

## How are Lifetime Mortgages repaid?

No repayments are made during the life of the loan. Instead the interest accumulates and is added to the loan balance as illustrated herein.

## Correspondence relating to your Lifetime Mortgage

Each year you will be sent a statement which will show you the transactions that have taken place on your Lifetime Mortgage account for the previous year. If at any time you have any questions regarding your loan our staff will be happy to answer them for you.

### Negative Equity Pledge

This means that when the time comes to repay the loan and accrued interest, the amount owed will never exceed the net sale proceeds of your property.

For further information, or to arrange a confidential consultation, please contact S.H.I.P. on 1890 60 70 80.

S.H.I.P. operates an internal complaints procedure whereby complaints are considered by a senior member of its management team. All complaints should be addressed to: **The Manager, Customer Services, S.H.I.P., 23 Ely Place, Dublin 2.**

As a mortgage lender S.H.I.P. is subject to oversight by the Financial Services Ombudsman. If you are not satisfied with the outcome of S.H.I.P.'s internal complaints procedure you may raise your complaint with The Financial Services Ombudsman's Bureau, 32 Upper Merrion St., Dublin 2, or online at [www.financialombudsman.ie](http://www.financialombudsman.ie)

## Consumer Credit Act Notices

### Valuation

S.H.I.P. requires that a valuation be carried out on the property(ies) offered as security. This valuation must be completed by a valuer acceptable to S.H.I.P. and any such valuation or report remains the property of S.H.I.P.. No responsibility whatsoever is implied or accepted or warranty given by S.H.I.P. for the value or condition of the property by reason of such valuation. You are responsible for the payment of the valuation fee. You are entitled to your own copy of the valuation report.

### Fees and Costs

S.H.I.P. requires that a valuation be carried out by a valuer acceptable to S.H.I.P. and that the appropriate fee be paid by you directly to the valuer. In the event that your application for a Lifetime Mortgage is refused the valuation fee will be refunded to you.

Legal fees (excluding costs associated with S.H.I.P.'s legal investigation of title for the purpose of the Loan) are payable by the borrower to his or her solicitor. Please ask your solicitor for an estimate of his/her fee for investigating Title and completion of a Certificate of Title. In addition there will be outlay comprising Stamp Duty, Registration Fees and Search Fees etc.

Redemption - Where the interest rate is fixed for life: The rate of interest applicable to this loan will be fixed for the life of the Applicant(s) from the date of drawdown. In the event of early repayment of the loan in whole or in part for any reason S.H.I.P. may charge a redemption fee to cover any costs incurred by S.H.I.P. in amending or terminating any interest rate hedging contract entered into by or on behalf of S.H.I.P. in order to provide the Applicant with the certainty of a fixed rate of interest for the life of the Applicant. The redemption fee is calculated using the following formula:

$$\text{Redemption fee} = \text{PV}(f) - \text{PV}(f1)$$

Where:

PV(f) = Present Value of remaining flows under the original interest rate hedge; and

PV(f1) = Present Value of remaining flows based off current market rates.

Redemption - Where interest rate is variable and capped: In the event that the home loan is repaid (in whole or in part) within 5 years of the Drawdown Date other than as a result of (1) the death of the Applicant or where there are two or more Applicants the death of the last survivor, or (2) where the Applicant's by agreement in writing with SFIL cease to actually reside in the Property for a period of twelve consecutive months or for a cumulative period of twelve months in any eighteen month period SFIL may charge a redemption fee to cover any costs incurred by SFIL in amending or terminating any interest rate cap contract entered into by or on behalf of SFIL in order to provide the Applicant with certainty that the interest rate applicable to the home loan is capped for the life of the loan. The redemption fee (if applicable) is calculated using the following formula:

[Initial cost of interest rate - residual cost of interest rate cap]

**WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A LOAN OR ANY OTHER LOAN SECURED ON IT.**

**PURCHASING THIS PRODUCT MAY NEGATIVELY IMPACT ON YOUR ABILITY TO FUND FUTURE NEEDS.**



\*S.H.I.P is a registered business name of Seniors Finance Ireland Limited (Company number 393642), a wholly owned subsidiary of Shared Home Investment Plan Limited, having its registered office at 23 Ely Place, Dublin 2.

# Product Information

## *Lifetime Mortgages*



## Lifetime Mortgages

Lifetime Mortgages are provided by Seniors Finance Ireland Limited which is a wholly owned subsidiary of Shared Home Investment Plan p.l.c. (S.H.I.P.) Please note that the information contained within this brochure is accurate at the time of printing (March, 2007) and is subject to change without notice. Lifetime Mortgages are subject to eligibility criteria and terms and conditions apply. If you have any questions or would like additional information please call us on 1890 60 70 80 or contact your broker.

S.H.I.P. offers two types of Lifetime Mortgage. Under each type there are **no monthly repayments** to be made and interest simply accumulates for life.

### **Lifetime Mortgage (1) Interest Rate Fixed for Life**

This product is designed for those clients who want the certainty of knowing that they are guaranteed a rate of interest that **can never change** regardless of what happens to market interest rates. The interest rate on this product is 7.25% APR. Remember this product is designed to run for the life of the applicant and there may be an additional cost incurred if it is repaid early (See: "Consumer Credit Act Notices").

### **Lifetime Mortgage (2) Interest Rate Variable with Ceiling**

This product is more suitable for those who want to have the option of paying the loan off early, for example after seven or eight years. The interest rate on this product is 5.95% APR. This is a variable rate of interest and it **can rise** if there is an increase in general interest rates ("ECB rates"). However, you are guaranteed that it can never rise by more than 2% over the rate at the time of taking out the mortgage. So, in this case, while the loan may commence at 5.95% APR, the interest rate on the loan can never rise higher than 7.95% APR. This loan can be repaid after 5 years without any additional cost i.e. capital and rolled up interest can be repaid. However, it is not designed to be repaid in the initial 5 year period as additional costs may be incurred in doing so (See: "Consumer Credit Act Notices").

Remember, the above products are designed as Lifetime Mortgages and there are no monthly repayments to be made. The loans are repaid on the death of the mortgagors or where a property is left vacant for 12 months or more (for example, in the case of long-term nursing care). At this stage the family or estate have the first option to repay the loan or, alternatively, the property is sold to repay the loan with the remaining funds going to the estate.

### **How much can I borrow?**

The amount that you can borrow depends upon your **age** and the **open market value** of your home. The amount you can borrow is determined by the age of the **younger applicant** in the case of couples or other joint applications.

AGE	MAXIMUM AMOUNT YOU CAN BORROW*
60-65	Up to 20% of the current property value at age 65
66-70	Up to 25% of the current property value at age 70
71-75	Up to 30% of the current property value at age 75
76-80	Up to 35% of the current property value at age 80
80 years and over	Up to 40% of the current property value at age over 80

\* Any outstanding mortgage or charges on the property must be repaid. The minimum amount you may borrow is €25,000. With regard to the Lifetime Mortgage (2) where the interest rate is variable with a ceiling, the percentages you can borrow are **5 percentage points lower in all cases**. In other words it is possible to borrow a higher amount on the Lifetime Mortgage (1) product. For example, if your property is valued at €500,000 and you are 65 years of age, then the maximum you can borrow on the Lifetime Mortgage (1) is 20% of that value or €100,000. If you opt for the Lifetime Mortgage (2) the maximum is 15% of that value or €75,000.

#### Working example of a Lifetime Mortgage (1) - Interest Rate Fixed for Life:

*ILLUSTRATION OF LOAN AMOUNT VERSUS PROPERTY VALUE					
Estimated Property Value:	€500,000				
Mortgage Amount:	€100,000				
Amount Borrowed on Jan 1. year 1.	€100,000				
Amount owed at end of each calendar year.	Interest rate	7.02%			
	APR	7.25%			
	0% per yr	2% per yr	4% per yr	6% per yr	
Year 1	€107,250	€500,000	€510,000	€520,000	€530,000
Year 2	€115,026	€500,000	€520,200	€540,800	€561,800
Year 3	€123,366	€500,000	€530,604	€562,432	€595,508
Year 4	€132,310	€500,000	€541,216	€584,929	€631,238
Year 5	€141,903	€500,000	€552,040	€608,326	€669,113
Year 6	€152,192	€500,000	€563,081	€632,660	€709,260
Year 7	€163,226	€500,000	€574,343	€657,966	€751,815
Year 8	€175,061	€500,000	€585,830	€684,285	€796,924
Year 9	€187,753	€500,000	€597,546	€711,656	€844,739
Year 10	€201,366	€500,000	€609,497	€740,122	€895,424
Year 11	€215,965	€500,000	€621,687	€769,727	€949,149
Year 12	€231,624	€500,000	€634,121	€800,516	€1,006,098
Year 13	€248,417	€500,000	€646,803	€832,537	€1,066,464
Year 14	€266,428	€500,000	€659,739	€865,838	€1,130,452
Year 15	€285,745	€500,000	€672,934	€900,472	€1,198,279
Year 16	€306,462	€500,000	€686,393	€936,491	€1,270,176
Year 17	€328,682	€500,000	€700,121	€973,950	€1,346,386
Year 18	€352,512	€500,000	€714,123	€1,012,908	€1,427,170
Year 19	€378,071	€500,000	€728,406	€1,053,425	€1,512,800
Year 20	€405,482	€500,000	€742,974	€1,095,562	€1,603,568
Amount Remaining:	<b>€116,479</b>	<b>€359,453</b>	<b>€712,041</b>	<b>€1,220,047</b>	

If we take a loan of €100,000 and assume a property value of €500,000, the table opposite illustrates the repayment that would be owed at the end of each year over a 20 year period (interest and capital). Amount Borrowed on Jan 1st, Year 1 - €100,000. Interest Rate 7.25% APR.\*

**Therefore, for example, the amount left if the loan is repaid after year 20 depends on what the value of the property is. In this case, if the loan of €405,482 was repaid the amounts underlined would be left.**

Please note that the term shown above is a 20 year term used for illustration purposes only. In this example the rate is fixed for the life or lives of the customers so interest will continue to accrue at the same fixed rate until the last survivor dies and the loan is repaid.

\*Rate is accurate at time of printing and is subject to change without notice.

## When are Lifetime Mortgages repayable?

No repayment occurs until one of the following events happens:

- You leave your home for a period of 12 months (consecutive) or more (for example in long-term nursing care), or
- You die (in the case of a couple, the last survivor dies).

When one of the above happens, your Lifetime Mortgage must be repaid. This can be repaid by any means but it will normally entail selling the property. Where the property is sold, the Lifetime Mortgage is repaid and the remainder of the sale proceeds will revert to your estate.

The complete Terms and Conditions will be detailed in the legal documentation which your solicitor will explain to you.

## Can I repay or partially repay my Lifetime Mortgage early?

Lifetime Mortgages are designed to run for the duration of the life/lives of the Applicant(s) and would normally only become repayable on the occurrence of one of the two events as outlined above. However you can make early repayments but additional costs may be incurred. If you are quite sure that you will want to pay the loan off early, then you should be aware that the Lifetime Mortgage (2) can be repaid after 5 years without any additional cost. With the Lifetime Mortgage (1), because the interest rate is fixed for your expected life, if you decide to repay the loan in the absence of one of the above events happening, then an additional cost may apply.

This is something you should think about at this stage. Lifetime Mortgages are designed as a long term loan. Further information is given under the section 'Consumer Credit Act Notices'.