

## Mortgage Requirements:

A mortgage is a loan that is used to purchase a piece of property if you do not have the entire funds available, or you do not wish to pay for your new home in cash. Royal Estates Group does not provide mortgages however we will provide you with the information that most lenders require from the builder. Most mortgage lenders will require the following information from you to approve your mortgage. This is a typical list of criteria and may be different based on your unique circumstances. The Lending Institution will determine who qualifies for their loans, however; you will usually qualify for a mortgage if you:

- meet certain eligibility requirements
- are financially capable of servicing your mortgage (ideally repayments should be 40% of borrower's earnings)
- are credit worthy with no history of bad debts
- can provide adequate security for the loan

Items that you will need to provide to gain mortgage approval usually include the following:

- **Proof of Identification** – Passport or Driver's License
- **Proof of Income** – Employer's certification of income, with contact information to allow verification by the lender (Most recent three months' paycheck stub /salary certificate showing all withdrawals and deductions will suffice); Self employed foreign residents may submit Tax return forms for 3 financial periods; informal sector borrowers may submit audited accounts to demonstrate their income
- **Proof of employment** – Employer reference, confirming that borrower is currently in employment. Certified statement of income for self employed persons;
- **Proof of address** – recent utility bills, property rates, rental agreement etc;
- **Credit history report;**

- Copy of Title Documents and Deed of Mortgage (for the new home to be mortgaged);
- A Valuation Report /Appraisal (professional valuation of prospective home), can usually be deferred until an 'Approval in Principle' has been granted to you by your lender;
- Statement on existing mortgage loan (if any);
- Statement of existing life insurance policies (if any);
- Processing Fee (Varies by lender);
- Facility Fee – Usually 1% of the amount to be borrowed but may vary by lender;
- The equivalent of three estimated monthly mortgage payments ;
- Foreign residents are advised to execute a **Power of Attorney** authorizing an individual resident in Ghana to act on their behalf. Please note the 'Attorney' must be an individual over the age of 18 years and does not have to be a lawyer.

**Age:** Prospective applicants must be at least eighteen years and no more than 65. The maturity of the mortgage should not extend beyond the applicant's retirement age. Please note that prospective applicants above 55 should ensure that they can arrange 15 year life insurance coverage before applying for a mortgage.

**Income Qualification:** Applicants must provide proof of their gross monthly income by way of an employment contract, tax returns, and most recent pay slips. Variable income such as overtime, allowances and bonuses are not usually considered as part of gross income. Applicant's who are self-employed will need to provide an income statement prepared by a qualified accountant. This should be supported by historical information on bank accounts to prove the income declared;

**Income Security:** Applicants must be able to provide evidence of employment for a period of at least three years. Applicants who are not in formal employment should provide satisfactory evidence of their ability to sustain the declared level of income;

**Capacity to Service the Loan:** Applicants should be able to provide complete and accurate information regarding their financial responsibilities and commitments. The applicant's monthly repayment obligation under the mortgage agreement must generally not exceed 40% of their gross

income. Where the applicant has other existing loans, the combination of mortgage installment plus other loans should not exceed 60% of the gross income;

**Deposit:** Prospective home buyers are required to contribute a minimum of between 10-25% of the property value. The borrower will be required to provide evidence of this amount at the time of the mortgage application and deposit it in a designated account before the mortgage facility is disbursed; For First Time Buyer's Loan or Buy-to-Let mortgage – a deposit of at least 20% of the value of the property is usually required;

**Credit Worthiness:** Credit reference checks will be carried out on all credit facilities the applicant may have contracted. The lender must be satisfied that the applicant has a good credit rating before the mortgage is granted.

**Value of Security /Appraisal:** A valuation report (also called an appraisal) prepared by a surveyor acceptable to the lender and dated no earlier than three months prior to the application should be submitted. Once a decision has been made to purchase the property, the purchaser should contract the services of a lender approved surveyor to prepare a Valuation Report of the property on his/her behalf. The lender may allow the Borrower to undertake the valuation after initial credit approval has been obtained

**Duration of the Mortgage:** The typical maximum duration of a mortgage loan in Ghana is 15 years. Many lenders allow Borrowers to pre-pay their mortgages if they choose;

**Instrument of Security:** Most mortgage facilities must be secured by a legal first deed of trust or lien on the land and building as well as life insurance and comprehensive insurance assigned to the Mortgagee;

**Life Insurance:** Most lenders require life insurance coverage on the duration of the mortgagors covering the loan amount. This insurance serves as additional security for the lender but it is also recommended as it provides additional security for mortgagors in the event of death. That is, if the mortgagor should die during the term of the loan, the proceeds of the life policy would be used to

repay the mortgage therefore the family would not be left with the outstanding debt from the home;

**Comprehensive Property Insurance Coverage:** The borrower is usually required to maintain comprehensive, all-risk insurance coverage (including fire), for the replacement value of the mortgaged property. Both life insurance (if required) and comprehensive insurance must usually be assigned to the lender during the term of the mortgage