

Gate Gourmet Switzerland Pension Scheme (PGG)

Guidelines for fixed-rate mortgages

Valid from 1 January 2023

Based on the investment regulations of the PGG, the Board of Trustees is adopting the following guidelines for fixed-rate mortgages.

1 Property/financing

The PGG grants mortgages to beneficiaries and third parties on residential buildings and condominiums located in Switzerland and occupied all year round intended for their own use, primarily as mortgages with first priority.

The PGG offers the following mortgages, whereby division of the entire mortgage into 3 tranches is possible. The minimum amount per tranche is CHF 50,000 for new mortgage borrowers and CHF 20,000 for existing mortgage borrowers:

- 2 to 10-year fixed-rate mortgages

The interest expenses may not exceed 35%¹ of the mortgage borrower's net income. An interest rate of 5% is used for this calculation. The PGG requires proof of income and financial circumstances.

2 Restrictive conditions for mortgage loans

The PGG may set restrictive conditions within the framework of the investment strategy specified. There is no entitlement to a mortgage loan.

For residential buildings and condominiums, the maximum loan value is 70% of the market value specified by the PGG.

The total loan may not exceed CHF 1,200,000.

The minimum loan 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 assets.

3 Follow-on financing

If individual tranches are repaid by a credit institution, the PGG will also accept, as an exception, mortgage notes with secondary priority for a maximum of five years. In this case, the corresponding credit amount of the pension fund assets with the PGG or the own pension fund in the case of third parties is pledged as collateral. 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 mortgage is not assumed in full by the PGG, each tranche already financed must be replaced or repaid in advance. In addition, the conditions of early termination (Art. 12) also apply.

4 Market value

This corresponds to the market value estimate prepared by the PGG.

5 Appraisal costs

No costs will be charged for the market value appraisal prepared by the PGG if a 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.

¹ After reaching the age of 65 a rate of 45% applies.

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-rate mortgages are based on current market conditions and are determined from an average value of selected providers of fixed-rate mortgages. There is a minimum interest rate to be observed, the amount of which is determined by the Board of Trustees.

Drawing the loan amount may be deferred for up to 12 months. In this case, the PGG charges a surcharge from the fourth month.

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

If an interest payment is not paid on the interest date, the collection of default interest can be waived in exceptional cases for up to 15 days. Otherwise, default interest will be charged for at least one month at a rate that is 1% above the contractual mortgage interest rate. 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 this case, the provisions pursuant to Art. 12.2. shall 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 transfer the remaining tranches to the PGG upon expiry. The required lien collateral is provided by splitting the mortgage note and pledging the pension fund assets.

The costs of the collateral for the mortgage are borne by the borrower.

9 Amortisation

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

If a contract is concluded for a term beyond the ordinary AHV retirement age, the mortgage loan may only exceed 65% of the market value if the affordability is guaranteed by the second income of a co-owner who has co-signed the contract and who has not already exceeded the ordinary AHV retirement age or reaches it during the term of the contract.

10 Increasing existing fixed-rate mortgages

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

11 Sale of the property

In the event of a manual change, a fixed-rate mortgage can be taken over by the purchaser for the remaining term within the framework of the guidelines or the seller can transfer the remaining term to a new property also financed by PGG, provided that in both cases the requirements for financing by PGG are met. 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 mortgage borrower, the mortgage is due for repayment upon its expiry.

In the event of early termination of a fixed-rate mortgage

1. the PGG waives a prepayment penalty if the pledged object is sold to third parties outside the family members up to and including the third degree of kinship and limits the costs incurred to a processing fee of CHF 1,000.
2. In all other cases – if, where the mortgage is terminated before it expires, the interest rate currently offered for the remaining term of the fixed-rate mortgage is lower than the contractually agreed interest rate – the difference for the remaining term of the loan becomes due for payment by the mortgage borrower, which is at a minimum, i.e. even if the interest rate currently offered is higher, the percentage margin of 1.15% (prepayment penalty). In any case, a processing fee of CHF 400 will be charged.

13 Securitisation

PGG reserves the right to transfer the mortgage claims, including current interest and the mortgage notes assigned to it as collateral, to a third party.