

Your Guide to a Part Capital and Interest Arrangement

This document is intended for use by former
Ulster Bank mortgage customers whose
mortgage transferred to permanent tsb.



The first step to getting you back on track with your mortgage.

Helping to Keep You in Your Home

At permanent tsb we understand that in these difficult economic times, meeting mortgage repayments can be challenging. Our priority is to work with you to help you to stay in your home.

A Tailored Offer – Appropriate For You

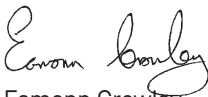
We have reviewed your financial circumstances to decide the appropriate option for you. After reviewing your situation, a Part Capital and Interest Arrangement will be offered to you once your Trial Period has finished successfully.

This option allows you to pay the full interest on your mortgage as well as make repayments towards your mortgage balance. At the end of the mortgage term, the outstanding mortgage balance will be due. We believe the repayments for the Part Capital and Interest Arrangement will be affordable, based on the information you gave us. This will allow you to get back on track with your mortgage repayments and, most importantly, help you to remain in your home.

A Long Term Partnership

We are committed to working with you over the term of your mortgage and have dedicated Mortgage Consultants to support you along this journey. We will review your situation regularly to ensure you continue to be on the most appropriate option for your circumstances.

We hope the Part Capital and Interest Arrangement will mark a return to an affordable mortgage arrangement. If you have any questions, or if issues arise, talk to us.



Eamonn Crowley
Chief Executive Officer
permanent tsb Group

Who is eligible for a Part Capital and Interest Arrangement?

A Part Capital and Interest Arrangement is only available to certain customers who have been identified as being eligible. We will decide if a customer is eligible following a thorough assessment of their financial circumstances based on their completed Standard Financial Statement (SFS). We look at a number of factors, including how much the customer can afford to pay each month.

In most cases, customers will be asked to complete a six month trial period to help to ensure they can make the repayments for a Part Capital and Interest Arrangement.

How does it work?

A step-by-step guide

A Part Capital and Interest Arrangement is a long term solution for customers in mortgage arrears. It is only available to customers we identify as being suitable for the arrangement.

1 Six month trial period

Once we have identified a Part Capital and Interest Arrangement as being the right solution for you, we may ask you to complete a six month trial period to ensure you can meet the repayments. This takes the form of a short term restructure. Repayments will be at the same level as the proposed monthly repayments for your Part Capital and Interest Arrangement. Once these six consecutive monthly repayments are successfully made, we will send you a formal Offer Letter to sign (subject to your circumstances remaining the same).

If you do not make the six monthly repayments, we may not be in a position to offer you the Part Capital and Interest Arrangement. You would remain liable for your mortgage repayments as per the current terms on your mortgage.

After your six month trial period

Once you have successfully completed the six month trial period as detailed above and accepted our formal Offer, we can then move you onto a Part Capital and Interest Arrangement, with lower capital repayments on a long term basis, to help make repayments affordable for you.

As part of this Part Capital and Interest Arrangement we may also apply:

- » **Capitalisation:** If you have arrears owing on your mortgage, we will capitalise these. This means that we spread the arrears (including any interest owing) over the remaining term of the loan. You will no longer be reported as having arrears. This will increase the size of interest repayments over the total life of the mortgage, as the balance is larger.
- » **Term Extension:** We will extend the term of your mortgage where we can. This lowers your monthly repayments as you pay your mortgage over a longer period. Your new term will be based on your individual circumstances. This will increase the size of interest repayments over the total life of the mortgage, as the balance is borrowed for longer.

What happens at the end of this arrangement?

If you maintain the agreed repayments, a portion of your outstanding loan will have been repaid by the end of your mortgage term. However, you will still owe the remaining balance to permanent tsb - this will be the capital you have not repaid as part of your Part Capital and Interest Arrangement.

We will contact you before the end of the term of the Part Capital and Interest Arrangement to agree how best the remaining balance will be paid. The options may include refinancing, making a lump sum payment or trading down to a smaller property. If you are unable to pay the outstanding balance, we will endeavour to work closely with you on this and take into account your financial circumstances at that time. If you are unwilling to co-operate, we may commence proceedings intended to repossess your home.

What happens if I am unable to make the repayments on my Part Capital and Interest Arrangement?

You are required to advise us at any stage if your repayment capacity has materially changed, that is where it improves or where you are unable to make the agreed repayments. This will allow us to make a timely and informed decision about the appropriate route forward in light of your new situation.

Part Capital and Interest Arrangement example

Here is an example of how a Part Capital and Interest Arrangement would work. It is intended for illustration only as each case will vary. We will send you an Offer Letter outlining how a Part Capital and Interest Arrangement will work in your case. In this example, we capitalised the arrears and extended the term before we applied the Part Capital and Interest Arrangement to the account. The example does not take insurance and TRS (Tax Relief at Source) into consideration.

For example if your cash flow available to repay your mortgage was €950:

	Before reduced repayments	After reduced repayments
Balance Owing (Excluding Arrears)	€230,000	
Arrears Due	€30,000	
Total	€260,000	€260,000
Rate* (Annual)	3.60%	3.60%*
Term (Years)	25 years	35 years
Monthly Repayment	€1,164	
Monthly Repayment after Capitalisation	€1,316	€950
Settlement Balance at Maturity	€0	€117,269

*This rate will be the interest rate applicable to the existing mortgage and will change according to the terms of the existing mortgage.

The repayment has reduced from €1,316 to €950 – a reduction of €366 every month. Note the capital balance outstanding at the end of your mortgage term.

Some things to note

Interest payments

Your interest payments will be calculated based on your full outstanding mortgage balance.

Capital payments

The outstanding balance on your mortgage is also referred to as 'capital'. You will make capital payments to repay a part of the balance owed over the term of the mortgage. You will make lower capital repayments each month than your current arrangement, making your monthly repayments more affordable, but leaving an outstanding balance to be repaid at the end of the mortgage term.

The remaining balance

At the end of your mortgage term, the remaining loan balance which has not been repaid will be due.

Reviews

As part of your restructure agreement, we will review your situation regularly to ensure you continue to be on the appropriate arrangement for your circumstances. You must co-operate with these reviews (for example by submitting an updated SFS). Failure to do so will result in a return to your original mortgage terms.

Do I need to get legal and financial advice?

Financial advice

We analyse each customer's individual situation, and offer them the restructure solution which we believe is appropriate. If we offer you a Part Capital and Interest Arrangement, we believe it is the appropriate solution for your circumstances. As this is a very important financial decision for you, we recommend that you get independent advice from a financial professional before accepting.

permanent tsb will pay up to €250 (plus VAT) towards independent financial advice with an accountant the first time you use this service. To avail of this financial support, call us on 0818 200 120 or +353 61 232 717 and we will send you a financial advice pack. This details how to claim financial support and what information you need to bring to your meeting with the accountant.

Legal advice

We recommend that you engage the services of a solicitor.

Some useful Questions and Answers

1. On what basis do you calculate the interest that I pay each month?

We calculate interest on the full outstanding balance of your mortgage.

2. What are the cost of credit implications of the Part Capital and Interest Arrangement?

- » Your Offer does not affect your interest rate as set out in your contract.
- » Cost of credit is the full cost of borrowing over the lifetime of the mortgage. Your cost of credit will increase as a result of a restructure onto a Part Capital and Interest Arrangement. You will end up paying more interest over the term of your loan as your capital balance is reducing more slowly on Part Capital and Interest than it would be were you paying Full Capital and Interest. Your cost of credit would also increase if your term is extended and/or your arrears are capitalised. Your formal Offer Letter will include the implications on your cost of credit.

3. How do you decide what proportion of my capital I pay back each month?

The proportion is based on the maximum repayments that you can afford to make over time, whilst allowing for a reasonable lifestyle.

4. Does accepting a Part Capital and Interest Arrangement affect the ownership of my property?

No.

5. What if I have additional outstanding loans with other lenders?

At permanent tsb our priority is to work with you to help you stay in your home. Because keeping you in your home is a priority, we strongly recommend that you prioritise mortgage debt above any other debt.

6. When will the Terms of my Mortgage be reviewed?

The Part Capital and Interest Arrangement will be reviewed regularly to ensure that you are always receiving the most appropriate arrangement for your situation. In addition to this you are required to advise us at any stage if your repayment capacity has materially changed, that is where it improves or where you are unable to make the agreed repayments. This will allow us to take a timely and informed decision about the appropriate route forward in light of your new situation.

7. What happens at the end when there is still a balance outstanding?

At the end of your mortgage term, the outstanding balance will still be owed to permanent tsb. We will contact you before this to help you determine how the remaining balance will be paid. The options may include refinancing, making a lump sum payment or trading down to a smaller property. If you are unable to pay the outstanding balance, we will endeavour to work closely with you on this and take into account your financial circumstances at that time. If you are unwilling to co-operate, we may commence proceedings intended to repossess your home.

8. What happens if I can't make my monthly repayments?

You are required to advise us at any stage if your repayment capacity has materially changed, including if you are unable to make the agreed repayments. At this stage we will review your circumstances and decide the appropriate way forward based on the specifics of your case. If you are not able to make these payments your home may be at risk of repossession. In this situation we will endeavour to work closely with you on this and take into account your financial circumstances at that time.

9. What happens if my circumstances improve?

- » If your ability to afford monthly repayments increases, we will review your situation and endeavour to change your restructure agreement to move you back towards making full mortgage repayments.
- » The benefit of making higher repayments each month is that you will pay less interest over the term of your mortgage, and/or have a lower amount outstanding at the end of the term.
- » We will review your situation regularly to ensure you continue to be on the most appropriate option for your circumstances. You are required to inform us if your financial situation changes and we will review the terms of your loan to establish what the appropriate option for you is given your new circumstances.

Useful Information

Life Assurance

We recommend that you check and update your life assurance policy to cover your restructured mortgage.

If you update your life assurance policy, we require that you assign it to us and ensure that it covers you under the terms of your new Part Capital and Interest Arrangement (including your new term if we extend it). This means that a portion, or your entire mortgage (depending on the type of policy you choose, and paying all your premiums due on the policy), will be paid off if you were to die. You will need to send us your updated life assurance policy along with a completed Deed of Assignment (which we will have sent out to you along with the Offer Letter).

There are different types of policies available depending on the level of cover you want.

We would recommend that you discuss the different options with your life assurance provider.

Statements

If you proceed with a Part Capital and Interest Arrangement, your annual statement will reflect your new Part Capital & Interest Arrangement. We issue an annual statement at the start of every year for each mortgage account.

Permanent TSB Credit Checking and Reporting

Under the Central Bank's Consumer Protection Code we are not permitted to offer you a credit product that you cannot afford. Therefore, in advance of granting you a credit product of any type, we will check your credit rating against the Central Credit Register. This information supports a full and accurate assessment of your ability to repay.

In addition, we are required by law to ensure that the Central Credit Register is kept up to date and we report personal and credit information to the Central Credit Register.

Further information in relation to our disclosure of your personal data to the Central Credit Register can be found in our Data Protection Notice.

Useful Contacts

Arrears Support Unit

Phone: 0818 200 120 or +353 61 232 717

Lines are open Monday to Friday 8:45am to 6pm
(excluding bank holidays)

Online: www.permanenttsb.ie/mortgage-arrears

Revenue

Phone: +353 1 738 3636

Online: www.revenue.ie



Terms and conditions:

Terms and conditions apply. If you are offered a Split Mortgage, we will send you a Letter of Offer which will include the terms and conditions.

Housing Loans under Consumer Credit Act 1995

Please note carefully the following information relating to Housing Loans within the meaning of the Consumer Credit Act 1995.

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

Variable Rate Loans

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

Fixed Rate Loans

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

Endowment Home Loans

WARNING: THERE IS NO GUARANTEE THAT THE PROCEEDS OF THE INSURANCE POLICY WILL BE SUFFICIENT TO REPAY THE LOAN IN FULL WHEN IT BECOMES DUE FOR REPAYMENT.

The early surrender of the Insurance Policy in respect of your Endowment Loan may result in a return to you which would be less than you have paid in premia and other charges.

Interest Only Mortgages

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

Arrears

Arrears are any element of a mortgage repayment that have not been made and remain outstanding plus interest on that unpaid amount. Interest at the mortgage rate will be applied to the missed payments element of your arrears balance which includes any payments missed and where applicable, any charges applied. This may result in increased cost of credit.

Call us on

0818 200 120

or +353 61 232 717

Drop into any

permanent tsb branch

We're open Monday to Friday until 5pm

Or visit

permanenttsb.ie



BMK6053PEP (Rev 09/22)


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