

TERMS & CONDITIONS FOR NO-OBJECTION TO MORTGAGE LEASEHOLD RIGHTS OF LANDS & COMMERCIAL SPACES

Property Asset Management Section
REAL ESTATE MANAGEMENT DEPARTMENT

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- For Capital (Development) Mortgage Loans, maximum financing amount shall be less than or equal to 80% of the development value .
 - For Working Capital Mortgage Loans, maximum financing amount should be less than or equal to 40% of property value.
 - Working Capital Financing Facilities shall be granted if the development is completed.
 - For Commercial Area Mortgage Loans, maximum financing amount should be less than or equal to 40% of remaining leasehold value.
 - To submit a lease default risk coverage insurance bond (Lease Payment Guarantee Insurance Bond) for a duration of at least 14 months, (and the lessee to renew the insurance bond annually until the loan duration ends).
 - If the rent is revised, the lessee shall submit a new insurance bond starting from the rent revision date for a duration of at least 14 months at the revised rate.
 - A non-refundable payment shall be applicable as Administrative Fee as follows (Payment shall be made prior to issuing No-Objection Letter by HDC).
 - New mortgage requests
 - For SME's MVR 5,000.00 or 0.2% of the loan amount, whichever is higher
 - For others MVR 10,000.00 or 0.2% of the loan amount, whichever is higher
 - Mortgage facility renewals/enhancements
 - For SME's MVR 2,500.00 or 0.2% of the loan amount, whichever is higher
 - For others MVR 5,000.00 or 0.2% of the loan amount, whichever is higher

- The loan period (mortgage period) shall not exceed the lease contract duration and the lease contract shall have at least one (1) year after the expiry of the loan period.
- The loan facility letter shall be submitted to HDC.
- The lessee shall submit to HDC a copy of the loan proposal submitted to the lender at the time of application.
- The lessee shall not have any outstanding lease payment to HDC at the time of application for no objection to mortgage leasehold rights of land or commercial space nor shall the lessee have lease default or breach of the lease agreement for the most recent 06 (six) months.
- The terms of the loan agreement shall not contradict with the terms of the lease agreement signed between the lessee and HDC. The loan agreement between the lessee and the lender shall be submitted to HDC for approval.
- In case of any of the following non-financial breaches of the lease agreement between the lessee and HDC during the mortgage period, HDC shall inform the lender and lender shall acknowledge and treat this as a covenant breach within the mortgage loan agreement.
 - Clauses regarding the land/property usage
 - Clauses regarding adherence to guidelines of HDC
 - If any rent revision of the lessee is not completed, finalize the rent revision before granting the mortgage
 - Lessee shall pass the due diligence process of HDC.

