

# Fixed Rate Breakage Fee

## Fixed Rate Early Repayment Charge

If you have a fixed interest rate Loan and at any point before expiry of the fixed rate term, you are considering (i) repaying more than the 12-month period over payment allowance (ii) repaying your mortgage loan in full or (iii) switching your Loan to a variable interest rate or other fixed interest rate, please speak to our customer service team on 0818 542 542 as the following may apply to you.

When you take out a fixed interest rate Loan, you sign a contract to lock in your mortgage Loan's interest rates for an agreed period. If you end your fixed rate period early, the Lender may suffer a funding or hedging loss because of the broken fixed rate agreement. You may need to pay the Lender an Early Repayment Charge in compensation for this loss. This charge is in addition to all other sums payable as a condition of and at the time of early repayment. Doing any of the following would be considered ending your fixed rate period early:

- (i) Repaying more than the 12-month period overpayment allowance on your fixed interest rate.
- (ii) Early repayment of your Loan in full.
- (iii) Switching your Loan to a variable interest rate (or other fixed interest rate) Loan.

Early Repayment charges can be large and may vary in size from day to day. Because the amount is based on changes in market conditions between when you fix your interest rate and break or repay it early, the Lender cannot tell you at the time you fix your Interest rate whether an Early Repayment Charge will apply to your mortgage Loan or the amount of Early Repayment Charge that could apply.

The following simplified formula and worked examples show how the Lender calculates its funding or hedging loss. This figure represents the Early Repayment Charge (ERC):

$$ERC = \frac{A \times (B\% - C\%) \times D}{365}$$

"A" = the fixed rate loan balance amount repaid early (or the loan balance amount which is changed from the fixed rate to a new rate) \*

"B%" = the market fixed interest rate/swap rate for fixed rate term at the date of its commencement\*\*

"C%" = the market fixed interest rate/swap rate for the remaining fixed term \*\*

"D" = the number of days from the date of early repayment (or rate change) to the end of the fixed rate term.

### Worked example (1):

"Amount" = €200,000

"B" = 1.5%

"C" = 1%

"D" = 2 years or 730 days

$$\frac{200,000 \times (1.5\% - 1\%) \times 730}{365} = €2,000$$

## Fixed Rate Early Repayment Charge (continued)

Worked example (2):

"Amount" = €200,000

"B" = 1.5%

"C" = 1%

"D" = 5 years or 1825 days

$$\frac{200,000 \times (1.5\% - 1\%) \times 730}{365} = €2,000$$

\*When the Lender calculates the actual Early Repayment Charge, credit will be given for: (i) The reducing balance nature of the mortgage loan from date of fixing to the early repayment (or rate change) date, where applicable, and (ii) The timing of the payment of the early repayment charge (iii) the remaining annual overpayment allowance (iv) the capped amount of the early repayment charge if applicable to your [fixed interest rate loan]. This means that the actual charge amount applicable to your Mortgage Loan may be lower than the indicative figure produced using this example.

\*\* This rate may be a negative rate.

In the event a Borrower chose to pre-pay a portion of their fixed interest rate mortgage loan, the maturity date will not change, and a revised monthly payment will be calculated based on the reduced balance. The Lender will communicate this to the Borrower by a letter post the pre-payment of the fixed interest rate mortgage loan.

Interest is calculated on the Mortgage Balance on a daily basis and compoundable monthly on the date following the Monthly Payment Date.

Notwithstanding the provisions of condition 3.3 the Borrower may make overpayments of up to the overpayment allowance in any 12-month period without payment of Early Repayment Charge.

**WARNING:** Your home is at risk if you do not keep up payments on a mortgage or any other loan secured on it. The payment rates on this housing loan may be adjusted by the lender from time to time.

**WARNING:** If you do not keep up your repayments you may lose your home.

**WARNING:** If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating which may limit your ability to access credit in the future.

**WARNING:** The cost of your monthly repayments may increase.

**WARNING:** You may have to pay charges if you pay off a fixed rate loan early.

**WARNING:** This new loan may take longer to pay off than your previous loan. This means that you may pay more than if you paid over a shorter term.

Lending Criteria, Terms and Conditions apply and are subject to change.