

Lifetime Mortgages

Intermediary
Product
Information

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 Guide is accurate at the time of printing (June, 2006) and is subject to change without notice.

Lifetime Mortgages are subject to eligibility criteria and terms and conditions apply.

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 Fixed

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 6.74% (Typical APR 6.95%). Remember this product is designed to run for the life of the applicant and there may be extra cost incurred if it is repaid early (See: "Consumer Credit Act Notices).

Lifetime Mortgage 2 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 5.79% (Typical APR 5.95%). This is a variable rate of interest and it **can change** 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. (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).

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Remember, the products are designed as Lifetime loans 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. 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.

Eligibility Criteria

- Applicant/s must be **60** years or over.
- Any outstanding mortgage or charges on the property must be repaid.
- Property must be the applicants principal private residence.
- The minimum amount that may be borrowed is **€25,000**.
- See enclosed LTV chart for maximum limits – Couples/Female/Male.
- With Lifetime Mortgage (2) where the interest rate is variable with a ceiling, the percentages that may be borrowed 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 a property is valued at €500,000 and the applicant (Single Female) is 65 years of age, then the maximum that can be borrowed on the Lifetime Mortgage (1) is 20% of that value or €100,000. If Lifetime Mortgage (2) is selected the maximum is 15% of that value or €75,000.

EXAMPLE

Estimated Property Value on January 1st, Year 1:	€500,000
Amount Borrowed on January 1st, Year 1:	€100,000
Interest Rate 6.74% per annum. Typical APR:	6.95%

Loan amount owed at end of each yr:

Value of Property at Various Rates of Property Price Growth:

		0%per yr	2%per yr	4%per yr	6%per yr
Year 1	€106,952	€500,000	€510,000	€520,000	€530,000
Year 2	€114,388	€500,000	€520,200	€540,800	€561,800
Year 3	€122,340	€500,000	€530,604	€562,432	€595,508
Year 4	€130,845	€500,000	€541,216	€584,929	€631,238
Year 5	€139,942	€500,000	€552,040	€608,326	€669,113
Year 6	€149,671	€500,000	€563,081	€632,660	€709,260
Year 7	€160,076	€500,000	€574,343	€657,966	€751,815
Year 8	€171,205	€500,000	€585,830	€684,285	€796,924
Year 9	€183,107	€500,000	€597,546	€711,656	€844,739
Year 10	€195,837	€500,000	€609,497	€740,122	€895,424
Year 11	€209,452	€500,000	€621,687	€769,727	€949,149
Year 12	€224,013	€500,000	€634,121	€800,516	€1,006,098
Year 13	€239,587	€500,000	€646,803	€832,537	€1,066,464
Year 14	€256,243	€500,000	€659,739	€865,838	€1,130,452
Year 15	€274,058	€500,000	€672,934	€900,472	€1,198,279
Year 16	€293,111	€500,000	€686,393	€936,491	€1,270,176
Year 17	€313,488	€500,000	€700,121	€973,950	€1,346,386
Year 18	€335,282	€500,000	€714,123	€1,012,908	€1,427,170
Year 19	€358,592	€500,000	€728,406	€1,053,425	€1,512,800
Year 20	€83,521	€500,000	€742,974	€1,095,562	€1,603,568

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.

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Frequently Asked Questions

Q. Are the products regulated?

A. Yes, the products are subject to the requirements of the Consumer Credit Act 1995 as supervised by the Financial Regulator.

Q. Are the rates competitive?

A. Yes, the rates are very competitive long term rates because these products have unique features:

1. These loans are **for the life/lives** of the customer(s).
2. There are **no monthly repayments** being made so there is a significantly higher funding cost to S.H.I.P.
In a normal repayment mortgage the bank can re-lend funds as they are paid back.

Q. Inheritance – does the property have to be sold?

A. No, the estate can choose to clear the loan and avoid the need for the property to be sold.

Q. Are top-ups available?

A. Yes, top-ups are available subject to prevailing LTV criteria at the time of application and a minimum sum of €25K.

Q. Can partial repayments be made?

A. Yes, partial repayment is acceptable with a maximum of 2 such payments in any calendar year and a minimum sum of €5K each payment.

Q. Are there redemption penalty charges?

A. Early redemption in whole or part may incur a redemption fee. In respect of Lifetime Mortgage 1 – Fixed, the charge covers any costs incurred by SFIL in adjusting or terminating any interest rate hedging contract entered into to provide the certainty of a fixed rate over of the loan term. In respect of Lifetime Mortgage 2 – Variable with ceiling, no additional cost arises if the loan is repaid after 5 years.

Q. Can negative equity arise?

A. No, the products include a guarantee which means that when the time comes to repay the loan & interest, the amount owed will not exceed the net sale proceeds of the property.

Lifetime Mortgage

Loan to Value Max Limits

Age	M/F	F	M
60	14.00%	15.00%	16.00%
61	15.00%	16.00%	17.00%
62	16.00%	17.00%	18.00%
63	17.00%	18.00%	19.00%
64	18.00%	19.00%	20.00%
65	19.00%	20.00%	21.00%
66	20.00%	21.00%	22.00%
67	21.00%	22.00%	23.00%
68	22.00%	23.00%	24.00%
69	23.00%	24.00%	25.00%
70	24.00%	25.00%	26.00%
71	25.00%	26.00%	27.00%
72	26.00%	27.00%	28.00%
73	27.00%	28.00%	29.00%
74	28.00%	29.00%	30.00%
75	29.00%	30.00%	31.00%
76	30.00%	31.00%	32.00%
77	31.00%	32.00%	33.00%
78	32.00%	33.00%	34.00%
79	33.00%	34.00%	35.00%
80	34.00%	35.00%	36.00%
81	35.00%	36.00%	37.00%
82	36.00%	37.00%	38.00%
83	36.00%	37.00%	38.00%
84	36.00%	37.00%	38.00%
85	36.00%	37.00%	38.00%

NOTE With Lifetime Mortgage (2) where the interest rate is **Variable** with a ceiling, the percentages that may be borrowed are **5 percentage points lower in all cases.**