



# **Guidelines for fixed-rate mortgages**

Valid from 15 November 2022

This document is a translation of the original German text. In all matters of interpretation, the original German shall prevail.

Based on the investment regulations of the Personalvorsorge Swissport, the Board of Trustees has issued the following guidelines for fixed-rate mortgages.

## 1 Property/financing

In addition to variable-rate mortgages (see separate guidelines), the Personalvorsorge Swissport also grants beneficiaries and third parties fixed-rate mortgages for houses and condominiums located in Switzerland that are inhabited year-round and for the borrower's own use, primarily as first mortgages. Holiday homes may only be financed upon request. Only 11 to 15-year mortgages may be issued for first-time mortgages to third parties.

The Personalvorsorge Swissport offers the following mortgages, with a division of the entire mortgage into three tranches being possible. The minimum amount per mortgage is CHF 50,000 for new borrowers, CHF 20,000 for existing borrowers:

- Variable-rate mortgage (as per separate guidelines)
- 2 to 15-year fixed-rate mortgages

The interest expenses may not exceed 35%<sup>1</sup> of the borrower's net income. An interest rate of 5% is used for this calculation. The Personalvorsorge Swissport requires proof of income and assets.

## 2 Restrictive conditions for mortgage loans

The Personalvorsorge Swissport may, as part of the specified investment strategy, impose restrictive conditions. There is no entitlement to a mortgage loan.

For residential houses and condominiums, the maximum loan-to-value ratio is 70% of the market value as determined by the Personalvorsorge Swissport; for second homes it is 65%.

The total amount of the loan must not exceed CHF 1,500,000 (CHF 750,000 for holiday homes).

The minimum loan amount is CHF 50,000.

The applicant must provide at least 10% of the purchase price or the market value from their own funds, not including occupational pension plan assets.

## 3 Follow-on financing

If individual tranches are repaid by a credit institution, the Personalvorsorge Swissport will also accept, as an exception, secondary mortgage notes for a maximum of five years. In this case, the pension fund assets at the Personalvorsorge Swissport, or at the individual's own pension scheme in the case of third parties, will be pledged as collateral for the corresponding loan amount. If the amount of assets at the pension scheme is not sufficient, pillar 3a assets may also be pledged.

However, follow-on financing will only be granted until the end of the last tranche or until full assumption of the outstanding mortgage at another credit institution.

If the Personalvorsorge Swissport does not assume the full mortgage, every tranche that has already been financed must be repaid or paid back with an early withdrawal. In addition, the conditions of early termination (Art. 12) also apply.

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<sup>1</sup> A rate of 50% is used for those aged 65 and older.

#### **4 Market value**

The market value is equal to the appraisal of market value prepared by the Personalvorsorge Swissport.

#### **5 Appraisal costs**

No costs are charged for the appraisal of market value prepared by the Personalvorsorge Swissport, provided that the contract is concluded. If the contract is not concluded, the cost to prepare the appraisal in the amount of CHF 250 will be charged to the applicant. In deviation from the foregoing provision, the costs specified in the broker contracts apply for mortgages that have been referred.

The cost of an expert report prepared by a third party will be charged to the applicant.

#### **6 Date of the loan**

The loan will be paid out when construction is completed (in the case of new construction or renovations) or when ownership of an existing property is transferred as well as for repayments to credit institutions.

#### **7 Interest rate**

The interest rates for fixed mortgages are based on current market conditions and are determined from an average of selected fixed mortgage providers. In this respect, a minimum interest rate must be observed, the level of which is determined by the Investment Committee.

Drawing the loan amount may be deferred for up to 12 months. In this case, the Personalvorsorge Swissport will charge an additional fee from the fourth month.

The interest is due on a semi-annual basis and is collected via direct debit. Value dates: 30 June and 31 December.

If an interest payment is not made on the interest date, the collection of default interest may be waived for up to 15 days in exceptional cases. Otherwise, default interest of 1% over the contractual mortgage borrowing rate will be charged retrospectively for at least one month. An additional CHF 100 will be charged to cover expenses. If the borrower does not pay the interest following a reminder and after a reminder period of 30 days, the creditor will also have the right to terminate the loan with a notice period of two months. In such a case, the provisions of Art. 12.2 apply.

#### **8 Collateral**

Provided in the form of the mortgage note or mortgage assignment with first priority on the property being financed.

When a fixed-rate mortgage is repaid in tranches (Art. 3), the borrower must agree in writing to also transfer the other tranches to the Personalvorsorge Swissport upon expiry. The required lien collateral is provided by splitting the mortgage note and pledging the pension fund assets.

The costs of the collateral will be borne by the borrower.

#### **9 Repayment**

Fixed-rate mortgages cannot be repaid during the term of the loan.

If a contract is concluded for a term that extends beyond the regular AHV retirement age, the mortgage loan must not exceed 65% of the market value unless sustainability is safeguarded by

a second income of a co-owner who has also signed the contract and who has not already exceeded the regular AHV retirement age and will not do so during the term of the contract.

## **10 Increasing existing fixed-rate mortgages**

It is not possible to increase an existing fixed-rate mortgage. However, the guidelines do permit a further tranche.

## **11 Sale of the property**

If there is a transfer of ownership, a fixed-rate mortgage may be assumed by the buyer for the rest of the term, or the seller may transfer the rest of the term to a new property that is also financed by the Personalvorsorge Swissport as long as the requirements for financing by the Personalvorsorge Swissport are fulfilled in both cases. If none of the above applies, the fixed-rate mortgage must be repaid in accordance with the conditions of early termination.

## **12 Notice period and early termination**

Fixed-rate mortgages can be terminated at the end of the term. Without written notice from the borrower, the mortgage will be continued until a decision by the client at the then applicable interest rate for variable-rate mortgages.

In the event of early termination of a fixed-rate mortgage, a distinction is made between the following two cases. If the contract was concluded after 01/12/2021 and the initial term was 11 years or longer:

1. the Personalfürsorge Swissport will waive payment of an early repayment penalty provided that the mortgaged property is sold to a third party who is not a family member of up to a third degree of relationship, and will limit the costs incurred to a processing fee of CHF 1,000.
2. In all other cases, if upon termination of the fixed-rate mortgage prior to its expiry the interest rate currently offered for the residual term is lower than the contractually agreed interest rate, the difference for the residual term of the loan will become due for payment by the borrower at a minimum, that means even if the interest rate currently offered is higher, of the percentage margin of 1.15% (early repayment penalty). At any event, a processing fee of CHF 400 will be charged.

## **13 Securitisation**

The Personalvorsorge Swissport reserves the right to transfer the mortgage loans, including current interest and the mortgage note assigned as collateral, to third parties.