KEYHOME

Instantly our best interest rate for your mortgage loan.

Prospectus no. 02: Valid from October 2018
Do you plan to purchase a building plot or an apartment or even renovate a house?

You are probably thinking about a number of projects, but to carry them out, you will need to take out a loan.

To help you do this, Keytrade Bank has developed KEYHOME, an online platform that gives future owners the ability to finance their property project at a competitive rate, without even setting foot outdoors.

Opting for KEYHOME from Keytrade Bank is a good choice!
The advantages of KEYHOME:

- **Our best rate from day one**
  You don't need to waste time negotiating your interest rate with us, because we will take your project seriously from the start and we will offer you the lowest rate that we can give you straightaway.

- **100% online**
  With KEYHOME, the whole process is carried out online. No need to go out.

- **Experts who listen to you**
  Taking out a mortgage loan may seem complicated and the idea of having to do it all alone without the help of a specialist can be daunting to many people. But don't worry if you need advice during the process, or if you have any additional questions, you can contact an expert who will answer all your questions, and if necessary can walk you through the entire process.

- **The lowest fees on the market**
  By improving the way your request for a mortgage loan is handled, we can ensure you get the lowest fees on the market. For example, your notary costs could be reduced thanks to our split mortgage instruction/mortgage registration which is automatically calculated based on the amount borrowed.
  More information page 10 of this prospectus>

- **Free choice of insurance**
  For your fire insurance and your loan protection policy, you can take out the policy of your choice. We do offer the option of choosing policies from one of our partners at an attractive rate.
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Who can take out a mortgage loan?
The mortgage loan offered by Keytrade Bank is available to any natural person aged 18 or over, who is normally resident in Belgium at the time of signing the sales contract, and who is buying for their private use.1

The property to be purchased
KEYHOME, the mortgage loan platform developed by Keytrade Bank, is intended for the purchase, construction or renovation of a property (land, apartment or house) in Belgium. In addition, this platform also allows users to refinance their existing mortgage loan, and to do so as simply as possible.

How much can I borrow?
The amount you will be able to borrow depends mainly on your ability to repay, and on the value of the property you want to purchase.

• Ability to repay
Keytrade Bank will analyse your financial situation. To do so, it will review your net professional earnings, your rental income (taken at 80% of value), your benefits in lieu of income, as well as your costs such as existing loans and any maintenance payments you make. Based on your financial situation, Keytrade Bank will check that you will be able to manage your monthly repayments.

• The value of the property
Keytrade Bank will also take into account the ratio between the value of the property and the amount of the loan you have requested.

In some cases, the bank will need to have a valuation of the property that you are offering as security (for instance: the house, apartment, piece of land, etc. that you are buying) carried out by an expert. The maximum amount that you can borrow through KEYHOME will then also depend on the result of the valuation carried out by this expert. The cost for this expertise is €250 and is charged to the borrower.

1 Please note that
- KEYHOME is not available to «US persons».
- At Keytrade Bank you can take out a mortgage loan without having to open a current account with Keytrade Bank. To do so, please contact the Clients Service by calling +32 (0) 2 679 90 00 or emailing info@keytradebank.com
Term

At Keytrade Bank, we can provide you with a mortgage loan for a term from 5 to 25 years.

However, depending on your personal situation, you can sometimes receive tax benefits linked to the term, such as the housing bonus (more information).

In addition, we recommend that you finish paying off your mortgage before the legal retirement age. In practice, this is generally the point when household incomes tend to fall.

How is your loan issued to you?

If you are buying a home, land or in the case of a bridging loan\(^2\), you will receive the total amount of your loan through a notary, when signing the notarised document, on condition that all the necessary guarantees have been provided.

In the case of a new construction or renovation, you usually don’t need the whole amount at the same time. In practice, you generally only pay the contractors in stages as the work advances. In this case, the funds can be drawn down by presenting invoices grouped into tranches of minimum €2,500 over a period of 2 years from signing the loan contract.

You do not make any repayments of capital during this drawdown period. You will pay interest on the amount you have already drawn, and a commitment fee on the balance of the amount. This commitment fee is 0% between the 1st and 6th month, then 1.5% per year between the 7th and the 12th month and rises to 2% per year from the 13th month.

Repayments

In Belgium, the most common types of mortgage are mortgage loans with fixed monthly repayments and mortgage loans with fixed capital repayment instalments.

- If you have a mortgage loan with fixed monthly payments, you will pay the same amount each month, made up of a combination of some interest and some capital. The amount of interest will reduce over time while the amount of capital will increase. Therefore, the amount of each repayment remains the same throughout the term of the loan (unless there is a contractual revision of the interest rate, or you have opted for a variable interest rate)

- In the case of a mortgage loan with constant capital repayments, you will repay the same amount of capital each month. Interest will be calculated on the remaining balance, and will therefore decrease. This means that the amount of your repayment will be much higher at the start of the loan, but will decrease over time.

\(^2\) Find out more about bridging loans in [page 9] of this prospectus.
An example in practice

Imagine that you have borrowed €200,000, repayable over 20 years, at a fixed rate of 0.2952% per month (or 3.6% per annum) in fixed monthly repayments.

The monthly amount that you will pay for the entire period of the loan is €1,170.22.

• The first monthly payment is made up of €600.00 of interest (0.2952% of €200,000) and €570.22 of capital.
• The second monthly payment is made up of €598.29 of interest (0.2952% of €199,429.78) and €571.93 of capital.
• And so on...
• The last monthly payment consists of €3.50 of interest (0.2952% of €1,170.22) and €1,166.72 of capital.

The total amount due from the borrower is €280,853.50, made up of €200,000 of capital and €80,853.50 of interest.

In the case of early repayment of your mortgage loan, whether in full or in part, you will pay a repayment penalty of 3 months’ interest on the amount of capital repaid in advance.
Annual percentage rate (APR)

The APR is a reference indicator, allowing you to compare loans offered by different credit institutions. In fact, it is made up of the mortgage loan plus the costs that are directly linked to taking out the loan.

An example in practice

Let’s go back to the previous example where you borrowed €200,000, repayable over 20 years, at a fixed rate of 0.2952% per month (or 3.6% per annum) in fixed instalments, covered 100% by a mortgage. In addition, as part of your mortgage loan, you sign up for fire insurance (€450 per annum) and also a loan protection policy (€148 per annum).

In addition, the borrower has to cover the following costs:

- Registration costs linked to the loan: €2,200
- Mortgage duty: €660
- Flat rate fee for issuing mortgage formalities by the mortgage records office: €210
- Administrative costs (incl. VAT) with a maximum flat rate of €1,370.50

Taking all the above costs into account, the APR for the customer is 4.4035%.

Loan interest rate

In Belgium, the two most common types of interest are fixed rate and variable rate.

- A fixed rate is a rate that is set at the time of taking out the loan and applies throughout the term of the loan. So, with this option, you are opting for total security because you know in advance the amount of your monthly payments for the entire lifetime of your loan.

- A variable rate is made up of a base rate set when you take out the loan, which can be changed at certain dates defined in the contract, depending on changes to a reference index linked to market interest rates. So this option is a riskier choice but can be attractive because the rates offered tend to be better at the start of the repayment period. The rate can be revised several times during the term of your loan, depending on the formula you have selected (every year, every three years, etc.). The monthly payments you will need to pay can therefore either rise or fall.

Please note that Keytrade Bank currently only offers fixed rate mortgage loans. This formula is very favourable while rates are low, as your mortgage loan will not be affected if interest rates rise.

Please note that it is important that you run a simulation on our site to find out your interest rate, because Keytrade Bank offers personalised rates, which will depend on your financial situation.

Just for information, you can download our rates from our site including mortgage loan rates depending on different terms, and the fees and penalties: here.
Bridging loans

If you need money to buy or build a property but you are still waiting for the income from the sale of your current home, KEYHOME gives you the option of taking out a bridging loan. As the name suggests, a bridging loan allows you to cover a temporary period with a liquidity gap, until you have sold your other property.

So even if you do not yet know when this will be sold, you can benefit from a bridging loan that is valid for up to 12 months (renewable maximum once). The total amount must be repaid upon the sale of your current home, or on the final expiry date. You will also have to pay monthly interest.

An example in practice

Imagine that you want to take out a bridging loan for €100,000 for 12 months at a fixed rate of 0.28% (or 3.38% par annum). You will then pay a monthly amount of €277.30 up until the date your property sale goes through, on which date you will repay the capital of €100,000.
Guarantees in Belgium

In Belgium, a mortgage loan is always linked to certain mortgage guarantees. The types accepted by the law and which are proposed by Keytrade Bank, are mortgage registration, mortgage mandate and mortgage promise. In addition, in order to have priority over other potential creditors, note that Keytrade Bank will always ask for a first mortgage registration.

Mortgage registration

**Mortgage registration** is established by a legal document signed in front of a notary, which is then registered with the mortgage records office. In this way the (future) owner gives the bank permission to carry out the sale of the mortgaged property and to be the first to be repaid, if the borrower fails to repay his loan.³

Mortgage mandate

Like a mortgage registration, a **mortgage mandate** is also established by a legal document signed in front of a notary. In this case, the (future) owner provides an unconditional authorisation to place a mortgage on the property whenever the bank deems this necessary.⁴

In order to be able to offer you the lowest possible costs linked to your purchase, Keytrade Bank will systematically check whether a split between a mortgage registration and a mortgage mandate can be accepted in your file and is financially beneficial to you.

Mortgage promise

**The promise to grant a mortgage**, or a mortgage promise, is a commitment given by the (future) owner of the property, to register a mortgage as soon as the bank requests it. However, please note that this type of guarantee is not often used for mortgage lending.

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³The mortgage granted to the bank guarantees all current and future debts (mortgage for all sums due).

⁴The costs of registering the mortgage are borne by the borrower.
Handling in case of non-payment

A delay and/or failure to pay can have serious legal and/or financial consequences for the borrower, such as an instant increase in the rate of interest, the withdrawal of the loan, or being reported to the Central Credit Register of Individuals.

In addition, as a last resort, your home may be seized if you do not keep up your repayments.

Insurance

Along with a mortgage loan, the bank asks the borrowers to take out a loan protection policy (also known as «outstanding balance insurance»), as well as a fire insurance policy. These insurance policies provide maximum protection for the insured person's assets.

Loan protection policy

This insurance protects the policy holder's or holders' family in the event of his/her/their death during the term of the loan. Thus, if the insured person dies during this period, the insurance company will repay the remaining balance borrowed by the insured person.

Fire insurance

As part of a mortgage loan it is necessary, for the benefit of both the borrower and the bank, that the borrower takes out a fire insurance policy. This will cover the full reconstruction value of the risks of damage or destruction (fire, water damage, storms, broken windows) of mortgaged properties.

Keytrade Bank gives you the option of taking out these two types of insurance policies with its partners, at very competitive rates (you will see more information during your simulation). However, if you prefer, you can choose an insurance policy from any other company. This won't impact the rate you will receive.

Please note that Keytrade Bank does not offer directly these two types of insurance but will give you the option of taking out the two types of insurance policies with its partners.
Mortgage loan costs

Purchase cost

The purchase costs are made up of the notary's fees, the registration duties or maybe VAT if you are purchasing a new property, or one not yet built. The amount of the registration fees depends on the region where the property you are buying is located.

In Flanders

Registration fees are calculated at 7% of the price stated in the deed of sale in the case of one sole property purchased for use as a family home. However, a rate of 10% applies to the purchase of other types of properties.

Conditions of eligibility for the reduced rate of 7%:

• The purchase is made by one or more private individuals.
• The purchase is for a family home. It must be an existing property that primarily serves or will serve to house the family of an individual. Therefore, this rate does not apply to land.
• The property must be a single dwelling; the purchaser(s) cannot possess full and unrestricted ownership of another home or plot of land.
• The purchase must be for full ownership of a property.
• The purchaser must reside at the address of the purchased property within two years of completion of the legal deed.

In addition, for property purchases in Flanders, a reduction in the tax base of up to €80,000 may be obtained if the following conditions are met:

• The purchase price must not exceed €200,000, or €220,000 if the property is located in one of the principal municipalities of Brussels or a municipality of its Flemish periphery.
• The purchase must be for full ownership of a home or land for construction.
• The purchase may only be made by one or more private individual(s).
• The principal objective of the purchaser(s) must be to make the property their main home.
• They must effectively move into it within two years for residential property, or within three years if purchasing land on which to build.
• The purchaser(s) cannot already be the owner(s) of a home or plot of land.
In Brussels-Capital Region

The amount of the registration fees is **12.5%** of the price stated in the sales contract. Exemption from registration fees can be obtained under certain conditions for a part of the purchase value. For example, exemption on the first €175,000 applies to all official documents signed after 1st January 2017.

In Wallonia

Registration fees are calculated at **12.5%** of the price stated in the deed of purchase. Subject to certain conditions, there is an exemption from registration fees on the first €20,000 of the property price for individuals purchasing their first home.

Where the purchase concerns a modest residential property, it is also possible to benefit from reduced registration fees of **6%** or **5%** on an initial portion of the property purchase price. Consult your notary for more info.

The conditions for benefitting from this exemption on the first €175,000, are as follows:

- You must not own any property that is intended in full or in part to be used as a home;
- You must undertake to make the purchased property your main home within the legal time limit of two years;
- You must undertake to keep your main home in the property now being purchased for an uninterrupted period of at least five years, starting from the date when the property for which the reduction was obtained becomes your main home;
- The taxable base for registration rights from the present document is no more than €500,000;
- Not to request or to have ever requested the application of one of the reductions referred to in articles 145 of the Income Tax Code 1992 linked to the purchase of a real right to a property assigned or intended to be used in whole or in part as a residence, for the tax years defined in this return AND to correct at any time any item brought to the attention of the buyer that could mean a reduction of this type being granted to him/her.

The conditions of eligibility for an exemption on the first €20,000 are as follows:

- The property is «assigned or intended for use as a home», is under construction or bought off plan, or is land for construction.
- The property acquired becomes the purchaser's main home within three years.
- The new property must remain the owner's main home for a period of at least three years.
- The purchaser cannot own other residential property.
- Full, unrestricted ownership of the property is acquired.

For more information, please ask your notary or go to [https://www.notaire.be](https://www.notaire.be).
Costs linked to taking out the loan

The costs linked to taking out the loan are added to the purchase cost and include the following items:

- a registration fee of 1%;
- a registration fee of 0.3% for registering the mortgage with the Mortgage Office;
- the costs the notary incurs in preparing the loan document;
- the notary’s fees.

Please note that all legal and notarial costs that arise from the purchase or the issue of the loan are borne by the borrowers. This also applies to the costs of renewing or removing the mortgage registration.

Handling fees

At Keytrade Bank there are no handling fees!
Tax implications of a mortgage loan

Financing the purchase, construction or renovation of a property using a mortgage loan also allows you to benefit from some attractive tax savings and to reduce your tax burden. In fact, depending on your tax situation, some savings can be made on the interest paid on your mortgage loan as well as on the amortisation of the borrowed capital.

In addition, please note that since 1 January 2015, all three regions are responsible for tax matters relating to homes, and they decide independently on their rules and tax benefits. A new mortgage loan to refinance an existing mortgage loan will be subject to the same tax treatment as the original mortgage loan. 6

6 To find out more about the tax benefits offered by each region, go to: www.notaire.be