Overpayment to Mortgage Account Form

How to complete the form

1 Please use a **BLACK pen**

2 Mark boxes **like this**
If you make a mistake, **do this** and mark the correct box

3 Please use **BLOCK CAPITAL LETTERS** and leave **one space between each word** A 2

Mortgage Account Details

Name:

Mortgage account national sort code: 9 3 - - (Not required for Ex UB Accounts)

Mortgage account number: (This is available on your latest mortgage statement)

Contact telephone number: (We will only call you if we need clarification on your request)

Overpayment Request

I wish to lodge the enclosed cheque/draft in the sum of € to the above mortgage account.

OR

Please arrange to transfer the sum of € from my AIB current account detailed below

Please make the overpayment from this funding account (AIB Accounts only)

NSC 9 3 - - / Account Number (AIB accounts only)

Important: (Please complete Section 1 or Section 2) If you had a mortgage with Ulster Bank that moved to us in AIB, complete **Section 2.** For all other customers, complete **Section 1.**

Note: If you had a mortgage with Ulster Bank that moved to us in AIB and you signed a new AIB Mortgage Letter of Loan Offer, complete Section 1.

Please turn over for further information and to sign.

Section 1

There are 3 options available when making an unscheduled overpayment. There are additional considerations below in relation to making an overpayment and the impact of that overpayment on your mortgage loan account when your account is on a fixed rate.

Please indicate either option (a), (b) or (c) below.

☐ **a) Pay a lump sum and reduce your scheduled repayment amount**

Your scheduled mortgage repayments will reduce in line with the reduced balance of the account. The remaining term and prevailing rate of interest remain unchanged and your scheduled repayments will adjust in line with any future rate increases or decreases, as normal.

☐ **b) Pay a lump sum, maintain current scheduled repayments and reduce your mortgage term**

Your mortgage loan term will be reduced to keep the scheduled repayments at approximately the same level as they were prior to the lump sum payment. The prevailing rate of interest remains unchanged and your scheduled repayments will adjust in line with any future rate increases or decreases as normal. If you are on a fixed rate and ask to reduce the term, you will need to break out of your current fixed rate for which an early repayment charge may apply. A new interest rate will then need to be selected.

Any future request to extend the term will be subject to credit assessment.

☐ **c) Increase your monthly scheduled repayments and reduce your mortgage term**

Your mortgage loan term will be reduced due to the increase in your monthly repayments to your mortgage. The prevailing rate of interest remains unchanged and your scheduled repayments will adjust in line with any future rate increases or decreases as normal. If you are on a fixed rate and ask to reduce the term, you will need to break out of your current fixed rate for which an early repayment charge may apply. A new interest rate will then need to be selected.

Please arrange to increase my monthly mortgage repayment amount to € __________ **per month**

Please note: Due to the mortgage calculation we may not be able to increase your mortgage by that specified amount, We will advise you in writing of the revised loan repayment based on your current rate & revised repayment amount**.**

Any future request to extend the term will be subject to credit assessment.

Please Note:

1. In the case of Fixed Rate loans, breakage costs may arise in the event of an unscheduled lump sum payment. For payments received by cheque or draft you will be notified of any breakage cost in writing prior to applying the lump sum payment.
2. Unscheduled lump sum payments result in a permanent reduction of the mortgage balance and are non-refundable.
3. Once this request has been completed on your mortgage, we will write to you to confirm your new details.
4. If arrears exist on your mortgage account, lump sum payments will be prioritised in reduction of arrears first.

Important information on fixed rate overpayment allowance *(applicable to Option A above only)*

Under all the fixed rates we offer, you can overpay up to €5,000 each calendar year for the term of your fixed rate and we will not charge an early repayment charge up to this amount being applied. Any additional overpayments above €5,000, or early full redemption of your mortgage loan, may result in an early repayment charge if you are on a fixed rate. If you are on a fixed rate and ask to reduce the term, you will need to break out of your current fixed rate for which an early repayment charge may apply. A new interest rate will then need to be selected.

An overpayment will reduce the cost of credit of your mortgage loan. There are no disadvantages of this AIB Fixed Rate Overpayment allowance.

How does it work?

- On any overpayments up to a total of €5,000 that you make between January and December of each year, and use to reduce your mortgage repayments, we will not apply an early repayment charge.
- Your scheduled monthly mortgage repayments will reduce in line with the lowered balance of your mortgage.
- The overpayment will reduce the cost of credit of your mortgage loan, while the remaining term and interest rate remains unchanged.
- A new €5,000 overpayment allowance will automatically be reset in January, for each of the years in the fixed rate that you have chosen. You can't carry any unused allowance from one year to another.
- Any overpayment you make in December needs to be paid no later than 15 December to make sure that it's processed within the current year's overpayment allowance. While we will try to process all overpayments by the end of the current year, if you make an overpayment after this date, it may be taken from the following year's allowance.
- The €5,000 Fixed Rate overpayment allowance doesn't apply to a full mortgage loan redemption or if you are seeking to reduce the term of mortgage as a result of the overpayment.

Who is it available to?

All new and existing AIB mortgage customers on a fixed rate, including Private Dwelling Home and Buy To Let customers.

More Information:

- Any remaining allowance cannot be transferred from one fixed rate to another rate.
- If you change to another fixed rate, a new €5,000 limit is applied to each year of the new fixed rate term.
- You can only reduce your mortgage term when on a fixed rate if you break out of your fixed rate agreement and choose a new interest rate. Breaking a fixed rate agreement may result in you having to pay an early repayment charge and choose a new rate.
- An overpayment results in a permanent reduction of the mortgage balance and is non-refundable.

Example:
The following example shows the effect of overpaying within the €5,000 limit where we do not apply an early repayment charge. At the time of the overpayment the mortgage balance is €200,000 on a fixed interest rate of 5.25% for a period of 5 years (60 months) and there is 25 years remaining in the term of the mortgage.

a) No overpayment – total cost of credit is €158,952.80, repayments of €1,196.52 per month.
b) €5,000 overpayment is made - total cost of credit is €154,978.09, repayments of €1,166.61 per month.

In the calculation above we are assuming the interest rate applied for the full mortgage term is 5.25%.

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

SIGNATURE	SIGNATURE
DATE	DATE
Day __ / Month __ / Year ____	Day __ / Month __ / Year ____

When completed, please return this form to: AIB Home Mortgage Operations, Accounts Section, Unit 33,Blackthorn Road, Sandyford Business Park, Sandyford, Dublin 18, D18 E9T3.

Section 2

Important: If you want to make overpayment to more than one sub-mortgage account, you will need to complete separate forms for each sub-loan account.

If you would like to apply your overpayment to a specific sub-mortgage account, you need to include the specific sub-mortgage account number in the mortgage details section above.

If you do not tell us that you want to apply your overpayment to a specific sub-mortgage account number, we will apply your overpayment proportionally across your sub-mortgage accounts.

There are 3 options available when making an unscheduled overpayment. There are additional considerations below in relation to making an overpayment and the impact of that overpayment on your mortgage loan account when your account is on a fixed rate.

Please indicate either option (a), (b) or (c) below.

☐ **a) Pay a lump sum and reduce your scheduled repayment amount**

Your scheduled mortgage repayments will reduce in line with the reduced balance of the account. The remaining term and prevailing rate of interest remain unchanged and your scheduled repayments will adjust in line with any future rate increases or decreases, as normal.

☐ **b) Pay a lump sum, maintain current scheduled repayments and reduce your mortgage term**

Your mortgage loan term will be reduced to keep the scheduled repayments at approximately the same level as they were prior to the lump sum payment. The prevailing rate of interest remains unchanged and your scheduled repayments will adjust in line with any future rate increases or decreases as normal.

Any future request to extend the term will be subject to credit assessment.

☐ **c) Increase your monthly scheduled repayments and reduce your mortgage term**

Your mortgage loan term will be reduced due to the increase in your monthly repayments to your mortgage. The prevailing rate of interest remains unchanged and your scheduled repayments will adjust in line with any future rate increases or decreases as normal. Please complete the following:

Please arrange to increase my monthly mortgage repayment amount to € ________ **per month**

Please note: Due to the mortgage calculation we may not be able to increase your mortgage by that specified amount, We will advise you in writing of the revised loan repayment based on your current rate & revised repayment amount**.**

Any future request to extend the term will be subject to credit assessment.

Important Information for customers whose mortgage was previously an Ulster Bank mortgage and transferred to AIB in 2023 / 2024 - Fixed Rate Mortgage – Lump Sum Overpayment

You can overpay up to 10% of your mortgage balance (being the balance as of January 1st of the calendar year) each calendar year for the term of the fixed rate. We don't charge an early repayment charge (ERC) for this. Any additional overpayment above 10%, or early full redemption of your mortgage, may result in an early repayment charge as described in the Statutory Notices & Warnings within this form. Please contact us if you wish to discuss your overpayment options.

Please Note:
An overpayment will reduce the cost of credit of your loan. There are no disadvantages of making an overpayment up to the 10% value specified. We recommend that you get independent financial advice before considering an overpayment on your selected fixed rate.

Example of Fixed Rate Overpayment of 10% of your mortgage balance (being the balance as of January 1st of the calendar year) resulting in a repayment reduction (option A above) - The following examples illustrates the effect of making an overpayment up to the 10% limit, without an early repayment charge. At the time of the overpayment the mortgage balance as of 1 January of that year is €200,000 on a fixed interest rate of 5.25% for a period of 5 years (60 months) and there is 25 years remaining in the term of the mortgage.

a) No overpayment – total cost of credit is €159,708.36, repayments of €1,198.50 per month.

b) €20,000 (10%) overpayment is made - total cost of credit is €123,737.42, repayments of €1,078.65 per month.

In the calculation above we are assuming the interest rate applied for the full mortgage term is 5.25%.

Example of Fixed Rate Overpayments of 10% of your mortgage balance (being the balance as of January 1st of the calendar year) resulting in a term reduction (option B or C above) - The following example illustrates the effect of making an overpayment up to the 10% limit, without an early repayment charge. At the time of the overpayment the mortgage balance as of 1 January of that year is €200,000 on a fixed interest rate of 5.25% for a period of 5 years (60 months) and there is 25 years remaining in the term of the mortgage.

a) No overpayment – total cost of credit is €159,708.36, repayments of €1,198.50 per month for 300 months.

b) €20,000 (10%) overpayment is made - total cost of credit is €114,390.75, repayments of €1,196.21 per month for 246 months.

In the calculation above we are assuming the interest rate applied for the full mortgage term is 5.25%.

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

SIGNATURE	SIGNATURE
DATE	DATE
Day / Month / Year	Day / Month / Year
☐☐ / ☐☐ / ☐☐☐☐	☐☐ / ☐☐ / ☐☐☐☐

When completed, please return this form to: AIB Home Mortgage Operations, Accounts Section, Unit 33,Blackthorn Road, Sandyford Business Park, Sandyford, Dublin 18, D18 E9T3.

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.

The following is applicable only where the interest rate is FIXED for a period of at least one year:

- **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) X (U) X (D %) = € 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).

  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, ERC = (A= €100,000) x (U = 24 months /12) x (D% = 5.25%-3.0%= 2.25%) = €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, ERC = (A= €100,000) x (U = 24 months /12) x (D% = 3.5%-1.5%= 2%) = €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 Mortgage Operations, Accounts Section, Unit 33,Blackthorn Road, Sandyford Business Park, Sandyford, Dublin 18, D18 E9T3. Further information on the terms used here is available on 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 x U X 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.

- **Important Information for customers whose mortgage was previously an Ulster Bank mortgage and transferred to AIB in 2023 / 2024**
  1. In addition to the above calculation, we will also complete a calculation based on the Ulster Bank Early Repayment Calculation methodology, which would have applied to your loan previously. We will compare the outcome of the Ulster bank methodology and the AIB methodology and accept the lower amount, as this is the most beneficial to you. See below for full details of the Ulster Bank ERC methodology.

The Borrower must pay to the Lender a sum equal to the lower of (i) six months interest or (ii) a sum to be calculated in accordance with the following formula: (Redeemed Amount x (R – R1) x Time remaining in days until the end of the fixed Period) divided by 360 where: "Redeemed Amount" means the estimated average loan balance between the time of the proposed repayment or interest rate conversion and the end of the relevant Fixed Rate Period, assuming that no such repayment or interest rate conversion takes place and that all scheduled repayments of the loan are made by the Borrower under the terms specified in the Loan Offer; Provided that where a Lump Sum Repayment is made, "Redeemed Amount" shall mean the amount of the Lump Sum Repayment; "R" means the interest rate available to the Lender for funds placed in the money market on the start date of the relevant Fixed Rate Period for the duration of the relevant Fixed Rate Period; market on the date of the proposed early repayment, Lump Sum Repayment or interest rate conversion for the remainder of the relevant Fixed Rate Period. The rate applied is based on the remaining fixed rate term of the mortgage, rounded to the nearest month if less than one year or to the nearest year if greater than one year. "Time" means the number of days from the date of early repayment, Lump Sum Repayment, or interest rate conversion to the end of the relevant Fixed Rate Period. Six months interest is the estimated interest that would be payable in the six months following the proposed repayment or interest rate conversion.

Worked Example
In the example below, a customer took out a 5 year fixed mortgage at a rate of 5.00% on 1 January 2010. On 4 January 2011, the mortgage outstanding was €100,000 and the customer opts to break out of the fixed rate. The breakage cost calculation is: Redeemed Amount = €87,832.42 R (Market rate on 1 January 2010) = 2.849% R1 (Market rate on 4 January 2011) = 1.713% Time = 1,457 days Breakage Calculation = (Redeemed Amount x (R – R1) x Time) divided by 360 = (€87,832.42 x (2.849% – 1.713%) x 1,457)/360 = €4,038.22

Six Months Interest = €2,500

Therefore, in this case the customer would be charged the lesser amount of the six months interest, i.e. €2,500.

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Lending criteria, terms and conditions apply.