

PowerSmart Home Mortgage Product Description

English translation of PowerSmart Home Mortgage Product Description is solely for the purpose of reference. If there is any discrepancy between the Japanese and English contents, the Japanese takes precedence over English.

(as of March 15, 2021)

1. Application Eligibility

PowerSmart Home Mortgage is available to individual customers who meet all the following conditions:

- Has an existing PowerFlex account with Shinsei Bank (“the Bank” hereafter) or can open a PowerFlex account concurrently with the loan application

<Who can open an account?>

You must be a resident of Japan with a contact phone number to confirm the details of your account application form. The “contact phone number” must be your own phone number. The phone number at your workplace or someone else’s phone number is not acceptable.

Account opening requests by foreign politically exposed persons will be accepted at branches only.

Ineligibilities

- Non-residents of Japan
- “Period of Stay” on the Residence card is less than 1 year.
- Corporate application
- Post office box address

- Is aged 20 or above and 65 or younger at the time of application, and is younger than 80 at the time of maturity of the loan
- Qualifies for group life insurance
- Is continuously employed for 2 years or longer, as a full time or contracted employee, with an annual income of 3 million yen or more (before tax) for the previous fiscal year
- If self-employed, has been engaged in business for 2 years or longer and has an average 2-year profit of 3 million yen or more
- Is a Japanese citizen or a permanent resident of Japan (for non-permanent residents, applicant’s spouse must be a Japanese citizen or a permanent resident of Japan, and the spouse must be appointed as a guarantor for the mortgage. In this case, it is not necessary for the guarantor to have a stable income. Temporary non-permanent residents are ineligible to apply)
- Satisfies other conditions and/or requirements stipulated by the Bank

2. Loan Purpose

PowerSmart Home Mortgage is only available for financing a residence (*2) for the applicant or family members of the applicant (*1) and is limited to the following purposes:

- To purchase a detached house or an apartment (including second-hand properties)
- To construct a new house (drawdown of the loan only to be executed in lump-sum upon completion of the house)
- To refinance an existing home mortgage from another financial institution (partial refinance not accepted)
- To renovate a detached house or an apartment (*3)
- Additional cost should be with any one of above purposes. (*4) (Additional cost only is not available)
The detached house or the apartment must satisfy below conditions.
- Floor area to be 50 square meters or over (30 square meters or over for apartments)
- Residential property or a residence with a common area for an office or a shop (in such case, residential space must be over 50% of the entire floor area of the property and must be occupied by the applicant)

Not available if:

- 1) there is a land lease rights registered on any part of the land;
- 2) property is located within urbanization-restricted area (*5) (exception if development permission is issued from the authorities);
- 3) property is located outside of city planning area (*5);
- 4) property is a holiday or vacation resort house;
- 5) property is not in accordance with the Building Standard Law of Japan and/or other relative laws and regulations.

Please note that PowerSmart Home Mortgage is not available for land only purchases (exception if applicant already owns the house which is built on the land to be purchased).

(*1) Applicant’s family members are limited to spouse and parents or parent in-laws of the applicant.

(*2) Properties currently rented out are not acceptable.

(*3) If the first lien of the property mortgage has already been registered by someone, it is necessary to establish the first lien of the property mortgage to the Bank. For further details, please contact Shinsei PowerCall<Home Mortgage>.

(*4) Additional cost is including handling fee, taxes, costs of insurances, reserve fund for repair, management fee, cost of water and sewage service and so on. For further details, please contact Shinsei PowerCall <Home Mortgage>.

(*5) Please contact your real estate agent or the concerned department at the municipal office of the relative district whether the property is located within urbanization-restricted area or outside of city planning area.

3. Loan Amount

- When you are borrowing funds for purchasing and/or building your home or funds for refinancing your existing home mortgage loan:
The total amount of the loan shall be equal to or greater than 5 million yen and not more than 300 million yen (in units of 100,000 yen). If you use Mix Loan Service, the total amount your Loan shall be equal to or greater than 30 million yen, and the amount of each loan shall be equal to or greater than 5 million yen (in units of 100,000 yen). When you are also borrowing funds for home renovation and/or other expenses, the amount shall be equal to or greater than 300,000 yen (in units of 100,000 yen) each. The total amount of the loans shall be equal to or greater than 5 million yen and not more than 300 million yen (in units of 100,000 yen).
- When you are not borrowing funds for purchasing and/or building your home or funds for refinancing your existing home mortgage loan:
The total amount of your home renovation loan shall be equal to or greater than 5 million yen and not more than 100 million yen (in units of 100,000 yen). When you are also borrowing funds for other expenses, the amount of the loan shall be equal to or greater than 300,000 yen (in units of 100,000 yen). The total amount of your home renovation loan and your loan for other expenses shall be equal to or greater than 5 million yen and not more than 100 million yen (in units of 100,000 yen).

However, the loan amount shall be within your credit line based on the property value assessed by appraisal agencies appointed by the Bank.

To ensure a reasonable repayment plan, your loan amount will be restricted according to your annual income and liabilities.

4. Loan Term

Loan term must be between 5 and 35 years (in units of 1 year) and the loan term of “Long-term Fixed Rate” must be between 21 and 35 years (in units of 1 year). Please make sure that in either case customer’s age must be under 80 at the time of the maturity of the loan.

5. Interest Rates

For details on level and range of interest rates, please visit Shinsei Bank website (www.shinseibank.com) or contact Shinsei PowerCall <Home Mortgage>.

The Bank’s interest rates and Home Mortgage Base Rates do not hold an index rate in the market and may not move in tandem with specific market rates. Interest rates are generally reviewed and determined each month by the Bank based on multiple factors. These factors include funding costs, operating costs, profitability and market conditions. Therefore, please note that applied interest rates and repayment amount may increase regardless of the market rates and depending on the behavior of the interest rates the Bank may review its rates within the month.

6. Mortgage Types

Applicants may select from the following 3 Mortgage Types.

Mix Loan Service is available by selecting and combining 2 different types of mortgage rates. For further details on Mix Loan Service, please contact Shinsei PowerCall <Home Mortgage>.

“Floating Interest Rate” (reviewed semi-annually)

- Customers are eligible to select Floating (reviewed semi-annually) or Floating (reviewed semi-annually) <Floating Focus> at time of mortgage contract, however, customers cannot change it to another after the mortgage contract. For further details on Interest Rates, please visit Shinsei Bank website (www.shinseibank.com) or contact Shinsei PowerCall <Home Mortgage>.
Please make sure that when using Mix Loan Service, or when total loan amount includes renovation cost and/or additional cost, if customer selects Floating (reviewed semi-annually) < Floating Focus> as one of customer’s plural contracts, rest of contract(s) needs to be Floating (reviewed semi-annually) <Floating Focus>. In the following, unless otherwise specified, for customers who selected Floating (reviewed semi-annually) <Floating Focus> at time of mortgage contract, Floating (reviewed semi-annually) shall be understood as Floating (reviewed semi-annually) <Floating Focus>, for other customers, Floating (reviewed semi-annually) shall be understood as Floating (reviewed semi-annually).
- Floating Interest Rate (reviewed semi-annually) as of the date of the mortgage contract will be applied from loan drawdown and up to a day prior to the first initial rate review date.
- Floating Interest Rate (reviewed semi-annually) will be reviewed twice a year, based the Base Rate announced on May 1st and November 1st, and the new rate will be applied from the day after the payment due the following month of the Base Rate announced (June and December). (For those who select bonus payments due in July and January, new rate will be applied from the day after the payment due 2 months after the Base Rate announced, July and January).
- Interest rate to be applied after the initial interest rate review will be based on “Home Mortgage Floating (reviewed semi-annually) Base Rate” and the applied interest rate will change accordingly based on customer’s borrowing conditions.
- At time of interest rate review, customers are also able to select Initial Fixed Interest Rate (out of 1, 3, 5, 7, 10, 15 or 20 year fixed rate(unless either rate type may be discontinued under extenuating circumstances due to interest rate fluctuations etc.)). If selecting one of the fixed rates, the applied rate will be based on “Home Mortgage Initial Fixed Base Rate” and the applied interest rate will change accordingly based on customer’s borrowing conditions. Once the fixed rate is applied for a specific term, interest rate will not change and cannot be changed to another term of Initial Fixed Interest Rate or Floating Interest Rate until the fixed term is over.

“Initial Fixed Interest Rate”

- Customers are eligible to select from 1, 3, 5, 7, 10, 15 or 20 year fixed rate types.
- Applicable fixed interest rate at time of mortgage contract will be applied and interest rate will not change until the initial fixed term is over.
- Upon termination of the initial fixed term, Floating Interest Rate (reviewed semi-annually) will be automatically applied which is reviewed twice a year, based the Base Rate announced on May 1st and November 1st. The new rate will be applied from the day after the payment due the following month of the Base Rate announced (June and December). (For those who select bonus payments due in July and January, new rate will be applied from the day after the payment due 2 months after the Base Rate announced, July and January).
- Interest rate to be applied after the initial fixed term is terminated will be based on “Home Mortgage Floating (reviewed semi-annually) Base Rate” and the applied interest rate will change accordingly based on customer’s borrowing conditions.
- At time of interest rate review, customers are also able to select Initial Fixed Interest Rate(out of 1, 3, 5, 7, 10, 15 or 20 year fixed rate(unless either rate type may be discontinued under extenuating circumstances due to interest rate fluctuations etc.)). If selecting one of the fixed rates, the applied rate will be based on “Home Mortgage Initial Fixed Base Rate” and the applied interest rate will change accordingly based on customer’s borrowing conditions. Once the fixed rate is applied for a specific term, interest rate will not change and cannot be changed to another term of Initial Fixed Interest Rate or Floating Interest Rate until the fixed term is over.

“Long-Term Fixed Rate”

- Interest rate at time of mortgage contract will be applied throughout the term of the loan.
- There will be no interest rate reviews during the term of the mortgage and may not be switched to other mortgage types.

7. Repayment Method

Equal monthly scheduled payments (comprised of principal and interest) will automatically be debited on the 26th of each month from the Bank’s repayment account (next business day if 26th falls on a non-business day of the Bank). Customers may set up Bonus Payment Service, up to 40% of the total loan amount, to be repaid semi-annually aside from monthly scheduled payments. However, Bonus Payment Service will not be available for renovation cost and/or additional cost.

Additional prepayments, aside from monthly scheduled payments, can be made at customer’s convenience through the Bank’s internet banking service (Shinsei PowerDirect) “One-Time Prepayment” or by depositing an amount over the pre-designated amount in the repayment account (automatic repayment service) “SmartPay”. Both prepayment services are at free of charge. “SmartPay” service will not be available for renovation and additional casts (“One-Time Prepayment” service is allowed). All prepayments made will be appropriated towards the principal and will shorten the mortgage term accordingly. Monthly scheduled payment amount for the fixed term will not change due to additional prepayments.

8. Collateral

- First lien mortgage will be registered against the property being financed by this mortgage.
- Please note that customers will be required to use judicial scrivener/solicitor designated by the Bank and will be liable for all mortgage registration, changes and termination, and other relative fees charged by the judicial scrivener/solicitor office.

9. Joint Guarantor

Guarantor(s) are not mandatory. However, depending on the application status, the Bank may request the applicant to appoint a joint-guarantor for the mortgage application. For applicants without permanent residency in Japan, applicants’ spouse must be a Japanese national or hold a permanent residency in Japan, and must be appointed as a joint guarantor for the mortgage. However, PowerSmart Home Mortgage whose purposes include business funds is not available when a joint guarantor is needed. When the funds for purchasing or building a residential property (or for refinancing an existing home mortgage) include costs for building a solar power generation facility involving a power sales contract, PowerSmart Home Mortgage is granted for an amount excluding the cost related to the facility. PowerSmart Home Mortgage is not available for acquiring a residential property which will concurrently be used as a shop or office.

10. Guarantee Fee

Not necessary

11. Service Fees

- Handling fee is 55,000 yen (consumption tax inclusive). Customers selecting Floating (reviewed semi-annually) <Floating Focus> will be charged 2.2% of total loan amount (consumption tax inclusive) as its handling fee at time of mortgage contract.
- 5,500 yen (consumption tax inclusive) will be charged when selecting Initial Fixed Rate at time of each interest rate review.

12. Group Life Insurance

<Group Life Insurance>

- All customers will be required to join group life insurance policy designated by the Bank. Insurance premium will be covered by the Bank.
- Insurance company will undertake their prescribed approval process. Some applicants may be declined depending on the result of their approval process.
- Group Life Insurance targets your home mortgage loan balance. The upper limit of the target home mortgage loan balance shall be 200 million yen, even if you have borrowed multiple home mortgage loans from the Bank. If your home mortgage loan balance exceeds 200 million yen, you are required to purchase a separate insurance policy for the excess and to establish a first lien mortgage against the right to claim insurance money with the Bank as the pledgee. The insurance premium will be paid by you in this case.

13. Overdraft Service (PowerPocket Service)

- Overdraft service (PowerPocket Service), overdraft up to the accumulated amount of additional prepayments made, is available for customers who request this service at time of mortgage contract (PowerPocket Service is not available if “Long-Term Fixed Rates” is selected).
- First lien mortgage will be registered by the Bank against the property being financed by this mortgage for PowerPocket Service.
- PowerPocket Service is not available for loans for renovation and/or additional costs. For further details, please contact Shinsei PowerCall <Home Mortgage>.

14. Designated Dispute Resolution Organization

Japanese Bankers Association

Contact: Japanese Bankers Association Customer Service

TEL: 0570-017-109 or 03-5252-3772 Monday – Friday 9:00-17:00 (excluding national holidays and bank holidays)

15. Important Disclosures

- For monthly repayment simulations for particular mortgage types, please contact Shinsei PowerCall <Home Mortgage>.
- The Bank will undertake a credit approval process. Loan amount and term requested are subject to change according to the Bank’s credit approval process.
- “Initial Fixed Interest Rate” and “Long-Term Fixed Rate” mortgage types may discontinue under extenuating circumstances due to interest rate fluctuations, etc.
- Fire insurance policy must be in place from day of loan drawdown until full repayment of the loan. The insurance policy should be admitted by the Bank as appropriate and pertinent for the mortgage contract.
- All fees listed above are valid as of March 15, 2021, and are subject to change without prior notice.
- For further details, please visit Shinsei Bank website (www.shinseibank.com) or contact Shinsei PowerCall <Home Mortgage>.