



# Payment Break request for PDH Mortgages (Moratorium/Interest Only)

To apply, please complete this form and return it with all relevant documents (as per Checklist on Page 2) to your AIB Mortgage Advisor in Branch. This form is not to be completed by a borrower in financial difficulty.

Mortgage Account Number:	
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	Borrower 1	Borrower 2
Name:		
Address:		

**Preferred contact:**

Phone number		
or Email address		

**Details of request:**

Interest Only repayments	
or Moratorium (no repayments)	

**Period of payment break required:**

(max 6 months Moratorium or 12 months Interest Only)	
Month and year that Moratorium/Interest Only is required to start:	

**Reason for request:**

Family/Life events/Other	
Family Home property improvements	

Where in support of this application I/we may have provided information which comes under the definition of special categories of personal data (information regarding Race, Ethnic Origin, Political Opinion, Religious or Philosophical beliefs, Trade Union Membership, Biometric or Genetic Data, Health, Sex Life or Sexual Orientation) and/or information relating to criminal convictions/offences, I/we consent to its storage and use in relation to this application. I/we understand that the information will only be used for this purpose.

I/we may withdraw this consent at any time.

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Signature of account holders (all parties to the loan MUST sign)

Signature of Borrower 1

Signature of Borrower 2

Date:	Date:
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The following documents will be required for all applicants applying for a Payment Break :

**PAYE Applicants**

- Your most recent statement of earnings e.g. Employment Detail Summary (EDS) from revenue.ie to confirm your earnings history
- 3 most recent payslips
- Confirmation that tax affairs are in order for non PAYE income. If you have any non-PAYE income, please send us one of the following documents:
  - ROS Charges and Payments statement confirming your tax is paid; or
  - A letter of confirmation from your accountant confirming your tax affairs are in order

**Self-Employed Applicants**

- 2 Years most recent Revenue acknowledged Form 11's
- \*3 Years most recent Revenue acknowledged Form 11's may be required in certain circumstances (Please consult with your Mortgage Advisor for further detail).

**Non-AIB Group Bank Statements**

- 6 months most recent current account statements
- 6 months most recent statements for all existing financial commitments .

**I/we understand and accept the following:**

1. That this request is subject to approval by AIB;
2. That certain terms and conditions(as outlined in this form, and/or as will be confirmed to me/us in writing following approval of this application) will apply to my/our mortgage loan account(s) as a result of the approval of this application and that these may be a change to my/our existing terms and conditions;
3. That all other existing terms and conditions will remain in full force and effect; (and that if there is a conflict between those existing terms and conditions, and the terms and conditions which will apply to my/our mortgage loan account(s) following approval of this application, the terms and conditions relevant to this application will take priority);
4. Advantages of Payment Break Moratorium or Interest Only:
  - A Payment Break gives you the flexibility to take a break from your mortgage repayments for up to 6 months or reduce your repayments to interest only for up to a maximum of 12 months.
5. Disadvantages of Payment Break Moratorium or Interest Only:
  - During the Interest Only period, I/we will only be making repayments to meet the interest and the amount borrowed (the capital) will remain outstanding and must be repaid after the Interest Only period expires;
  - During the Moratorium period, I/we will be making no repayments to meet the interest and the capital. This will remain outstanding and must be repaid after the Moratorium period expires;
  - When the Interest Only/Moratorium period ends, my/our mortgage repayments will increase because they will be recalculated to ensure that the total outstanding is repaid (together with interest due) within the existing mortgage loan term remaining;
  - Having an Interest Only/Moratorium period will result in an additional cost of credit, which is the total cost of deferring capital and/or interest repayments during the Interest Only/Moratorium. The following illustrative examples, show the impact of taking a Payment Break for a customer with a loan of €100,000, over 25 years at an interest rate of 3.15%.
    - a) No Payment Break: Total cost of credit is €44,520.59, repayments of €481.75 per month.
    - b) 6 month Moratorium: Total cost of credit is €45,806.83, repayments of €495.95 per month.
    - c) 12 months interest only: Total cost of credit is €45,705.68, repayments of €494.99 per month.
6. That it is my/our personal responsibility to carry out a full review of the life assurance and mortgage payment protection cover if my/our request for Interest Only/Moratorium is approved. I/we understand that this review is necessary to ensure appropriate cover is in place;
7. I/we confirm I/we are not in financial difficulty and I am / we are making this request to accommodate lifestyle requirements or for exceptional short term events and not because I am /we are unable to afford my mortgage repayments;
8. I/we have read the information provided in this form and I/we understand the terms and conditions and the advantages and disadvantages of taking a Payment Break Moratorium or Interest Only and wish to proceed with this application; and
9. I/we confirm that the information I/we have provided is true and accurate.

**Please note the following;**

- The flexibility to take a break from your mortgage repayments for up to 6 months or reduce your repayments to interest only for up to a maximum of 12 months, is available throughout the lifecycle of your mortgage (subject to approval)
- You have a cooling off period of 14 days. You can contact us to cancel your Moratorium/Interest Only arrangement without incurring a higher cost of credit during the cooling off period. Within this time if you cancel your Moratorium/Interest Only arrangement, your account will revert back to the pre-arrangement repayment. If your repayment date is scheduled within the 14 day cooling off period and you request to cancel your Moratorium/Interest Only arrangement, you will need to arrange to pay the Capital and Interest repayment amount due
- In addition, you can cancel your Moratorium/Interest Only arrangement and revert to Capital and Interest repayments at any time during the Moratorium/Interest Only period
- We recommend that you get independent legal and/or financial advice before considering a Payment Break Moratorium or Interest Only period
- On approval of this application you will receive a letter confirming the change and any guarantor named on the account will also receive a copy of the letter

**Please Note:** We will carry out a credit check using credit reference agencies prior to approving your alternative mortgage repayment.

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Signature of Borrower 1

Signature of Borrower 2

Date:	Date:
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## DATA PROTECTION

For information in relation to how we collect personal information about you, how we use it and how you can interact with us about it, see our data protection notice in branches and online. It may change from time to time.

## STATUTORY NOTICES & WARNINGS

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

**WARNING: THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.**

**WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR CREDIT AGREEMENT, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT IN THE FUTURE.**

Please be advised that if you do not repay the Mortgage Loan when due then you will be in breach of the terms and conditions of your mortgage and the Lender will take appropriate steps to recover the amount due. This could mean the Lender will commence legal proceedings seeking an order for possession against you, which will affect your credit rating and limit your ability to access credit in the future.

**WARNING: THE ENTIRE AMOUNT THAT YOU HAVE BORROWED WILL STILL BE OUTSTANDING AT THE END OF THE INTEREST-ONLY PERIOD.**

**WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED-RATE LOAN EARLY.**

### EARLY REPAYMENT CHARGE

#### • When will you have to pay an early repayment charge (ERC)?

At any time when a fixed interest rate (fixed for a period of at least 1 year) applies to your mortgage loan, you may have to pay us an early repayment charge if you; (i) repay all or part of your mortgage loan early, (ii) make an out of course repayment, or (iii) convert the interest rate on your loan to another interest rate. Any or all of these instances may result in a cost to the bank.

#### • How do we calculate the early repayment charge?

We calculate the early repayment charge using the following formula:  $(A) \times (U) \times (D\%) = \text{€ ERC}$  [early repayment charge], where:

(A): Amount of your mortgage loan being repaid early, or converted to another interest rate.

(U): Number of months remaining before the fixed interest rate is due to expire, divided by 12.

(D%): Difference between your original fixed interest rate at the start of the fixed interest rate term, for the full fixed interest rate term, and the applicable fixed interest rate offered by the Bank at the time the mortgage loan is repaid or converted, for the period of (U) [See note 3 in additional information regarding this calculation below.]

**Example 1:** You fix your mortgage loan at a fixed interest rate of 5.25% for a period of 5 years (60 months). After 3 years (36 months), you repay your mortgage loan in full. The outstanding amount on your mortgage loan at that time is €100,000. The applicable fixed interest rate used is the 2 year fixed interest rate being offered by the Bank as there is still 2 years (24 months) remaining on your original fixed term., e.g. 3.0%. In this case,  $\text{ERC} = (A = \text{€}100,000) \times (U = 24 \text{ months} / 12) \times (D\% = 5.25\% - 3.0\% = 2.25\%) = \text{€}4,500$ .

We will also use a market interest rate to calculate the D% component in the formula above. In that case, D% would be the difference between the market interest rate applicable at the start of the fixed interest rate term, and the market interest rate applicable at the time of the early repayment or conversion, for the unexpired fixed interest rate term. Note: Market interest rate is determined by the wholesale market. The market interest rates used will be as of close of business on the previous working day to the day the calculation is being completed.

**Example 2 (Additional Calculation):** You fix your mortgage loan at a fixed interest rate of 5.25% for a period of 5 years (60 months). The market interest rate applicable at the start of the fixed interest rate term is 3.5%. After 3 years (36 months), you repay your mortgage loan in full. The outstanding amount on your mortgage loan at that time is €100,000. The market interest rate applicable at the time of early repayment for the remainder of the fixed interest term of 2 years is 1.5%. In this case,  $\text{ERC} = (A = \text{€}100,000) \times (U = 24 \text{ months} / 12) \times (D\% = 3.5\% - 1.5\% = 2\%) = \text{€}4,000$ .

AIB will calculate the ERC, using both D% components outlined above. We will then compare the outcome of each calculation and will accept the lower amount, as this is the most beneficial to you. In the above example, this would be the ERC of €4,000.

A specific ERC calculation for your loan can be obtained by request from AIB Home Mortgages, 1 Adelaide Road, Dublin 2. Further information on the terms used here is available on <https://www.aib.ie/our-products/mortgages/Mortgage-Jargon>

#### • Additional information regarding the calculation

We take a number of other factors into account as described below. These will result in a lower ERC than if we did not take these into account. For example:

1. We consider the reducing balance nature of your mortgage, which will mean that your ERC will be less than the indicative figure produced by the  $A \times U \times D\%$  formula.
2. When the remaining term does not exactly match a term for which there is a rate available, we will use the two closest rates and apply the most beneficial to you. For example, if you have 18 months remaining on your fixed term, we will use the more beneficial of the 12 and 24 month rates in our calculations.
3. If there is more than one applicable fixed interest rate offered by the Bank at the time the ERC is being calculated, we will always use the fixed interest rate that generates the lower ERC in our calculations.