AIB Mortgages **Helping** you move home

Tracker Interest Rate Retention
and Negative Equity Mover Brochure.
Guiding you through your next move.

Contents

AIB Mortgages to **help** you move home

At AIB we understand that life doesn't stand still. There may be various reasons why you need or want to move from your current home. Perhaps your family is growing or getting smaller, or you'd like to relocate for personal or professional reasons.

If you are in negative equity, or have an existing tracker interest rate mortgage you don't want to lose, or both, you may have thought there were no options available to you. Well now there are, with Tracker Interest Rate Retention and Negative Equity Mover from AIB.

Tracker Interest Rate Retention

If you are an existing AIB mortgage customer with a tracker interest rate and you want to sell your existing home and buy a new one, our new Tracker Interest Rate Retention (or "Tracker Retention") could be of interest to you. Tracker Retention may be available even if you are in negative equity.

Tracker Retention allows you to retain your existing tracker interest rate (plus an additional 1% margin) on a new mortgage loan, subject to the key features and eligibility requirements outlined within the Tracker Retention section of this brochure. All new applications will be assessed under AIB standard lending criteria and terms and conditions.

Negative Equity Mover Mortgage

Negative Equity is when the balance of your mortgage is greater than the current market value of your existing home. If your house is in negative equity and you want to move to a new home of greater, lesser or equal value, you can apply for a Negative Equity Mover Mortgage with AIB.

A Negative Equity Mover Mortgage allows you to buy a new home, and add the negative equity balance from your old property onto the mortgage for your new property.

AIB has two negative equity mortgage options available:

Negative Equity Trade Up

A Negative Equity Trade Up mortgage is where the value of the new property is higher than the current value of the existing property. The combined balance of the negative equity on the old property and the new borrowings must be lower than the Loan to Value (LTV) of the existing property.

Negative Equity Trade Down

A Negative Equity Trade Down mortgage is where the value of the new property is lower or equal to the value of the existing property. The total new borrowings, including the negative equity from the old property, must be of an equal or lesser amount to the existing loan.

Tracker Interest Rate Retention

If you are an existing AIB mortgage customer with a tracker interest rate mortgage, Tracker Retention could help you move home without losing your tracker interest rate.

Tracker Retention: Key features and eligibility requirements

- Tracker Retention is only available to existing AIB mortgage customers with a tracker interest rate on their principal private residence and who are not experiencing difficulties making their existing mortgage repayments
- The amount of your new mortgage loan that can avail of Tracker Retention will be limited to the balance of your existing tracker mortgage loan, at the time of application for the new mortgage loan
- You can only avail of Tracker Retention for the amount of time remaining on your existing tracker mortgage loan(s) at the time of application, subject to AIB's maximum age. i.e:
  - Subject to clearance by the 66th birthday if you are PAYE employee (or the 71st birthday, subject to documentary confirmation of retirement age of 70) or on retirement if earlier; and for self employed customers by your 71st birthday.
- The new tracker interest rate will be your existing tracker interest rate plus an additional margin of 1%
- Any additional mortgage amount required to purchase your new home will be at the prevailing AIB new business rate which can be viewed on **www.aib.ie/mortgages**, or in your local branch
- Your new mortgage loan may only be used to purchase a new home which is to be used as your principal private residence
- If you have more than one AIB mortgage on a tracker interest rate secured against your home, Tracker Retention will be based on:
  - The total balance outstanding on all of your AIB tracker mortgage accounts;
  - The longest term remaining on your existing tracker mortgage accounts; and
  - The lowest tracker interest rate applicable to your tracker mortgage accounts (plus an additional margin of 1%).

- Your existing home must be sold and your existing mortgage account must be cleared in full before you can draw down your new mortgage
- The full sale proceeds of your existing home must be used to repay your existing mortgage
- You will need to pay any costs which may occur from the sale of your existing home and the purchase of your new home (including professional fees)
- If you choose to convert the tracker interest rate to an alternative interest rate (e.g. fixed interest rate), at a later date, you will not have the option to revert back to the tracker interest rate
- You will only be able to avail of Tracker Retention once during your relationship with AIB as a mortgage customer i.e. you will not have the option to retain your tracker interest rate again for a subsequent house move
- If you are approved for a new mortgage and Tracker Retention, a Letter of Loan Offer will be issued to you. The Letter of Loan Offer will be valid for 6 months, after which time you will need to make a new mortgage application, which will be subject to AIB standard lending criteria and terms and conditions
- If you have sold your home and cleared your mortgage loan, to remain eligible for Tracker Retention, you must reapply for Tracker Retention within 30 days of the expiry of the Letter of Loan Offer. This is subject to AIB still offering the Tracker Retention at that time
- If you and your co-borrower wish to sell your existing home, buy new homes separately from each other, and avail of Tracker Retention, you will each only be able to avail of Tracker Retention in respect of half of the balance of your existing joint mortgage. If your co-borrower does not wish to buy a new home and avail of Tracker Retention, then you may be able to avail of Tracker Retention in respect of the entire balance of your existing joint mortgage. Your co-borrower would need to waive their entitlement to Tracker Retention (a Tracker Interest Rate Retention Waiver would need to be signed)
- If your existing mortgage is in your sole name and you wish to sell your home and apply for a new joint mortgage with a co-borrower so that you can buy a new home together, you may apply for Tracker Retention subject to the key features and eligibility requirements outlined above
- Up to 80% LTV finance is available to you towards the purchase price of your new property.

Moving home, regardless of your circumstance, is a big decision. We advise you to take independent legal, tax and financial advice before deciding on any type of mortgage.

Your **step-by-step** guide to Tracker Interest Rate Retention

These simple steps will help you get things moving.

Applying for Tracker Interest Rate Retention with AIB is very similar to our normal mortgage application process. Some of the key steps are outlined below:

Please note: If your home is currently in Negative Equity there is a slightly different route; please take a look at the Negative Equity Mover section in this brochure.

Step 1

Talk to us

Read through this guide, and if you feel Tracker Retention is for you, or if you'd simply like more information, talk to our specialist team on **1890 724 724***. They will be happy to answer all of your questions and get things moving for you. You will need to provide:

- A completed Tracker Interest Rate Retention Application Form

and

- A completed Mortgage Application Form together with all requested documentation.

Once you have done this, we can assess your application.

*Please note that Tracker Interest Rate Retention applications can't be dealt with in your AIB branch.

Step 2

Review & approve

Over to us – we will review your Mortgage Application and, if your new mortgage is approved, we will provide you with a Sanction in Principle letter. This is when your bank agrees, in principle, to give you a mortgage, based on the information you've provided. The Sanction in Principle letter will also confirm that you are eligible for Tracker Interest Rate Retention.

Step 3

Selling your home

To avail of Tracker Interest Rate Retention, you will need to sell your home and clear your existing mortgage in full before drawing down your new mortgage. You will also need to pay all legal, moving and auctioneering fees (these can't be deducted from the sale proceeds). If you have a fixed interest rate mortgage account you may need to pay an early breakage cost.

Remember, selling your existing home may take time, so make sure you have the property on the market in good time.

Step 4

Buy your new home

So, you have sold your old house and found a new home to buy. Your new home will need a valuation report, completed by an approved valuer from the AIB Residential Mortgage Valuers panel, a list of which is available from your Mortgage Advisor or from **www.aib.ie**.

The valuation report must be dated within four months of the date of the drawdown of funds, otherwise you maybe required to obtain a new valuation.

AIB has agreed with the panel a fee of €150 for the initial valuation and €65 for any subsequent valuations should they be required.

Step 5

Your new mortgage

Once the conditions in the Letter of Loan Offer have been met we will forward the money to your solicitor to complete the purchase of the new property.

Negative Equity Mover

Negative equity happens when the value of a house is less than the balance of the mortgage owed. That means the proceeds from selling the house would be less than is needed to clear the mortgage in full.

If your house is in negative equity and you want to move to a new home of greater, lesser or equal value, you can apply for a Negative Equity Mover from AIB.

What is a Negative Equity Mover?

- An AIB Negative Equity Mover is available to our existing mortgage customers who are in negative equity and want to buy a new home
- A Negative Equity Mover allows you to add the negative equity balance from your current home onto the mortgage for your new home
- If you are in negative equity and have a tracker interest rate mortgage with AIB, you can apply for Tracker Retention. Further information is available within the Tracker Retention section of this guide, or you can phone our specialist team on **1890 724 724** – they will be happy to talk you through the process and the options available to you.

How it works:

The Negative Equity Mover allows you to transfer the negative equity balance of your existing mortgage onto a new loan for a new property. This means that your new property will be in negative equity, as your new mortgage will include the negative equity balance from your old house.

Key features and eligibility requirements:

- Your existing mortgage must be in negative equity and the new property needs to be your principal private residence
- You are not experiencing difficulties making your existing mortgage repayments
- The prevailing AIB new business rates will apply to your total mortgage loan (unless you are eligible for Tracker Retention, please see the Tracker Retention section of this brochure).

AIB has two Negative Equity Mover mortgages available:

Negative Equity Trade Up

- Involves moving to a property of greater value than the value of the existing property
- Up to 90% Loan to Value (LTV) finance is available to you towards the purchase price of your new property with a Max LTV of 80% for one-bedroom properties.
- The combined balance of the residual debt and the new mortgage must be of a lower LTV than the LTV of the existing property
- The maximum Loan to Value of the new property including the residual debt cannot be more than 175% subject to a maximum loan balance of €700,000.

Negative Equity Trade Down

- Involves moving to a property of lesser or equal value than the existing property
- The borrower may apply for an LTV of up to 100% on the new property, subject to a maximum LTV of 175% including the outstanding balance on the original mortgage loan
- The total loan balance of the new mortgage loan must be less than or equal to the existing mortgage balance. There is no maximum loan amount.
- It is important to note that, although we will lend up to 100% LTV, you will require your own personal funds to secure the new property in advance of drawing down the new loan.

Don’t want to Move!

You love your home, yet need more space but you are in Negative Equity, a Top Up Mortgage may be the option for you

- If your property is in Negative Equity you may be permitted to take out a top up on your existing mortgage, to finance improvements to the property
- The maximum LTV for the combined balance of the current mortgage and top up is 175% subject to a maximum loan balance of €700,000
- The LTV cannot increase after the top up is added to the current mortgage. This must be confirmed by a valuation on the property
- Standard new business rates will apply to the top up loan
- The standard assessment and approval process for all mortgage top ups will apply.

Your **step-by-step** guide to a Negative Equity Mover

We're here to guide you through your next move.

Step 1

Talk to us

Talk to your Mortgage Advisor in your local AIB Branch and let them know you want to sell your house. They will guide you through the process, and get things moving for you. You will need to provide:

- A full valuation of your existing house, to be made at your own cost, and completed by an independent valuer from AIB's Residential Mortgage Valuers Panel
- A completed Mortgage Application Form and all requested documentation.

If your existing mortgage is on a tracker interest rate you may be eligible to apply to retain this rate (plus an additional 1% margin) on a new mortgage loan, subject to the eligibility requirements set out under the Tracker Interest Rate Retention section of this brochure. To apply for Tracker Interest Rate Retention, or for more information, phone **1890 724 724***.

*Please note that Tracker Interest Rate Retention applications can't be dealt with in your AIB branch.

Step 2

Review & approve

Over to us – we will review your property valuation and Mortgage Application, and if approved, we will provide you with a Letter of Agreement.

The Letter of Agreement will

- Approve you to sell your property at, or above, an agreed figure (the "Valuation Amount")
- Outline the repayment schedule in relation to the amount of debt which will be estimated to remain once your property has been sold
- Let you know the interest rate and the term on the existing account(s)
- We will also let you know about any special conditions that may apply.

You will need to review, accept and return the Letter of Agreement to us.

Following the Letter of Agreement

- We will give you a Sanction in Principle with an estimate of the total amount you may be able to borrow if you sell your house at the Valuation Amount. This figure is the total amount that may be borrowed, including the outstanding existing loan on the property
- If the actual sale price looks like it will be less than the Valuation Amount, let us know. Subject to approval, we may be able to amend the Letter of Agreement and Sanction in Principle to reflect this.

Step 3

Selling your home

- After you have reviewed, signed and returned the Letter of Agreement you can instruct a solicitor to assist with the sale of your property, and put your house on the market
- Once your house is sold, at a figure greater or equal to the Valuation Amount, the full sale amount must be forwarded to AIB to be paid against the outstanding debt on your Mortgage Loan(s).

You will need to have funds available to pay:

- All legal, moving and auctioneering fees (as these can't be deducted from the sale proceeds)
- Any early breakage fees arising from repaying a Fixed Interest Rate mortgage account(s) earlier than the agreed fixed period.

Step 4

Buy your new home

When you are looking for your new home, you will need to bear in mind the figure you were given in your Sanction in Principle: this is the total amount of money you can borrow including the outstanding existing or 'residual' loan on your old property.

Remember that following the sale of your old home, you must keep up the monthly payments on the 'residual loan' as outlined in the Letter of Agreement.

When you find a house you would like to buy, the next steps are:

- We will carry out a full loan assessment
- If you meet our standard lending conditions, you will be given a Letter of Loan Offer outlining the conditions of the new mortgage
- You'll need a valuation report, completed by an approved valuer from the AIB Residential Mortgage Valuers panel, a list of which is available from your Mortgage Advisor or from **www.aib.ie**. The valuation report must be dated within four months of the date of the drawdown of funds, otherwise you maybe required to obtain a new valuation.

  AIB has agreed with the panel a fee of €150 for the initial valuation and €65 for any subsequent valuations should they be required.

Step 4 (continued)

- The new mortgage will be made up of the residual debt from your old house, and the money required to purchase the new property
- As this is a new mortgage, you will have the option of choosing from AIB's new business rates. If your previous mortgage was a fixed rate, this rate will not be transferred onto the new mortgage loan, and any breakage fees must be paid by you.

Remember: If your existing mortgage is on a tracker interest rate you may be eligible to apply to retain this rate (plus an additional 1% margin) on a new mortgage loan, subject to the eligibility requirements set out under the Tracker Interest Rate Retention section of this brochure. To apply for Tracker Interest Rate Retention, or for more information, phone **1890 724 724***.

For further information on AIB Lending Conditions please refer to your local AIB Branch or log onto **www.aib.ie**

Step 5

Your new mortgage

Your new mortgage will be made up of the residual debt from your old house, and the money required to purchase the new property.

Once the conditions in the Letter of Loan Offer have been met, we will:

- Clear the remaining balance of the existing loan (residual debt)
- Forward the balance to your solicitor to complete the purchase of the new property.


MORTGAGE LOAN AGREEMENT
MORTGAGE LOAN AGREEMENT

Tracker Interest Rate Retention **Application Form**

Tracker Interest Rate Retention Application for Home Movers

If you wish to apply for Tracker Interest Rate Retention as detailed in the attached '**AIB Mortgages, Helping you move home**' guide, please complete this application form.
You will need to submit this form to us, together with a completed Mortgage Application Form.

1st Applicant:

First Name:

Surname

2nd Applicant (if any):

First Name:

Surname

Reference Number:

Declaration Section:

1. I/We, confirm that I/we have read and understand the contents of the attached '**AIB Mortgages, Helping you move home**' Brochure, particularly the Key Features and Eligibility Requirements and wish to apply for Tracker Retention
2. I/We agree and understand that this application is subject to eligibility criteria and terms and conditions
3. I/We agree and understand that if at any time in the future I/we switch our mortgage from my/our tracker interest rate to any other fixed or variable interest rate offered by AIB at that time that I/we will not under any circumstances be subsequently permitted to revert to the tracker interest rate
4. I/We confirm that I/we have received a copy of the Bank's Terms of Business
5. I agree and understand that if I have a co-borrower on my existing mortgage and I have applied for Tracker Retention separately from them in respect of the entire amount of our existing mortgage that AIB will need to contact them for their waiver. I consent to AIB contacting my co-borrower and informing them of my application when seeking this waiver.

1st Applicant:

Borrower Name (Print Name):

Signature of Borrower:

Date:

Day / Month / Year

2nd Applicant (if any):

Borrower Name (Print Name):

Signature of Borrower:

Date:

Day / Month / Year

WARNING: If you switch to an alternative interest rate, you will not be contractually entitled to go back onto a tracker interest rate in the future.

Helpful Examples

To help you understand how Tracker Interest Rate Retention and Negative Equity Mover Mortgages could work for you, we have put together a few examples*.

Example 1

Negative Equity, trading up and availing of Tracker Interest Rate Retention.

Example 2

Negative Equity, trading down and availing of Tracker Interest Rate Retention.

Example 3

Positive Equity, trading up and availing of Tracker Interest Rate Retention.

Example 4

Positive Equity, trading down and availing of Tracker Interest Rate Retention.

Example 5

Negative Equity, trading up and not eligible for Tracker Interest Rate Retention.

Example 6

Negative Equity, trading down and not eligible for Tracker Interest Rate Retention.

Don't forget you can drop in to any AIB branch to speak to a Mortgage Advisor – they will be happy to help. Or you can phone us on **1890 724 724**.

Our phone lines are open six days a week:
Monday to Friday (8am – 9pm) Saturday (9am – 6pm).

*These examples are for illustrative purposes only.

Example 1

Negative Equity, trading up and availing of Tracker Interest Rate Retention.

Existing Property

Current Mortgage	€200,000
Current Value of Property	€150,000
Negative Equity	€50,000
Loan-to-Value	133%
Term Remaining (Years)	15
Existing tracker interest rate (ECB base rate e.g. 0.00% plus 1% margin)	1.00%
Monthly Repayment Amount (Capital & Interest)	€1,196.97

New Mortgage Loan

New Property

Purchase Price	€250,000
Less Deposit (20%)	€50,000
Mortgage on New Property	€200,000
Plus Negative Equity	€50,000
Total New Mortgage	€250,000
Loan-to-Value	100%

Repayment of New Mortgage Loan

Part A – Tracker Interest Rate 2.02% APRC (Variable)

Mortgage Balance	€200,000
New tracker interest rate (1% higher than previous tracker margin + ECB base of 0.00%)	2.00%
Term (Years)	15
Monthly Repayment Amount	€1,286.81

Part B – Variable Rate 3.15% (APRC 3.22%)

Mortgage Balance	€50,000
Interest Rate (Loan to Value Variable Rate Home Loan >80% LTV)	3.15%
Term (Years) (subject to AIB lending criteria)	30
Monthly Repayment Amount	€216.64

Total Repayment Amount (Part A + Part B) **€1,501.45**

Example 2

Negative Equity, trading down and availing of Tracker Interest Rate Retention.

Existing Property

Current Mortgage	€200,000
Current Value of Property	€180,000
Negative Equity	€20,000
Loan-to-Value	111%
Term Remaining (Years)	15
Existing tracker interest rate (ECB base rate e.g. 0.00% plus 1.10% margin)	1.10%
Monthly Repayment Amount (Capital & Interest)	€1,205.77

New Mortgage Loan

New Property

Purchase Price	€150,000
Less Minimum Deposit Required (0%)*	€0
Mortgage on New Property	€150,000
Plus Negative Equity	€20,000
Total New Mortgage	€170,000
Loan-to-Value	113%

*It is important to note that, although we will lend up to 100% LTV, you will require your own personal funds to secure the new property in advance of drawing down the new loan.

Repayment of New Mortgage Loan

Part A – Tracker Interest Rate 2.14% APRC (Variable)

Mortgage Balance	€170,000
New tracker interest rate (1% higher than previous tracker margin + ECB base of 0.00%)	2.10%
Term (Years) (subject to AIB lending criteria)	15
Monthly Repayment Amount	€1,101.62
Part B – N/A	

Total Repayment Amount (Part A + Part B) **€1,101.62**

Example 3

Positive Equity, trading up and availing of Tracker Interest Rate Retention.

Existing Property

Current Mortgage	€200,000
Current Value of Property	€240,000
Positive Equity	€40,000
Loan-to-Value	83%
Term Remaining (Years) (subject to AIB lending criteria)	20
Existing tracker interest rate (ECB base rate e.g. 0.00% plus 1.25% margin)	1.25%
Monthly Repayment Amount (Capital & Interest)	€942.22

New Mortgage Loan

New Property

Purchase Price	€300,000
Less Minimum Deposit Required (20%)	€60,000
Mortgage on New Property	€240,000
Loan-to-Value	80%

Repayment of New Loan

Part A – Tracker Interest Rate 2.27% APRC (Variable)

Mortgage Balance	€200,000
New tracker interest rate (1% higher than previous tracker margin + ECB base of 0.00%)	2.25%
Term (Years)	20
Monthly Repayment Amount	€1,035.34

Part B – Variable Rate 3.15% (APRC 3.22%)

Mortgage Balance	€40,000
Interest Rate (Loan to Value Variable Rate Home Loan >80% LTV)	3.15%
Term (Years) (subject to AIB lending criteria)	30
Monthly Repayment Amount	€171.72

Total Repayment Amount (Part A + Part B) **€1,207.06**

Example 4

Positive Equity, trading down and availing of Tracker Interest Rate Retention.

Existing Property

Current Mortgage	€200,000
Current Value of Property	€250,000
Term Remaining (Years)	20
Existing tracker interest rate (ECB base rate e.g. 0.00% plus 1.00% margin)	1.00%
Monthly Repayment Amount (Capital & Interest)	€919.77

New Mortgage Loan

New Property

Purchase Price	€200,000
Less Minimum Deposit Required (20%)	€40,000
Mortgage on New Property	€160,000
Loan-to-Value	80%

Repayment of New Loan

Part A – Tracker Interest Rate 2.03% APRC (Variable)

Mortgage Balance	€160,000
New tracker interest rate (1% higher than previous tracker margin + ECB base of 0.00%)	2.00%
Term (Years) (subject to AIB lending criteria)	20
Monthly Repayment Amount	€809.25
Part B – N/A	

Total Repayment Amount (Part A + Part B)	**€809.25**

Example 5

Negative Equity, trading up and
not eligible for Tracker Interest Rate Retention.

Existing Property

Current Mortgage	€240,000
Current Value of Property	€200,000
Negative Equity	€40,000
Loan-to-Value	120%
Term Remaining (Years)	20
Existing rate	4.15%
Monthly Repayment Amount (Capital & Interest)	€1471.87

New Mortgage Loan

New Property

Purchase Price	€300,000
Less Deposit (20%)	€60,000
Mortgage on New Property	€240,000
Plus Negative Equity	€40,000
Total New Mortgage	€280,000
Loan-to-Value	107%

Repayment of New Loan

Part A – Variable Rate 3.15% (APRC 3.22%)

Mortgage Balance	€280,000
Term (Years)	20
Monthly Repayment Amount	€1,572.82

Total Repayment Amount **€1,572.82**

Example 6

Negative Equity, trading down and
not eligible for Tracker Interest Rate Retention.

Existing Property

Current Mortgage	€200,000
Current Value of Property	€180,000
Negative Equity	€20,000
Loan-to-Value	111%
Term Remaining (Years)	15
Existing rate	4.15%
Monthly Repayment Amount (Capital & Interest)	€1,493.24

New Mortgage Loan

New Property

Purchase Price	€150,000
Less Minimum Deposit Required (0%)	€0
Mortgage on New Property	€150,000
Plus Negative Equity	€20,000
Total New Mortgage	€170,000
Loan-to-Value	113%

* It is important to note that, although we will lend up to 100% LTV, you will require your own personal funds to secure the new property in advance of drawing down the new loan.

Repayment of New Loan

Part A – Variable Rate 3.15% (APRC 3.22%)

Mortgage Balance	€170,000
Term (Years)	20
Monthly Repayment Amount	€954.93

Total Repayment Amount **€954.93**

Frequently asked **questions**

Q1. If I am eligible for Tracker Retention what interest rate will apply to my new mortgage?

The Tracker Retention Interest Rate on the new mortgage will be your existing tracker interest rate plus an additional margin of 1%. This will be limited to the balance of your existing mortgage, at the time of application for the new loan. Any funds above this amount will be at the prevailing AIB new business rate which can be viewed on **www.aib.ie/mortgages**

Q2. I already have mortgage approval from AIB – can I avail of Tracker Retention?

To avail of Tracker Retention you must have an existing AIB Mortgage account or PDH Voluntary Sale for Loss (VSFL) residual debt, on a tracker interest rate at the time of application.

If this is the case, and you already have mortgage approval, you can still avail of Tracker Retention.

If you wish to apply for Tracker Retention, please talk to the mortgage Advisor who handled your original mortgage application.

Q3. I previously had loan approval for a larger loan amount, but have been offered less with Tracker Retention, why?

AIB must take the mortgage term and interest rate into consideration when assessing the affordability of the mortgage. If the mortgage amount originally approved has changed this is most likely due to one of these factors changing.

Q4. I am building a new house – can I avail of Tracker Retention?

Yes, once you meet the eligibility criteria and your existing mortgage account is on a tracker interest rate you may apply for Tracker Retention.

Q5. I have already purchased my new home – can I get my old tracker interest rate applied to my new mortgage?

No, Tracker Retention is not available to anyone who has already drawn down their new mortgage.

Q6. I have already sold my home and cleared the mortgage loan – can I apply for Tracker Retention?

No, Tracker Retention is not available to anyone who has already sold their home and cleared their loan.

Q7. I am in negative equity – can I apply for Tracker Retention?

Yes you can. For further details please refer to the Negative Equity Mover Mortgage section in this guide.

Q8. I was in negative equity but sold my house, have a residual debt on a tracker interest rate and have yet to purchase a new home – can I avail of Tracker Retention?

Yes, if your account meets the eligibility criteria, the balance, rate and term of the residual debt account, at the point of application, will be eligible for Tracker Retention.

Q9. I have been approved for Tracker Retention, do I need to sell my home before I can draw down my new mortgage to buy my new home?

To avail of Tracker Retention, your existing home must be sold and your existing mortgage account must be cleared in full before you can draw down your new mortgage.

Q10. What if I can't sell my home before my Letter of Loan Offer for my new mortgage expires?

If your Letter of Loan Offer for your new mortgage expires, you may reapply for a new mortgage. Please be aware that all subsequent mortgage applications are treated as brand new mortgage applications and will be subject to lending criteria and terms and conditions.

Q11. I want to apply for a Top Up Mortgage but my house is in Negative Equity, can I still apply?

Yes you can still apply for a top up to finance improvements to your property even if your home is currently in Negative Equity.

We can offer a combined Loan to value of up to 175%, this will include your current mortgage balance and the new Top Up Mortgage (subject to a maximum loan balance of €700k). Competitive interest rates available. For more information please speak to an AIB Mortgage Advisor in your local branch, contact **1890 724 724** or download our AIB Mortgages Helping you move home brochure on **www.aib.ie/mortgages**

Q12. How can I apply for Tracker Retention?

Simply contact our dedicated team on **1890 724 724** and they will talk you through the application process.

Q13.What is and is not a foreign currency mortgage loan?

Your mortgage loan is a foreign currency loan if its currency is different to either:

- the currency of the income or assets you intend to use to repay the mortgage loan; and/or
- the currency of the European Economic Area (EEA) State in which you are resident.

We can only facilitate one non-euro currency per mortgage application. The following are examples of what is and is not a foreign currency mortgage loan:

- Richard is a Republic of Ireland resident and earns sterling which he will use to repay the Euro mortgage he is applying for. The income Richard will use to repay the Euro mortgage will be sterling. Therefore, Richard's mortgage is a foreign currency mortgage loan

- Martina is a Republic of Ireland resident. Her income includes US dollars received from an investment property in the USA. Martina will use the US dollars to repay the Euro mortgage she is applying for. Therefore, Martina's mortgage is a foreign currency mortgage loan
- Charlene is a USA resident and earns Euro which she will use to repay the Euro mortgage she is applying for. The USA is not a EEA State and Charlene will use her Euro income to repay the Euro mortgage. Therefore, Charlene's mortgage is not a foreign currency mortgage loan
- Patrick is a Polish resident and earns Euro which he will use to repay the Euro mortgage he is applying for. Patrick will use his Euro income to repay the Euro mortgage but he lives in an EEA state that has a non-euro currency, złoty. Therefore, Patrick's mortgage is a foreign currency mortgage loan
- Sonja is a Croatian resident and earns Croatian Kuna and British Pounds which she will use to repay the Euro mortgage she is applying for with her partner Stephen. Stephen is a Republic of Ireland residents and earns Euro which he will use to repay the Euro mortgage. The income Sonja will use to repay the Euro mortgage will be in Croatian Kuna and British Pounds Therefore, Sonja and Patrick's mortgage is a foreign currency mortgage loan. However, AIB can only facilitate one non-euro currency per mortgage application so this application cannot be processed.

Mortgage **glossary**

Annual Percentage Rate (APR) or Annual Percentage Rate of Charge (APRC). The yearly cost of your borrowing. It takes into account the interest rate charged and any other fees.

Arrears. Mortgage repayments that haven't been made.

Building Energy Rating (BER). A Building Energy Rating or BER is an energy label with accompanying advisory report for homes. The rating is a simple A to G scale. A-rated homes are the most energy efficient and will tend to have the lowest energy bills.

Broker. Your advisor on mortgage deals available from various lenders.

Capital. The amount you owe excluding costs and interest. Also known as the principal of the loan.

Collateral. Security offered against the value of the loan.

Cost of Credit. Cost of Credit is the difference between the amount you borrow and the total you repay by the end of the loan period.

Deeds. Official documents of ownership.

Deposit. An initial sum paid to the seller for purchase of a property. The buyer could forfeit this if they don't complete the transaction.

Direct Debit Mandate. By signing a Direct Debit Mandate (DDM) you authorise AIB Mortgage Bank to send instructions to your Bank to debit your account in accordance with the instruction received. This enables you to pay your monthly mortgage repayment amount from a current account. If your repayment amount increases or decreases as a result of interest changes then this will automatically be reflected in the amount debited from your account.

Equity. The difference between a home's value and the outstanding mortgage debt.

Fixed Interest Rate. The rate on a mortgage loan, which doesn't change for a specified period, known as the fixed period.

Foreign currency mortgage loans. The currency of your loan and repayments will be euro. If the currency of (some of) your income or assets you intend to use to repay the mortgage loan is not euro, and/or you live in a European Economic Area (EEA) state that is not in the euro zone, the mortgage loan is a foreign currency loan. You should be aware that fluctuations in the relevant currency exchange rates may affect the value of your outstanding mortgage balance and/or your repayment. This could mean that you may find it difficult to afford your mortgage repayments. We can only facilitate one non-euro currency per mortgage application

Freehold or Leasehold. A freehold title gives the holder ownership of the land and buildings for an indefinite period. A leasehold title gives the holder a right to use and occupy land and buildings for a defined period of time.

Guarantor. Somebody, other than you, who can guarantee your mortgage loan repayments.

Home Insurance. You need a Home Insurance policy in place before you can draw down your mortgage. To get a quote today, simply drop into your local branch, call us on **1890 724 724** or click on **www.aib.ie** to ensure you're protected.

Interest Rates. You can choose between our fixed, variable or split interest rates. Fixed makes it easy to budget because you know what your repayments will be. Variable lets you make early or lump sum repayments. And Split Rate lets you split your mortgage loan between variable and fixed rates, in whatever proportion you choose.

Judgement. Judging the right location, size and style of home is very important. You also need to consider its resale value in case you want to move in future.

Letter of Loan Offer. Once a mortgage application is approved, you'll receive a formal letter setting out the conditions of the loan. This will include the requirement of a valuation report, this valuation report must be dated within four months of the date of the drawdown of funds, otherwise you maybe required to obtain a new valuation. Your solicitor will also get a copy.

Loan to Value (LTV). These are percentages representing the difference between your mortgage loan and the value of your property. For example, a mortgage of €90,000 on a property valued at €100,000 would be shown as 90% Loan to Value.

Maturity Date. The last day of the mortgage agreement – the day the mortgage loan must be paid in full or the agreement renewed.

Moratorium. A Moratorium is a payment holiday that allows you to take a break from your mortgage or reduce your payments up to a maximum of 6 months. This is taken at the beginning of your mortgage. The Mortgage term will remain the same however your repayment amounts will be adjusted.

This option affects the repayment amount and/or the term of the mortgage. Flexible repayment options are subject to approval.

Mortgage Loan. A long-term loan, usually 20 to 35 years, secured by a mortgage against the borrower's property.

Payment Protection Insurance. This is an optional product designed to protect your mortgage repayments should your circumstances change. This can cover your payments for up to 12 months in the event of an accident, sickness, involuntary unemployment, business failure or critical illness.

Principal private residence, Home, PDH (Private Dwelling House). A person's primary residence, or main residence is the dwelling where they usually live with in the state. A person can only have one primary residence at any given time.

Sanction in Principle. A Sanction in Principle (SiP) is provisional approval for a mortgage loan amount and term subject to evidence of income and employment, proven repayment capacity and any other special conditions the Bank may issue.

It is not a legally binding agreement.

A SiP is invaluable in giving you the confidence to go out into the market knowing, in most cases, your mortgage will be approved. In addition, Estate Agents and Vendors will be more comfortable proceeding knowing you have a Sanction in Principle in place.

Standard Variable Rate. A standard variable rate is a rate set by the lender, which may change when necessary.

Terms and Conditions (T&C's). Remember all loans will have different terms and conditions, ensure you are familiar with your loans T&C's.

Tracker Retention Interest Rates. If you are eligible for our Tracker Interest Rate Retention, the Tracker Interest Rate will be made up of two parts:

(a) the European Central Bank's main refinancing operations minimum bid rate (the "ECB rate") which is variable; and

(b) the Margin/Adjustment above the ECB rate, this will stay static throughout the life of the loan.

Valuation. This report, carried out by a professional valuer, gauges the market value of your property. It is important to remember that this report is different to a structural or planning survey. AIB has agreed with the panel a fee of €150 for the initial valuation and €65 for any subsequent valuations should they be required.

Important points to note

- AIB strongly recommends that you seek independent legal, tax and financial advice before proceeding with Negative Equity Mover or Tracker Retention
- The Sanction in Principle regarding how much money you may be able to borrow for the new property, is subject to change based on your financial circumstances at the time of purchase of the new property and the actual sale price for your existing property
- After the sale of your existing property, it may be necessary for you to review/amend/cancel your existing insurance policies
- Prior to the drawdown of your new mortgage, you will be required to have adequate life cover in place. You should speak to your financial advisor about amending your existing life cover and/or taking out additional life cover
- Details about you and your borrowings, including any arrangements or modifications to your existing AIB mortgage account(s) and any new mortgage account, may be reported to credit reference agencies, which may include the Central Credit Register which is maintained and operated by the Central Bank of Ireland and/or Irish Credit Bureau. These details may appear on your credit report
- You will be responsible for the cost of any property valuations and any other associated costs of buying and selling the properties
- If part of your existing mortgage is on a fixed interest rate and it is repaid prior to the expiry of the fixed interest rate term this may result in an early breakage cost being payable to us. Your existing Letter of Loan Offer details how an early breakage cost is calculated. For further details regarding the early breakage cost please telephone **1890 252 008**
- The Negative Equity Mover and Tracker Interest Rate Retention offers are available until further notice
- Tracker Interest Rate Retention may also be referred to as Tracker Portability in other documentation you may receive from us.

General and Regulatory information sheet about our Tracker Interest Rate Retention and Negative Equity Mover Mortgages

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

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

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

WARNING: The cost of your monthly repayments may increase.

WARNING: The entire amount that you have borrowed will still be outstanding at the end of the interest-only period.

WARNING: If you switch to an alternative interest rate, you will not be contractually entitled to go back onto a tracker interest rate in the future.

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.

Note: Applies to variable rate loans only

About Us

We are Allied Irish Banks, p.l.c. and AIB Mortgage Bank.

AIB plc introduces and arranges AIB Mortgage Bank mortgage loans. AIB Mortgage Bank provides mortgage loans and are the entity that our customers will contract with. AIB plc service the AIB Mortgage Bank mortgage loan for the lifetime of the product.

Our address is Bankcentre, Ballsbridge, Dublin 4.

Allied Irish Banks, p.l.c. and AIB Mortgage Bank are regulated by the Central Bank of Ireland.

Purpose of the mortgage loan

Negative equity mortgage loans enable existing mortgage customers who are in negative equity to purchase a new home. Negative equity mortgage customers may be able to avail of one of the following mortgage options:

- **Trade up:** moving to a property of greater value than the value of the existing property
- **Trade down:** moving to a property of lesser or equal value than the existing property
- **Top up:** take out a top up on your existing mortgage, to finance improvements to the property.

Tracker Interest Retention Rate enable existing customers with a tracker rate mortgage to purchase a new home without losing their tracker interest rate

How much can you borrow?

- **Negative Equity Movers:**
  - **Trade up:** 90% loan to value (LTV) of the purchase price or valuation whichever is lower. The maximum LTV of the new property including the residual debt cannot be more than 175% subject to a maximum loan balance of €700,000
  - **Trade down:** 100% LTV of the purchase price or valuation whichever is lower subject to a maximum LTV of 175% including the outstanding balance on the original mortgage loan. The total balance of the new mortgage must be less than or equal to the existing mortgage balance, there is maximum loan amount.
- **Negative Equity Top Ups:**
  - Maximum LTV for the combined balance of the current mortgage and top up is 175% subject to a maximum loan balance of €700,000
- **Tracker Interest Rate Retention**:
  - 80% of the purchase price or valuation whichever is lower.
- Maximum LTV of 80% on one bed properties (for both Negative Equity Movers and Tracker Interest Rate Retention customers).

Lending levels are subject to monthly repayment burden, typically not exceeding c. 35% of borrower's disposable income and will vary according to individual circumstances.

Mortgage loan requests are considered on the basis of proof of income, financial status and demonstrated repayment capacity (including capacity to repay at higher interest rates). Mortgage loans are not available to people under 18 years.

If you do not provide us with the requested documentation, we will not be able to assess your application and credit cannot be granted.

Repayment terms

You can only avail of our tracker interest rate retention product for the amount of time remaining on your existing tracker mortgage loan(s) at the time of application, subject to AIB's maximum age i.e. subject to clearance by your 66th birthday if you are PAYE employee (or the 71st birthday, subject to documentary confirmation of retirement age of 70) or on retirement if earlier or if you are self-employed by your 71st birthday.

Security for the mortgage loan

Mortgage loans are secured by a first legal mortgage/charge over your property. The property must be within the Republic of Ireland.

Foreign currency mortgage loans

If your mortgage loan is a foreign currency loan because its' currency is different to either:

(a) The currency of the income or asset you intend to use to repay the mortgage loan; and/or

(b) The currency of the European Economic Area State in which you are resident.

You should be aware that fluctuations in the relevant currency exchange rates may affect the value of your outstanding mortgage balance and/or your repayment.

This could mean that you may find it difficult to afford your mortgage repayments. We can only facilitate one non-euro currency per mortgage application.

Our mortgage interest rate options

Your AIB Mortgage Advisor can tell you exactly what our current interest rates are and how they translate into monthly repayments. Here is a brief description of the types of interest rates available:

(i) Variable interest rate

- A variable interest rate can go up and/or down resulting in your monthly repayments rising and/or falling over the life of your mortgage loan
- A variable interest rate gives you more flexibility. You can make extra mortgage repayments or clear your mortgage earlier than agreed without having to pay any penalties
- You may have the option of switching to a fixed interest rate (if offered by us at that time)
- Our Loan to Value (LTV) variable rate is available to owner occupier mortgage loans. We have a range of LTV variable rates depending on the amount you are borrowing relative to the value of your home
- Our Standard Variable rate is available to all buy to let mortgage loans

- A variable rate mortgage loan may be repaid at any time in full, or in part, without penalty.

(ii) Fixed interest rate

- While on a fixed interest rate, the interest rate and mortgage repayment remains the same for the agreed fixed interest rate period (typically 1 to 5 years). During this time the interest rate will not change.
- You may be charged an early breakage cost if you do any of the following while on a fixed interest rate:

  (a) Repay the mortgage loan in full (including interest)

  (b) Convert your fixed interest rate to an appropriate variable interest rate or another fixed interest rate (if offered by us at that time)

  (c) Make a partial out-of-course repayment.
- The formula to calculate the early breakage cost is:
  (A) x (U) x (D%) = early breakage cost

Definition of terms used in this formula: (A) the amount of the premature payment or balance of the mortgage loan at date of conversion to another rate. (U) Unexpired period is the period remaining to the end of the original fixed interest rate period. (D%) Difference in interest rate is the difference between the fixed interest rate applicable at the start of the fixed interest period and the fixed interest rate applicable as at date of premature payment/conversion, for the unexpired fixed interest rate period.

Worked Example: A = € 100,000 the amount of the premature payment or balance converted to another rate U = 2 years (24 months) on basis you fixed for 5 years (60 months) and are now breaking out of fixed rate after 3 years (36 months) D = 2% on the basis you fixed at a 5 year rate of 5.25% and the fixed rate for the unexpired period (i.e. 24 months) is 3.25%. So, applying the formula A x U x D: € 100,000 x 24/12 x 2% = € 4,000.

- At the end of your fixed interest rate period, you will have the option of moving to:

  (a) a new fixed interest rate and period, (if offered by us at that time); or

  (b) a variable interest rate, at our then prevailing rates applicable to your mortgage loan.

If you do not exercise a choice, our standard variable interest rate will apply to your mortgage loan.

(iii) Split interest rate

You may choose to have a portion of your mortgage loan on a fixed interest rate and the other portion on a variable interest rate. This will enable you to benefit from the advantages of each interest rate in whatever proportions you choose.

(iv) Tracker interest rate retention (only available to existing AIB Tracker Mortgage customers):

- Tracker Retention allows you to retain your existing tracker interest rate (plus an additional 1% margin) on a new mortgage loan.

- If you are eligible for our tracker interest rate retention product, the tracker interest rate will be made up of two parts:

  (a) the European Central Bank's main refinancing operations minimum bid rate (the "ECB rate") which is variable; and

  (b) the margin/adjustment above the ECB rate, this will stay static throughout the life of the loan.

- You can make extra mortgage repayments or clear your mortgage earlier than agreed without having to pay any penalties.
- If you move from a tracker interest rate to an alternative interest rate, such as a fixed interest rate, you cannot go back onto a tracker interest rate in the future.

Please note that due to the changeability of variable and tracker rates, it is not possible to determine at loan offer stage whether a fixed, variable or tracker rate will have the lowest repayment amount over the course of the loan.

Flexible features

You can speak to us about the following flexible repayment options that may be available to you:

- **Term extension:** You may be able to increase the term of your mortgage loan once affordability criteria has been met
- **Interest Only:** You may be able to apply for interest only repayments for a specified duration during the term of your mortgage loan
- **Moratorium:** A moratorium is a payment holiday that allows you to take a break from your mortgage or reduce your repayments for up to a maximum of 6 months.

These options are subject to you meeting the eligibility criteria and terms and conditions and, if granted, may affect the repayment amount and/or the term of the mortgage loan.

Fees and charges

You will have some expenses to pay in connection with the mortgage loan. Here are some examples of the expenses that may be payable:

(i) Valuation Report

To assess the value of your property and make sure that it offers suitable security for your mortgage loan, you will need to send us a valuation report on it. This valuation report will cost you €150.00 and must be in our standard form and undertaken by a valuer from our Residential Mortgage Valuers Panel. If the valuation of the property is undertaken more than four months before the requested date of drawdown of the mortgage loan or of the final stage payment, we will require an up to date valuation of the property, in our standard form, before drawdown can take place; this will cost you €65.00.

(ii) Your own advisors' fees

You will pay any fees, charges and expenses that you are charged by any of your own advisers in connection with the mortgage loan.

(iii) Stamp Duty

Stamp duty is payable on your new home. Your solicitor will work out how much stamp duty you owe.

(iv) Our solicitors' fees

If the security includes a new mortgage over property that is not your private dwelling place or holiday home, you will have to pay our solicitors' fees in connection with the mortgage loan.

(v) Insurance

- **For your property:** For your own protection as well as ours, it will be a condition in your letter of offer that your property is adequately insured, at your own cost.
- **Life assurance:** If you or your dependants intend to use the property as a principal place of residence, you must show evidence of mortgage protection insurance, unless you are exempt under the Consumer Credit Act 1995. These policies are designed to pay off your mortgage in full if you or your co-borrower die unexpectedly. The correct type of life assurance will depend on the amount, term and type of borrowing (you can seek this insurance through us or from other sources).

Allied Irish Banks, p.l.c. is a tied agent of Irish Life Assurance plc. for life and pensions business.

(vi) Surcharge Interest

Arrears attract surcharge interest at 6% per annum in addition to the interest rate that applies to the loan. Surcharge can be avoided by making all repayments when due.

Paying the mortgage loan

Your letter of loan offer will detail the number, frequency and amount of your mortgage repayments.

If you choose a variable interest rate, there is no guarantee that repaying the monthly repayments detailed in the credit agreement will be sufficient to pay the full amount (including interest) that you owe us under the credit agreement. This is because the detailed monthly repayments are only correct as of the date of the credit agreement and variable interest rates can go up resulting in your monthly repayments rising over the life of your mortgage loan. However, variable interest rate may also go down resulting in your monthly repayments falling over the life of your mortgage loan.

If you cancel or make a claim for reimbursement of a direct debit repaying your mortgage account, and fail to make alternative arrangements for payment, your account will go into arrears.

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 AIB will take the appropriate steps to recover the amount due. This could mean that AIB will commence legal proceedings seeking an order for possession against you, which will put your home at risk and affect your credit rating, and limit your ability to access credit in the future. All of your obligations in connection with the mortgage loan will be detailed in your credit agreement.

What is the total amount I will have to pay?

Tracker Interest Rate Retention Mortgage

A typical €100,000, 20 year mortgage for an Owner Occupier Residential Property with interest rate of 2.10% (based on this scenario) (ECB rate currently 0.00% + margin 1.1% + additional margin 1%) and APRC 2.15%, will have 240 monthly repayments of €510.46. If the interest rate does not vary during the term of the mortgage, the total cost of credit i.e. the total amount repayable less the amount of the loan would be €22,784.92 (inclusive of valuation report fees of €215 and security release fee of €60.00). The total amount repayable would be €122,784.92. The effect of a 1% increase in the ECB interest rate for such a mortgage will add €48.76 to the monthly repayments.

Variable Interest Rate Example

A typical €100,000, 20 year mortgage for an Owner Occupier Residential Property with LTV >80% will have a variable interest rate of 3.15% and APRC 3.22%, and 240 monthly repayments of €561.72. If the interest rate does not vary during the term of the mortgage, the total cost of credit i.e. the total amount repayable less than the amount of the loan would be €35,088.04 (inclusive of €215.00 valuation report fees and security release fee of €60.00). The total amount repayable would be €135,088.04. The effect of a 1% increase in interest rates for such a mortgage will add €51.43 to the monthly repayments.

Notes

What to remember and what to do next…

We're open. We're lending.

Branch. Phone. Online.
Call **1890 724 724**
Visit **www.aib.ie/mortgages**
or Drop in to any branch.

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