



# HOMEasy LOANS

YOUR GUIDE TO HOME OWNERSHIP



**Republic Bank**  
*We're the One for you!*

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YOUR GUIDE TO HOME OWNERSHIP

Dear Prospective Homeowner.....

Owning your home may be the largest financial undertaking in your life! We are therefore not surprised that you want to **“get it right”**. Republic Bank is here to help you every step of the way... towards homeownership.

Our Republic Bank Homeownership guide will assist you with both the financial and non-financial aspects of acquiring a home. Whether you are buying or building a home, purchasing land for future home construction or refinancing an existing mortgage for home improvements, Republic Bank's Mortgage Specialists are committed to providing you with professional advice **“every step of the way”**.

Let us make your dream a reality. With careful planning it is within your reach!

Yours sincerely,

*Managing Director*



## Types of Mortgage Finance

- House construction
- Land Purchase
- Purchase of house and land
- Home Improvements (renovation/expansion)
- Refinance of an existing mortgage loan at another financial institution
- Equity finance to meet special needs

## Qualifying For A Mortgage

**The following are primary criteria.**

The Mortgage Applicant must:

- Be financially capable of servicing the mortgage
- Have a stable employment history
- Be creditworthy



1. Age: The borrower must be eighteen (18) years and over.
2. As a potential borrower, you must provide proof of gross monthly income by way of job letter and a recent pay slip.
3. For self-employed persons, proof of income is required to substantiate your reported income. This can be: bank statements for the last six months or annual income statement.
4. Insurance : Life Insurance Coverage on the life of the mortgagor is required for the term of the mortgage. Adequate All Risks Insurance Coverage on the property is required against the threat of fire and all other insurable risks.
5. Know how much you can comfortably afford - Here is a good rule to follow: Your debt servicing ratio including your monthly mortgage payment should not be more than 40% of your personal or combined household income. It would also be wise to call or visit Republic Bank before you go 'house hunting'. Our Mortgage Specialists can quickly work out the price range for which you qualify. It is also advisable to provide in advance for mortgage-related expenses such as government taxes and other closing fees.
6. Remember that Home Ownership carries other costs – When you own a home you need to budget for property taxes, repairs and maintenance, insurance premiums for building, contents etc. as well as usual utility bills and mortgage payments.
7. For most Banks, the maximum permissible mortgage loan installment is 35% of your Gross Monthly Basic Salary or GMBS (i.e. your monthly salary before tax and other deductions). If you currently service other loans, the total of the proposed mortgage installment together with existing loan installments should not exceed 40% of your GMBS. If you have no other loans, you may qualify to have up to 40% of your GMBS go towards your mortgage installment, subject to the discretion of your Bank.

### Documentation

When applying for a mortgage, Republic Bank will require the following documents in support of your application:

- Approved building plan (in case of construction)
- Detailed independent estimate for construction
- Copy of Title Document or Deed of Conveyance
- A property valuation
- Sale Agreement (letter from the vendor stating price)
- Bank Statement showing deposit and loan balances
- Picture Identification Card (National ID, Passport, and Driver's Licence are all acceptable)

The following documents will be required, as appropriate, but are not necessary for the first stage of the assessment:

- Property Tax receipt (current year)
- Lease rent receipts (for leasehold properties)
- Two references on the builder (if builder is not known to the Bank)
- Builder's contract



### **Purchasing land is one of the first steps towards owning a home.**

- Call or visit any of our branches to find out how much you can borrow.
- Determine the area where you would like to purchase land.
- Shop around to ensure you get the best lot for the best price – talk to family, co-workers, real estate agents and residents in the area.
- Check whether there is adequate road access.
- Check the availability of utilities in the area – if necessary, question neighbours to determine if there is a regular water and electricity supply. Also, check for water tanks, telephone and cable service.
- Check whether there are any restrictive covenants applicable to properties in the area – what you are allowed to do and what would conflict with the covenants.
- The location and topography of the land – this may influence the cost of construction. Is the land flat or sloping, situated in a low or high-income area? Is it in a newly developing area or an area that is fairly advanced with potential for growth?
- Flood and other risk factors – is the land in a low lying area, prone to flooding?
- Note the immediate surroundings – this will influence the value of the land. Is it a new development? Is the land located in a commercial area? Are there squatters in the area?
- Is the land prone to slippage? A soil test may guide you in your decision to purchase.
- Physical features of the land – are there large rocks or trees that you are going to use to shade your property, etc.? Are there any structures such as tombstones that would affect the value of the property?
- Some real estate agents or vendors may require you to make a 10% downpayment to secure the land. You may also be required to sign a 90-day sale agreement.

### **When building a home, proper planning is essential to ensure that you are able to complete your home within budget.**

- Call or visit a Republic Bank Mortgage Specialist. He/She will provide information on the amount of money you can borrow (based on income), and calculate a monthly payment over a specific term.
- Submit your building plan to the Land Development Control Authority (Physical Planning Division) for approval. The approval process can take between four to six weeks. Your architect/designer is responsible for initiating this process and relevant fees are usually included in his/her fee structure.
- If a Qualified Quantity Surveyor is not engaged, seek at least three estimates from reputable contractors/builders. The cheapest estimate may not be the best, so enquire as to the standard cost per square foot in the construction industry. A good builder/contractor is honest, approachable, experienced and has a good track record.
- Submit your project documents to your Mortgage Specialist at Republic Bank. He/She will assist you with the completion of your Mortgage Application. Once all the relevant documents are submitted with your loan application, the loan approval process should not take more than two days. If your loan is approved you will be given a formal Letter of Offer, which must be accepted by you before the Bank can begin the preparation of the legal mortgage documents.



- Submit Title Document for your property to the bank to facilitate Mortgage preparation. Our Mortgage Specialist will inform you if any other documentation is required.
- Read and sign your Mortgage document in the presence of the Bank's Attorneys. Republic Bank will inform you when this is to be done.
- Finalise the contract between yourself and the builder. The contract should clearly state who the parties are, details of work schedule and the project cost. If possible, avoid paying the contractor/builder in advance – develop a payment schedule as per phase of work completed.

### **Sign the contract after you have secured the necessary financing for the project.**

- It is advisable to appoint an experienced project supervisor who will seek your interest by visiting the building site on a regular basis to assist with review of the project. As part of your Mortgage arrangement, the Bank may appoint a valuator to ensure that: the project is in line with approved drawings, work standard is acceptable and cost remains within budget. The valuator's fee would be for your account.
- Notify the Land Development Control Authority of the proposed date for the start of your building project.



### **You may decide to purchase a home. Here are some guidelines to prepare you for this process:**

- **Be an informed buyer** - Ensure you read as much as possible about buying a home. Check brochures, homebuyer's guides, books and the internet. This will help you to understand the different real estate terms and definitions, the types of houses (single family, townhouses etc.)
- **Location matters** – As far as possible choose an area that meets your needs e.g. within access to schools, shopping, your place of work, transportation routes.
- **Think carefully about what you need or want in a home** – Consider your current and future needs. Is your family growing? Will you need extra rooms?
- **Avoid judging the book by its cover** – Even if the exterior looks good, make sure the home you choose is in a 'livable' condition.

### **You may decide to use a Real Estate Agent. There are a few considerations to assist you in making the right choice:**

- **Recommendations/Referrals** – Ask friends for referrals. They may direct you to a good agent and save you time.
- **Experience** – An agent with at least four(4) years experience displays a commitment to the profession and would have a good knowledge of the market.
- **Commitment** – As opposed to full time agents, part time agents may have other commitments or may not be so well established to have developed business contacts that may help you in your search.
- **Accessibility** – You would want to reach your agent at any time. All contact numbers (office, cellular, etc.) should be provided for easy accessibility. The type of relationship that the homebuyer has with the agent will determine whose interest he/she seeks. You should be aware of the three (3) basic types of agents:
  - A buyer's agent seeks the interest of the buyer
  - A seller's agent seeks the interest of the seller
  - A disclosed dual agent works for both parties

### A Republic Bank Mortgage also gives you:

- Quick response time
- Competitive interest rate
- Great follow-up service
- Flexible Repayment Terms: You can repay your mortgage at a faster rate and reduce your interest cost; you may choose to pay extra each month or make annual lump sum payments. Special conditions may apply.
- Payments options: We can structure a monthly payment plan to suit your budget. The interest rate you pay is usually reflective of the current market rate at the time you obtain the loan.
- Mortgage refinancing: If you already have a mortgage at another financial institution we can offer you competitive refinancing terms.



### How much down payment is required?

A normal down payment is 5 - 20% of the selling price of the house or land or construction estimate.

### How are repayments made?

Your mortgage is paid in monthly installments comprising both principal and interest. Interest is charged on the reducing principal balance.

### How long do I have to repay my loan?

The maximum number of years for the loan can be 30 years or the number of years left until your retirement age – 60 or 65 for self-employed applicants – whichever is less.

### What is the maximum amount I can borrow?

For first time homeowners, the normal lending criterion is up to 90% of the total value. However, the Bank may consider up to 100% financing subject to special conditions.

### What is the bridging period?

This is the period during construction when the homeowner is required to pay interest only on the amount drawn, usually up to a period not exceeding eight (8) months or upon completion of construction whichever is sooner.

### What is amortisation?

This is loan repayment by equal periodic installments including accrued interest on the outstanding balances, calculated to pay off the debt at the end of a fixed period.

### What is the Letter of Offer?

This is a letter given to mortgage applicants when a facility has been approved. The Letter of Offer will explain the terms and conditions of the mortgage. Briefly, it is your loan agreement with the Bank.

### What is disbursement?

This refers to the amount paid out under an approved loan. It is often used interchangeably with the term “drawdown”. Disbursement can be full or partial.



**CALL 439 – EASY (3279) for**



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**REFINANCE from another lender**

**Use EQUITY to finance special rates**

At Republic Bank, we're always making life easier for you. Now we've taken the hassle out of getting a mortgage with our HOMEasy Loans!\*

**HOMEasy Loans give you:**

- Low interest Rates
- Special Offer for first time Homeowners
- Quick Response & Great Service

Enquire at any branch today or visit [www.republicgrenada.com](http://www.republicgrenada.com)

*\*Lending criteria apply.*



**Find out more about Republic Bank Mortgage Loans Today!**

**Call 439-EASY (3279)**  
or visit any of our 6 Branches  
or visit [www.republicgrenada.com](http://www.republicgrenada.com)



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