

(Date)

(Name)

(Address 1)

(Address 2)

(Salutation)

Re: Lot No. Rhyne Village Housing Development
Letter of Explanation - Mortgage Deed

Your application to purchase has been approved as indicated in your letter explaining the Land Nomination and House Construction Agreement.

As you will be purchasing with the assistance of a mortgage, we summarize below the costs involved and the main terms of the mortgage you will be required to sign, should your loan be approved by the National Housing Trust (**NHT**), Victoria Mutual Building Society (**VM**), Jamaica National Building Society (**JN**), FirstCaribbean International Building Society (formerly known as CIBC Building Society) (**FC**), Bank of Nova Scotia Building Society [**BNS**] or **Life of Jamaica (LOJ)**.

COSTS

VM, JN, FC, BNS, NHT, LOJ:	Stamp Duty, Registration Fee, and Attorneys Fees
VM, JN, FC, BNS:	General Subscription Share Account Deposit
VM, JN, FC, BNS:	House Insurance payments
NHT, LOJ:	Peril Insurance Contributions
NHT:	Mortgage Protection Insurance Contributions (Life Insurance)

ESTIMATED COST FOR MORTGAGE REGISTRATION

NHT: 5%, of the sum borrowed, which is \$50,000.00 for each \$1,000,000.00. The 5% will be added to your loan.

VMBS, LOJ, FC, BNS: 6-8% of the sum borrowed. With **VMBS, FC** and **BNS**, we need to ensure that your costs are at the credit of your account when you sign the documents.

JN: 3.8% of the sum borrowed.
With JN, GDL will collect the legal fee portion (Attorneys fee), being approximately .8% of the sum borrowed, on signing.

JOINT FINANCE MORTGAGE PROGRAMME

VMBS/NHT = 6-8% of total sum borrowed

JNBS/NHT = 6% of JNBS loan plus \$10,000.00 for NHT loan.

POWER OF SALE

Under the Joint Financing Mortgage Programme VMBS/NHT and JNBS/NHT your monthly payments must be made at the office of either VMBS or JNBS.

The mortgage loan that the Building Society / NHT will make to you is conditional on your paying back the loan with interest, that is, making your monthly installments on time, and several other obligations set out below.

If you are borrowing from JN, FC, BNS & LOJ and NHT, your monthly payments must be made at the offices of the NHT and the relevant institutions respectively, unless the institution offers you an alternative payment method. Under the Joint Financing Mortgage Programme VMBS/NHT your monthly payments must be made at the office of VMBS.

If you fail to pay the monthly Installments on time the Building Society/NHT has the right to sell your home, in the following cases:

- (A) **VM, FC,** if you are **two (2) or more months** in arrears;
- (B) **JN, BNS, LOJ** if you are **three (3) or more months** in arrears;
- (C) **NHT,** if you are **three (3) months or more** in arrears.

OTHER OBLIGATIONS

You must in the case of:

VM, JN, FC, BNS, and **LOJ:** - maintain a General Subscription Share Account and deposit in this account a certain amount,

NHT: - continue making contributions as set out in the NHT Act.

VM, JN, FC, BNS and **NHT:** - pay all outgoings and property tax with respect to the premises

VM, JN, FC and **BNS:** -fully insure your house and keep same insured in the name of the Society. The Society will effect insurance coverage and part of your monthly payment will be applied towards the cost of effecting this insurance coverage

NHT: - contribute towards the cost of peril insurance with a company approved by NHT, and with respect to NHT towards Mortgage Protection Insurance on the life of the Borrower,

VM, JN, FC, BNS, LOJ and **NHT:** maintain your house in good repair.

VM, JN, FC, BNS and **NHT:** obtain permission from NHT / Building Society prior to renting, leasing, selling, creating another mortgage, or otherwise parting with possession of your house, save for monthly tenancies.

INTEREST RATE ETC

Your monthly payments are applied first to the interest due and then to the principal. The interest rate can be varied but written notice must first be given to you.

PREPAYMENT OF PRINCIPAL AND INTEREST

VM, JN, BNS: You may repay a part of the principal in multiples of **\$100.00** prior to the date set out in the mortgage for repayment, on giving to the Society **three (3) calendar months notice.**

FC: You may repay a part of the principal in multiples of **\$100.00** prior to the date set out in the mortgage for repayment, on giving to the Society **three (3) calendar months notice.**

NHT: - You may repay the whole principal or part thereof on payment of **three (3) months interest,** but this requirement may be waived.

You are advised to instruct the Building Society / NHT in writing to deduct the lump sum payment from the principal outstanding. At any time you may redeem your mortgage by paying the entire principal outstanding.

LOJ:

A portion of your monthly installment is applied as a prepayment of the principal amount and deposited in an investment fund during the term of the loan and applied to the principal at the end of the loan. The repayment of the loan guaranteed at the end of the loan period. The borrower is eligible for a refund depending on the performance of the fund.

You may repay the entire principal balance on payment of six (6) months interest.

POSSESSION OF TITLE

As security for the loan the Building Society / NHT / **LOJ** keeps the registered title to your house until the entire loan has been repaid. Its mortgage will also be endorsed on the title until the loan has been repaid in full.

Where you are borrowing from both a Building Society / **LOJ** / and NHT, your Certificate of Title will be kept by the Building Society.

TRANSFER/ASSIGNMENT OF MORTGAGE

The Building Society / **LOJ** / NHT may assign or transfer the benefit of the mortgage to another institution who will then step into their shoes as the Lender.

GUARANTOR

VM, JN, FC and **BNS:** you may be required to have a Guarantor join in with you in signing the Mortgage where your income alone cannot meet the monthly installments as required by the Building Society, and this person must also sign the Mortgage.

Kindly indicate that you understand the terms of the Mortgage by signing the attached copy letter hereto.

You are required to follow up your Mortgagee after your application is made and submit additional documents. You must also make checks after your loan is approved and your Commitment Letter issued. The Mortgagee’s Attorneys must be instructed and your Instrument of Mortgage Stamped before the handover date of your unit. Please ensure that you know which firm of Attorneys is acting for your lending institution.

Yours faithfully,
GORE DEVELOPMENTS LIMITED

PER:
.....
ATTORNEY-AT-LAW

(Name of Purchaser)

(Name of Purchaser)