - LKR 5.00 Mn	12,500.00
LKR 5.00 M - LKR 12.50 Mn	27,500.00

LKR 12.50 M - LKR 15.00 Mn	35,000.00
Above LKR 15.00Mn	Decided at the Credit Committee

4.2.2. Legal Fees - Facilities granted against Immovable Properties

The fees payable for Panel Lawyers for evaluation of title of immovable properties offered as security and for preparation of Title reports and the fees charged by MBSL and Panel Lawyers for preparation and execution of Mortgage Bonds are set out below:

For Title verification & Preparation of Title Report – LKR7,500/-

1. Legal fees for preparation & execution of Mortgage Bonds - 1% of the facility amount (Minimum LKR10,000.00 Maximum LKR 1,000,000.00)

4.2.3. Fees - Facilities granted against Movable Properties

Government approved RMV/DMT Vehicles registration charges will be applicable.

4.2.4 Penalty Interest on non-payment/ delayed payment of the monthly Installments (if any)

An overdue interest at Three percent (3%) per month will be charged on the delayed period in the event of installments are unpaid on the due dates.

4.2.5 Early Settlement of facility

In the event of early settlement by borrower, granting concession for the future interest of the facility is at the sole discretion of MBSL.

4.2.6 Other Charges Applicable

No.	Description of Charge / Fee	Charges / Fees (LKR)
1	Balance Confirmation	1,000.00
2	Certify copy of Deed & Plan	750.00
3	No arrears letters	250.00
4	Customer repayment History	250.00
5	Invoices for External finance company settlement	250.00
6	Duplicate Deletion letters - all vehicle categories	2,000.00
7	No objection letters	1,000.00
8	Balance Confirmation	1,000.00
9	Settlement letters	750.00
10	Invoice to third party lenders / Buyers	1,500.00
11	Copy of certified CR book	500.00
12	Cheque Return Charges	2,500.00
13	Cheque Returns - Payments stop by the drawer	5,000.00
14	Legal fees for preparation and execution of Deed of release (misplaced)	7,500.00

5. Securities to be obtained & exposures to be granted

- Cash and/or demand/time deposits

Up to 100% of the deposit if it is a deposit which pays interests at maturity.

- Immovable properties

Up to 75% of Forced sale value of the property given by a panel valuer of the bank.

- Movables

Up to 70% of the Forced sale value given by a panel valuer.

- Quoted shares

Up to 200% of the market value.

- Nonperishable stocks

Up to 200% of the market value.

6. Procedure to be followed

- All potential customers are invited to the nearest Branch and discuss about their requirements.
- After the discussion, Branch will evaluate and start the process depending upon the customer's requirement.
- Approval will be obtained according to the approved DOA

6.1 Documents needed

6.1.1 Individual Customers

- i. Duly completed application form / Assets declaration form
- ii. NIC copy
- iii. Billing Proof
- iv. Last 6-month bank statements (Personal & business)
- v. Cash flow statements/ Income expenses statements
- vi. CRIB report (Personal & business)
- vii. BR Copy (if available)
- viii. Other income proof documents

6.1.2 Corporate Customers

Limited Liability Companies / Quoted Companies

- i. Certificate of Incorporation
- ii. Articles of Association
- iii. Copies of form 1, latest form 13, form 15, form 20

- iv. Tax Payment Receipts/ Income Tax (Latest).
- v. Board Resolutions
- vi. Last three years Audited accounts.
- vii. Current year Management's accounts/Cash flow statements
- viii. Last 6-month bank statements
- ix. CRIB Report (business / Directors)
- x. Any other required documents.

6.2 Documents related to Security- Property Mortgage

- Original of the Title Deed of the present owner
- Original survey plan which is drawn within 10 years (Access over 10ft wide Road)
- Local Authority documents and Tax receipt
- Certified land registry Extracts for 30 years
- Report on the title
- Valuation report from the panel valuer
- Consent letters if required (Land Development Ordinance/ Fragmentation
- Board/ Land Reclamation and Development Corporation, Costal Conservation Authority, etc.)
- If the land contains a building upon same, the approved building plan
- Any other documents as requested by the approval authorities/ management

if construction

- Certified copy of the Approved building plan
- BOQ / Cost estimate (If applicable)

Following documents must additionally be submitted if the facility was requested to purchase an asset or land.

- Deed Copy of the land to be purchased
- Copy of Survey plan
- Sale agreement /Letter from the seller
- Duly filled tax invoice whenever required
- ID copy of the vendor (Land and vehicle only)

7. General

- Photos of the business place (With the name board) and Security

- Inspection report
- Proof for the loan requirement

8. Main terms & conditions

- a) Loan is repayable on demand without previous notice to the applicants or at any time as required by the Merchant Bank of Sri Lanka & Finance PLC (MBSL).
- b) The applicants are not permitted to lease out, rent out or transfer any right of whatsoever enjoyed by the applicants for the time being over the property stated at 2.1 and above without prior written approval from the MBSL.
- c) The applicants shall undertake that they will not create or caused to be created any mortgage, lien or other encumbrances on the property.
- d) The MBSL shall have the right to inspect the books of the applicant's business.
- e) The applicants shall not obtain any credit facilities from other institutions without prior approval of MBSL.
- f) The officers of MBSL are authorized to visit the applicant's place of business or residence for the purpose of recover of dues such visiting charges shall be borne by the applicants.
- g) MBSL shall have the right to access the business premises or residence of the applicant's and/or guarantors as may be determined by the MBSL from time to time for the purpose of inspection of business. Such inspection of business could be carried out with or without any prior notice to the applicant's and/or guarantors concerned.
- h) A Term Loan Agreement shall be executed which shall contain all other terms and conditions pertaining to this facility by the parties shall form a part and parcel of this offer letter.
- i) In the event, MBSL terminates the facility in terms of the previous contained herein MBSL shall be entitled to initiate legal action against the applicant/s and /or guarantor/s and foreclose on the securities provided in order to recover the monies outstanding to MBSL together with all costs incurred in the legal proceedings including stamp duty, legal fees etc.
- j) Mortgage Reducing policy to the facility value shall be obtained by the applicants and assigned in favour of MBSL.
- k) Fire Insurance policy should be obtained for the facility value by the applicants from an acceptable Insurer and same should be assigned in favor of MBSL. Further such policy obtained should be renewed annually and handed over to MBSL. Failure to adhere to above MBSL reserves the right to renew same and charges will be debited to applicant's loan account.
- l) The MBSL shall be registered as the absolute owner of the vehicle mentioned above and the registered ownership shall be transferred to the MBSL as and when required by the MBSL.

The applicant shall be entitled to the possession of the vehicle but shall hand over the possession to the MBSL when requested. The MBSL shall also be entitled to take possession of the said vehicle at any time or place when the MBSL deem it necessary and dispose of the vehicle in any manner at the discretion of the MBSL, whenever necessary.

- m) Comprehensive Insurance should be obtained from an acceptable insurer preferably from MBSL Insurance and the policy should be assigned to MBSL. Further such policy obtained should be renewed annually and handed over to MBSL. Failure to adhere to above MBSL reserves the right to renew same and charges will be debited to applicant's loan account.

9. Termination & Recovery - Legal Procedure

In the event, MBSL terminates the facility in terms of the previous contained herein MBSL shall be entitled to initiate legal action against the applicant/s and /or guarantor/s and foreclose on the securities provided in order to recover the monies outstanding to MBSL together with all costs incurred in the legal proceedings including stamp duty, legal fees etc.

9.1 Legal Provisions applicable

- a) Mortgage Act No. 06 of 1946 as amended
- b) Consumer Credit Act No. 29 of 1982
- c) Contract Law
- d) Civil & Criminal Law of Sri Lanka
- e) Secured Transactions Act No.49 of 2009
- f) Registration of Title No. 21 of 1998
- g) Arbitration Act No.11 of 1995
- h) Mediation Board Act No. 72 of 1988
- i) Recovery of Debt (Special Provisions) Act No. 2 of 1990
- j) Inland Trust Receipts Act No. 14 of 1990
- k) Finance Business Act No.42 of 2011
- l) Inland Revenue Act No.24 of 2017

10. Complaint handling procedure

Customers can lodge complaints with regard to our products or services by either;

- a) Visit to the nearest branch and make the complaint to the Branch Manager.

- b) Call & Lodge a complaint through our customer care hotline 011 - 4 711 711 **OR** via E-mail – info@mbslbank.com / customercare@mbslbank.com
- c) By post - make a **complaint in writing** to the;

AGM Marketing & Product Management

Merchant Bank of Sri Lanka & Finance PLC

No.28, BOC Merchant Tower

St. Michael's Road

Colombo 03.