

Home loan



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1. Home loan

Each situation has its particularities; that is why ING offers the type of home loan that best suits your needs, wishes and opportunities.

What is a home loan?

A home loan is a long-term loan and is repayable monthly.

This is the preferred financing method for:

- › buying **land**,
- › acquiring or building a **house** or an **apartment**,
- › purchasing your new main residence pending the resale of your current residence (bridge loan),
- › carrying out major **renovations** in a property.

At ING, its maximum duration is 30 years

What are the guarantees to provide?

The usual guarantees are:

- › a mortgage on the real estate that you wish to acquire or build,
- › repayment protection insurance to cover the loan balance in the event of the death of the insured (life insurance).

Did you know?

During the construction phase of a Pre-construction real estate, you have the possibility to repay only the interests on your home loan.

2. Solutions adapted to your project

Once your loan is granted, the repayment is made monthly and begins the month following the full use of the home loan.

These monthly payments are based on the **duration** and the **amount** of the loan as well as the **interest rate**.

In order to best suit your project and personal situation, several types of rates are available:

- › Fixed rate
- › Variable rate
- › Revisable fixed rate

Each has its advantages and you can also choose to combine them.

Fixed rate

You prefer **protection** in the event rates rise.

No unwelcome surprise: the rate and therefore the amount of your monthly payments will not be changed for the duration of the loan.

However, this formula does not allow for early partial repayments and only the full repayment is allowed on payment of a prepayment fee.



The **monthly payments are constant** and you know from the start what your loan will cost you.



Fee to pay in the event of early repayment.

(limited to 6 months of interests if main residence for more than 2 years and applicable on a maximum amount of €450,000)

Variable rate

You prefer **flexibility** in repaying your loan.

The variable rate is adjusted according to the change of the conditions on the financial markets. Your monthly payments therefore vary, upwards or downwards, according to the general change in these rates.

- ⊕ Ability to **accelerate** repayment and even to repay in full without any pre-payment fee.
- ⊖ Monthly payments may **vary** over time.

Revisable fixed rate

You want the **protection** of the fixed rate and the **flexibility** of the variable rate?

You start your loan with a fixed rate over 3, 5 or 10 years, as desired. During this period, your monthly payments are therefore constant.

At the end of this period you will have the opportunity to:

- **Switch to a variable rate** for the rest of the loan
- **Stay in a fixed rate** for a new period of 3, 5 or 10 years (recalculated rate)

- ⊕ You benefit from **protection** in the event of a **rise in rates** during the first period of 3, 5 or 10 years.
- ⊕ You have the flexibility to **accelerate repayment** or even to **repay in full** early **without any prepayment fee** outside fixed rate periods.

3. Applying for a loan? The choice is yours!



A real estate project is often the project of a lifetime. Do not hesitate to call on the experience of the loan advisors at **your ING branch**.



At ing.lu/immo and your **My ING** online banking, simulators allow you to better understand your project.

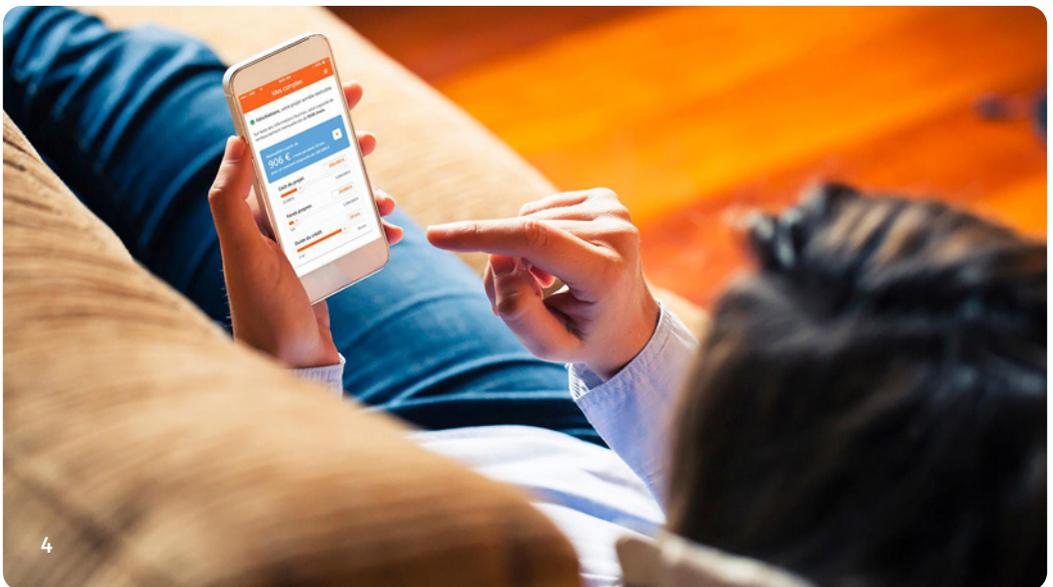
You can, at any time determine:

- > Your borrowing capacity
- > the monthly payments of a possible loan



If the simulation is successful, you can even **apply for the loan directly online**.

Thanks to our uploading platform, you complete your file online, at any time and at your own pace. The loan advisor will have your complete file before your appointment.



4. Taxation and real estate

To help you, the Luxembourg government has introduced a series of tax benefits that you could benefit from, depending on your project.

Tax credit on notarial deeds (Bëllegen Akt)

Purchasers of a building (and some built outbuildings) for personal housing purposes can benefit under certain conditions from an allowance, called a tax credit, on registration and transcription fees. This tax credit is limited to €20,000 per purchaser.

Tax deductions

› **Interest expense:** If the real estate is for personal housing purposes, interest expense paid on a home loan is fully deductible as an **acquisition expense** as long as the real estate is not occupied by the owner. During the occupation of the real estate, the deductible amount is based on the occupation time and the number of people in the household .

› **Mortgage:** The commissions and fees payable in connection with the registration of a mortgage are fully deductible as an **acquisition expense** (subject to not occupying your home when paying them and up to a maximum amount). The costs of the notarial deed are not deductible.

› **Home-ownership savings plan:** Contributions paid under a home-ownership savings plan are, under certain conditions, deductible for tax purposes as **special expenses** (up to a maximum amount).

Super-reduced VAT rate

The works for the construction or renovation of a property for the purposes of a main residence may be subject to a reduced VAT rate of 3%.

The total amount of the tax credit resulting from the application of the super-reduced rate may not exceed €50,000 per unit created and/or renovated.

All the tax benefits and their conditions are available on the website www.logement.lu.

5. End of repayment: what prospects?

Repayment of all or part of your home loan will open up new opportunities for you:

- › **Renovations** or **conversions** of your home financed by a home loan,
- › Purchase of your **new main residence** through a **bridge loan** pending the resale of your current residence,
- › Purchase of a **second home, even abroad**, by registering a new mortgage on your property in the Grand Duchy.
No need for complicated steps to open an account abroad, your financing is done by an ING Luxembourg home loan.



6. Checklist of necessary documents

Whether online or in an ING branch, applying for a home loan requires that you gather a series of documents.

- Identity card of the applicant(s)
- Income documents: pay slips, salary, pension
- Property deed, purchase agreement, pre-sale agreement (as the case may be)
- Plan, specifications and estimate of the conversions or the construction
- Where applicable, copies of extracts from other banks (evidence of own funds, miscellaneous income or existing loans)
- Photo of the object to finance
- Energy performance certificate dated less than 10 years
- Any other document that you consider useful to process your file



**At ING, you can complete your file online,
at any time and at your own pace**

7. Useful links

- › **Simulators and loan application**
www.ing.lu/immo
- › **Housing portal (help, information, etc.)**
www.logement.lu
- › **Administrative procedures**
www.guichet.public.lu
- › **Direct Tax Department**
www.impotsdirects.public.lu
- › **Luxembourg Registry**
www.aed.public.lu
- › **Ministry of Housing**
www.ml.public.lu
- › **Ministry of the Economy and Foreign Trade**
www.eco.public.lu
- › **Advice on energy efficiency**
www.myenergy.lu

More information on home loans on ing.lu/immo

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5. Attention, borrowing money also costs money.

Subject to supervision by the Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon, L-2991 Luxembourg, direction@cssf.lu, tel. + 352 26 25 11

ING Luxembourg S.A. uses trade names to designate some services linked to a payment account and invites consumers to refer to the glossary provided in the General Terms and Conditions of the Bank and in the Pricing Extract in order to identify the corresponding terms on the standardised list of services.

 +352 44 99 1

 26, Place de la Gare
L-2965 Luxembourg

ING Luxembourg S.A.

R.C.S. Luxembourg B.6041
VAT LU 11082217
SWIFT: CELLLULL

 contactcenter@ing.lu

 www.ing.lu

