

DNB PRELIMINARY MORTGAGE APPROVAL

A Preliminary Mortgage Approval is needed when you are considering buying a residential property. It is a preliminary notice that shows how much you can borrow. Here we describe what a Preliminary Mortgage Approval means.



What is a Preliminary Mortgage Approval?

A Preliminary Mortgage Approval is a preliminary notice that shows how much you can borrow to buy a residential property. It is based on the information you have supplied regarding your personal and financial situation.

A Preliminary Mortgage Approval is not a final loan approval and must not be considered as a loan commitment from the Bank. It is also not binding for you.

The Preliminary Mortgage Approval is general

The Preliminary Mortgage Approval is not tied to a specific property. It is tied to you and your financial capacity.

When you apply for a loan the Bank will do a credit review of your financial situation and verify the information you supplied.

Once you know which property you wish to buy, we will need to verify its market value and that the property can be mortgaged as a first priority security for the loan.

Furthermore, you will, as a main rule not be able to borrow more than 70 % of the value of the property to be mortgaged as security for the loan (as estimated in the appraisal certificate or the net purchase price of the property, whatever is lowest). This means you will need to finance a part of the purchase yourself.

How long does the Preliminary Mortgage Approval last?

The period of validity of your approval is indicated in your Mortgage Approval Letter. It applies if your personal and financial situation has not changed and that the information you previously submitted in connection with the loan application is still correct.

If your income, liabilities, assets, work or family situation changes, it is important to notify the Bank as it may affect or void your Preliminary Mortgage Approval and/or require it to be reconsidered.

How to move forward in the process

When you have found the property you want to buy you will need to contact the Bank. There are additional steps the Bank will need to take and documents we need to receive before we can provide you with a final loan approval, including but not limited to receiving a properly issued appraisal certificate, a copy of the pre-purchase or purchase agreement and completing a pre-study of the security.

The completion of the loan process will be dependent upon the execution of all required steps and definitive documentation acceptable to DNB Luxembourg S.A. with terms that are significantly more comprehensive and may differ from the terms mentioned in the Preliminary Mortgage Approval. Only such provisions as set forth in any executed definitive documents regarding the loan shall have any legal effect.

You will also need to open a bank account and be accepted as customer by the Bank.

Three important things to consider when buying a property

1. Make a budget and consider how much you can afford and are willing to spend on the property.
2. Make sure to receive a Preliminary Mortgage Approval from the Bank.
3. Contact the bank before you sign for a property to assure that you are able to borrow the amount you need.