

Mortgage Loan Regulations

Liberty 1e Flex Invest Foundation

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Mortgage Loan Regulations

Relying on Article 8 of its Charter, the Board of Trustees of Liberty 1e Flex Invest Foundation (the "Foundation") has adopted the following Mortgage Loan Regulations:

Art. 1 Purpose

- 1 The Foundation shall allow its members to invest portions of their pension assets in mortgage loans in the framework of these Regulations.
- 2 These Regulations set out the principles for mortgage lending by the Foundation.
- 3 They shall be reviewed at least once a year and adapted as necessary.

Art. 2 Preconditions

- 1 The Foundation may grant a member a loan, secured by a mortgage, for the purchase of residential property for the member's own use.
- 2 Loans must be secured by a first-rank mortgage note.
- 3 If the relevant pension fund only has one member (virtual insurance group), the loan shall not exceed two-thirds of the current market value of the property and 10% of the individual member's pension assets with the Foundation. In all other cases, the loan may not exceed two-thirds of the current market value of the property and max. 50% of the pension assets of the individual member with the Foundation.
- 4 If the member withdraws all or a portion of his pension assets, the loan shall be terminated forthwith and the member shall be required to repay the loan immediately, in full or pro rata, as the case may be.
- 5 The Foundation may deny applications for a mortgage loan without having to state its reasons.
- 6 The interest rate shall be determined for all borrowers based on the reference mortgage rate for residential leases published by the federal housing authority (Bundesamt für Wohnwesen), with a maximum variance of one percent. Mortgage loans shall be granted only at variable interest rates, so that interest rates on existing loans may be adapted at any time during the life of the loan.

Art. 3 Implementation

- 1 The following documents shall be remitted to the Foundation together with the loan application:
 - a. Security Agreement
 - b. Mortgage Note
 - c. Extract from the land register, including registration of the mortgage note
 - d. Evaluation of the property in the form of an estimation made by a recognised institution, and the fire insurance policy appraisal
 - e. Current building insurance policy
- 2 Once the documentation is complete, and subject to a positive decision by the Board of Trustees, the Foundation shall establish the mortgage loan agreement.

Art. 4 Maturity/Termination

- 1 Mortgage loans may be terminated at any time by either party subject to six months' notice.
- 2 The lender (the Foundation) shall in any event be entitled to declare the loan due and payable without notice if all or part of any mortgaged property is transferred to a new owner, or if the borrower fails to pay any amount due by way of interest, premium or principal, or does not comply with any other contractual payment obligation towards the lender.
- 3 The principal loan amount shall also be repayable forthwith if:
 - the conditions under Article 2(3) are no longer satisfied
 - ownership has been transferred
 - the pension relationship is terminated
 - there is no building insurance cover
 - failure to pay any amount due in interest and/or principal

Art. 5 Fees and Commissions

- 1 The Foundation shall charge fees in accordance with the Fee Schedule.
- 2 Any proven third-party fees in connection with the administration of the mortgage loan shall be for the member's account.

Art. 6 Reporting and controlling

- 1 The member shall automatically send a copy of a recent estimation in accordance with Article 3(d) to the Foundation every three years.
- 2 The Board of Trustees shall periodically review compliance with the regulatory guidelines.

Art. 7 Omissions

If any provision on any specific point has been omitted from these Regulations, the Board of Trustees shall adopt an appropriate rule in line with the object of the Foundation.

Art. 8 Amendments

The Board of Trustees may amend these Mortgage Loan Regulations at any time. The currently valid version is available at www.liberty-vorsorge.ch or may be obtained from the Foundation.

Art. 9 Jurisdiction and governing law

These Regulations are governed by Swiss Law. Disputes between members and the Foundation are subject to the jurisdiction of the courts in accordance with Article 73 BVG/LPP. In all other respects, the place of jurisdiction is Schwyz.

Art. 10 Inkrafttreten

These Regulations come into force on 1 July 2016; they supersede and replace the prior Mortgage Loan Regulations dated 24 November 2015.

Schwyz, 20 June 2016

Board of Trustees, Liberty 1e Flex Invest Foundation