

Home loans

A step-by-step guide to home ownership in Switzerland



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Dreams can come true

Wanting to own your own home is more than just a rational and sensible project. It is often a desire that comes at a key moment in life, when you want to settle down and give your family a stable and secure environment.

A decision this important should be prudently considered – and this is where we can help. BCV is a major mortgage lender in Vaud Canton. Our strong local presence and long experience give us expertise that you can count on to ensure that your home purchase is a success.

At BCV, we know that your circumstances, objectives and cultural horizons are unique, and we never seek to impose “one-size-fits-all” solutions. With each customer, we start by listening. After taking the measure of your situation, we will work with you to develop solutions that are tailored to your requirements.

This brochure is of course no substitute for a face-to-face meeting with a BCV advisor. So feel free to make an appointment with us to discuss your project – this is the best foundation for secure home investment.

Building a relationship

We are certain that you will appreciate our professional approach and the quality of our advice. In addition, we offer our mortgage customers several exclusive benefits. Why not take advantage of them?

Your relationship with your BCV advisor won't end when you walk in the door of your new home. The dialogue we develop as we work together on home-financing plans can form the basis of a longstanding

partnership. Later on, your advisor will be there for you – not just when you renew your loan and when you face other major financial planning decisions.

Professional expertise and service close to you, backed by a longstanding personal relationship with your advisor – what better combination could there be to build strong and lasting ties?

Determining your budget

Drawing up a financial plan is an essential step in the home-buying process. It's the best way to reliably determine the maximum amount you can spend on your future home. A solid plan also takes into account your foreseeable future financial commitments – in addition to those relating to your home purchase. Future financial commitments include day-to-day living expenses, insurance costs, and retirement savings. It's also prudent to leave a surplus for unexpected expenses.

Finding the right balance

Your income should be sufficient to cover the expenses related to your property purchase without having to stretch. When calculating your financing costs, you should take into account interest payments, regular principal payments (generally 1% a year) and home maintenance costs, which are generally estimated at 1% of the purchase price per year.

The total financial burden should not exceed a third of your net annual income. Also remember that interest rates can always go up, and plan with that possibility in mind.

Calculating your monthly housing costs

A typical budget

Purchase price including related expenses	CHF 500,000
20% downpayment	CHF 100,000
Mortgage loan	CHF 400,000
Sample interest rate: 5% of the loan amount*	CHF 1,667
+ Principal repayment: 1% of mortgage loan	CHF 333
+ Maintenance expenses: 1% of purchase price	CHF 417
= Estimated monthly cost	CHF 2,417

* This is the average long-term rate.

What is the necessary monthly income for a loan of this amount?

Loan amount	CHF 400,000
Estimated monthly cost	CHF 2,417
Required net monthly income	CHF 7,251

The main costs to consider

Purchase expenses

Purchasing real estate requires the payment of various fees and taxes, such as notary fees and costs, land registry fees, mortgage deed preparation charges and land transfer taxes. In Vaud Canton, these expenses together account for approximately 5% of the total property transaction cost.

Home maintenance expenses

In addition to day-to-day household expenses such as heating, electricity and water bills, you should also determine the following costs: insuring your home against the risks of fire, natural catastrophe and water damage; insuring your personal possessions; property taxes; and home-moving expenses which are likely to include the purchase of furniture, garden tools, etc. You should also put some money aside to cover home maintenance expenses. One way of doing this is to open a property account (see page 20), into which you can make regular deposits to pay for such things as exterior wall renovation, roof repairs and repainting. Approximately 1% of the property's value should be set aside for these expenses each year. This percentage may vary depending on the age of your property and its condition.

Your downpayment

How can you finance your downpayment?

To finance your home purchase or building project, you will have to come up with a downpayment of at least 20% of the total price, including purchase expenses.

This will consist of:

- cash (at least 10% of the total purchase price)
- your occupational pension savings (*pilier 2*)
- or your personal pension savings (*pilier 3*).

You may, under certain conditions, either withdraw your pension assets early or pledge them to BCV, as we will see on the next page.

Important

Using your pension savings may have important long-term consequences. Before you make a decision, it is absolutely essential that you discuss this option in detail with your BCV advisor. Your advisor will take the time necessary to help you make the best decision given your particular situation.



Using your occupational pension plan savings (*pilier 2*)

Under Swiss law, you may withdraw or pledge your pension savings before retirement for home-ownership purposes. Your company's pension fund can tell you exactly how much capital you have available.

Basic legal requirements

- Pension capital may only be used to purchase or build a primary residence, pay for major renovation work or pay down mortgage principal on a primary residence.
- The property must be:
 - Owned exclusively by you
 - Co-owned with a spouse or registered partner (simple cohabitation does not qualify), or
 - Jointly owned with a spouse, registered partner or cohabitant, or under a condominium agreement
- Spouse's signature required.

Requirements for total or partial early withdrawal of occupational-pension assets

- Minimum withdrawal amount: CHF 20,000, except when savings are deposited in a vested benefits account
- Maximum withdrawal frequency: every five years
- For people age 50 and above, the maximum withdrawal amount is limited to the capital saved at age 50 or half the vested termination benefit at the time of withdrawal, whichever is higher
- For people less than three years from retirement age, early withdrawal for home-ownership purposes is generally no longer allowed
- The amount withdrawn must be repaid:
 - If the property is sold
 - If the pension-fund member can no longer live in the property (two-year time allowance)
- Repayment is possible until:
 - Up to three years prior to pension entitlement
 - The occurrence of an insured event or cash payment
- Voluntary repayments:
 - Must be at least CHF 20,000, except for final payment of balance.

Important tips for early withdrawal

Verify that the amount of disability or survivor benefits (indicated on the vested-benefits certificate) is sufficient to cover your needs. If not, take out insurance to compensate for the reduction in benefits. Also, find out how much tax you will have to pay on the amount you withdraw. Note that this tax cannot be paid with the pension assets themselves: a separate source of funds must be employed.

Total or partial pledging of pension assets

Pledging your pension savings as opposed to withdrawing them will enable you to preserve the benefits you have accumulated, while increasing the amount you will be able to borrow to finance your home purchase.

If the pledge must be enforced, the same conditions as for early withdrawal of occupational-pension savings then apply. Note that pledging your pension assets will not reduce your mortgage interest payments.

Pledging vs. withdrawing pension assets

By withdrawing your occupational-pension assets, you:

Reduce your mortgage principal

Reduce the interest expense

If you pledge your occupational-pension assets:

Death and disability benefits are preserved

Pension benefits are preserved

The amount pledged is not taxed

The pledge is not recorded in the land registry

Using your personal pension savings (*pilier 3*)

You may also use your personal pension savings for your downpayment, either by withdrawing or pledging them.

Basic legal requirements

- Savings must be held in an eligible blocked-pension (or *pilier 3a*) account (in accordance with Swiss federal law – OPP3), such as BCF's Epargne 3 account or an insurance policy.
- Requirements for use are the same as for the occupational pension savings, i.e., regarding the purchase of a primary residence, types of ownership, etc.

Pledging vs. withdrawing blocked-pension assets (*pilier 3a*)

By withdrawing your blocked-pension assets, you:

Reduce your mortgage principal

Reduce the interest expense

If you pledge your blocked-pension assets:

Your pension capital is not reduced

The amount pledged is not taxed

Preparing for the unexpected

Insurance coverage for you and your family

We strongly recommend that you increase your personal insurance coverage to enable you to continue to meet your financial obligations in the event of unemployment, disability or death. For example, you can protect your loved ones by taking out insurance against such risks to supplement your Epargne 3 savings. This will provide additional security if your income decreases and will allow your family to meet its financial obligations in case of untimely death.

How much coverage will you need?

The first objective is to ensure that an untimely death will not force your family to sell the property. Secondly, should you become disabled, you want to avoid ending up in an impossible financial situation.

In the event of untimely death or disability, a family's income can decrease markedly, to the point that it becomes impossible to cover housing expenses.

To eliminate this risk, you should start by calculating your total monthly housing budget. Then determine your family's income in the event you die or become disabled. Any possible shortfall may then be insured. Your BCV advisor will be happy to discuss this with you and help you define the most appropriate insurance for your particular situation.

Some examples of death and disability coverage

DISABILITY	
Initial housing budget (monthly)	2,100
<hr/>	
– Housing budget in the event of disability	1,500
= Additional monthly disability benefit required	600

Advantages

- Choice of waiting periods for benefit payment
- There is a contributions waiver if the disability prevents you from working.

DEATH	
Budgeted mortgage debt	400,000
<hr/>	
– Maximum mortgage debt in case of death	265,000
= Additional death benefit required	135,000

Advantages

- Capital may be constant or decreasing (to account for principal amortization)
- One or two people may be insured

Key points

1. To calculate your budget you must consider:

- The price of the property
- Purchase expenses
- Property maintenance and insurance expenses
- Interest payments
- Principal payments.

Your monthly housing expenses should not exceed one-third of your monthly net income.

2. For your downpayment (at least 20% of the property's value, including purchase expenses), you may:

- Use any cash resources available (savings, inheritance, etc.)

- Withdraw or, preferably, pledge all or part of your occupational pension savings
- Use your personal blocked-pension savings (*pilier 3a*).

3. It is prudent to take out death and disability insurance to protect your family from financial hardship in the event something happens to you.

In any case, your BCV advisor will help you find the best solution for the long term, particularly when you intend to use your pension assets.

Finding the perfect home

What sort of a buyer are you? Do you follow your head or your heart? Either way, here are some of the main things you should take into consideration.

Choosing your new home

A lifestyle decision

Do you want a garden? Do you prefer to live in the city? The right purchase will depend on your personal aspirations and, of course, your budget.

A house. Your future home may perhaps be a row or terraced house, or semi or fully detached. It may already be waiting for you somewhere or be built to your specifications.

A condominium apartment. Like a house, an apartment may be a resale property, newly built and ready for you to add the finishing touches, or built just for you. It may be subject to condominium rules.

House or apartment?

Advantages of a house	Disadvantages of a house
Full ownership	More expensive
Space	Maintenance more costly and time-consuming (gardening, etc.)
Total freedom to set up and decorate	Need to save for future renovation

Advantages of a condominium	Disadvantages of a condominium
Sharing of common-area expenses	Less privacy
Managed by a property management company	Potential problems with other owners
Lower maintenance expense	Must comply with majority decisions

Location, location, location...

Location affects not only your everyday life but also resale value

Do you have children? If so, are their current and future schools easy to get to? You and your spouse may both work. Can you use local transportation to get to work or will you have to purchase a second car? Are shops and other day-to-day services nearby?

Once your children have grown up, or perhaps when you retire, you may consider purchasing a home that will better suit your needs. If so, will you be able to easily sell the property you are considering buying now?

You may be interested in having a garden. Are you sure that taking care of it won't take up all your free time? Maybe you prefer to live in the city. Is there parking nearby? Can you easily get to the public transportation you will need? All these questions deserve careful consideration.



Buy or build?

Purchasing an existing home

This offers several advantages. For one thing, you can visit the home and make sure it meets your needs.

Existing homes are usually available quickly, and their price is set in advance.

Of course you will want to add your own personal touch by redecorating walls or redoing floors, kitchens, bathrooms, closets, etc. The cost of the work involved may vary considerably depending on the property's age and condition. Have the property appraised by a professional and ask for a description of all previous work along with the corresponding invoices. If you are considering a condominium apartment, be sure that sufficient funds have been appropriated for the renovation of the building's exterior walls and common areas.

Building your house

Having your house built will give you more freedom to make sure it suits your personal needs and desires. However, this will mean a multitude of decisions that will require a lot of thought and time on your part, and constant oversight during construction to make sure that budgets and deadlines are met. You may prefer a "turn-key" house built by a specialized builder according to existing plans, or one designed by an architect to your specifications.

What to check

Once you have found the house or plot of land you have been looking for, be sure to:

- Hire a professional to appraise the house, and ask for invoices to substantiate all repair and maintenance work
- Compare the price asked with those of nearby properties
- If you are considering buying a plot of land, verify with the local authorities that it can be built on. Use this opportunity to find out about any new construction projects planned nearby.
- Obtain a land registry certificate that identifies the plot and indicates any rights of passage or other easements.

Insurance required for construction

Owner's liability insurance

By law, the owner of a property under construction can be liable for anything that happens at the worksite.

Owner's liability insurance protects you from the financial consequences of any property damage or personal injury that may occur during the construction project.

Construction period insurance

This insurance covers damage to your property during the construction work. It covers both damage to the house and also damage resulting from a building or material defect, negligence, carelessness or faulty execution. Basic risks such as flooding, hail or falling rocks may also be insured upon request. All fixed construction items are also covered against theft.

Contractors' all-risk insurance

This insurance is provided by the canton for the duration of the construction work and covers damage caused to the building by fire and natural hazards.

The person in charge of the work, usually the architect, is responsible for taking out this insurance.



The importance of professional guidance

Before you make a firm commitment, seek the advice of trusted professionals.

Broker

The real estate broker will help you find a property that meets your specific requirements. The broker's fee is paid by the seller.

Architect

Choosing an architect to design your home will give you considerable freedom of choice. Together, you can design a house or apartment that reflects your tastes and personality.

The architect will help you prepare the building permit application, seek bids for work, draw up detailed work specifications and select contractors. He may also draw up a general contracting agreement. Once construction has begun, the architect coordinates all of the work required to build your home and makes sure it is properly executed – on schedule and on budget.

General contractor

A general building contractor is responsible for carrying out all of your work, generally with the help of subcontractors. You will only deal with the general contractor and will sign only one contract with one price for all of the work required. You will therefore not have to worry about coordinating the work of the various subcontractors. This is the job of the general contractor, who is responsible for meeting deadlines and will be liable in the event of a construction defect, delay or legal dispute.

Notary

The notary draws up the final deed of sale after examining, together with the seller and the buyer, all of the legal, economic, tax and any other consequences of the property transaction. It is only when this deed has been signed and recorded on the land registry that the buyer gains title to the property.

Tip: the buyer can choose the notary.



Land registry

All rights relative to real property are recorded on the land registry. These rights may involve the land or building itself, co-ownership rights, condominium rights, surface area rights or access to water sources. Each property has a distinct page and number in the land registry.

The land registry is also used to ensure that the public is informed of real estate transactions. The registrar carefully examines all property documents. In most cases, the transfer of property or the creation, modification or cancellation of any property right only takes effect when recorded in the land registry. In Vaud Canton each district generally has its own land registry.

Your BCV advisor

Your BCV advisor will work with you to determine the optimum financing plan, in accordance with your personal situation and projected needs. Your advisor will show you how to keep your tax obligations to a minimum, and will help you analyze all the long-term financial implications of your investment. Our advisors know the ins and outs of the local property market and its professionals – this makes BCV the ideal partner to ensure that your project is well thought out, realistic and in line with your expressed goals and needs.

Key points

When selecting a property, the main things you must take into consideration are:

- Your lifestyle
- The location of the home or plot you intend to purchase
- The condition of the property you are considering buying.

If you decide to build, you must take out suitable insurance, since, as the owner of the property, you may

be held liable if something goes wrong. Make sure to check your general contractor's reputation and solvency.

Be sure to call on specialists when selecting, examining, building and financing the property.

Your BCV advisor's thorough knowledge of the local market is a valuable asset that will help you make the right decision.

Some useful addresses

Association des notaires vaudois – (ANV)

www.notaires.ch

This website provides a wealth of information on the role of notaries and the services they provide, particularly for real-estate transactions.

Chambre vaudoise immobilière (CVI)

www.cvi.ch

The CVI represents property owners and defends their interests in Vaud Canton.

Fédération Vaudoise des Entrepreneurs (FVE)

www.fve.ch

The FVE is a trade association that represents and coordinates the actions of the canton's contractors.

Vaud land registry

www.rf.vd.ch (requires subscription)

Enables access to the land registries of the canton's districts.

Properties for sale

www.homegate.ch

Société suisse des ingénieurs et architectes (SIA)

www.sia.ch

This site provides a list of qualified and experienced engineers and architects. Among other things, the SIA prepares and issues Swiss construction standards and represents Switzerland in European standardization bodies.

Union suisse des professionnels de l'immobilier Vaud (USPI Vaud)

www.uspi-vaud.ch

This association is composed of approximately one hundred real-estate professionals in Vaud Canton, including property management companies, brokers, appraisers and property developers. Its members adhere to a code of ethics and shared auditing principles.



Financing your purchase

BCV offers you a wide variety of services to finance your home purchase. Whatever your project may be, we will work with you to find the solution that best meets your goals and needs.

When selecting your financial partner, be sure to consider the interest rate offered, the quality of advice and the level of service – all ways in which BCV really stands out!

A residential mortgage loan can cover up to 80% of the property's value as estimated by BCV. The first mortgage loan covers 65% of the property's value, while the second mortgage loan (whose interest rate is 1% higher) covers the remaining 15%.

Selecting the right mortgage loan

What type of mortgage loan is best for you?

You are looking for:	We suggest a:
<ul style="list-style-type: none">• stability and security• fixed payments• a precise budget• strict control over your housing expenses	▶ Fixed-rate loan
<ul style="list-style-type: none">• more flexibility• exposure to declining interest rates <p>It is possible to reduce your exposure to rising interest rates.</p>	▶ Variable-rate loan
<ul style="list-style-type: none">• protection against rising interest rates• a fixed mortgage payment• the benefits of low short-term interest rates <p>If you also want to immediately benefit from falling short-term rates while limiting interest-rate risk.</p>	▶ BCV Benefit loan
<ul style="list-style-type: none">• reduced interest-rate risk• a good balance between the advantages of short-, medium- and long-term rates <p>If you also accept some fluctuation in interest rates.</p>	▶ BCV Multifix loan

Building loan

The ideal financing solution if you plan to have your house built for you

Interest is calculated only on the amount used.

How it works

This loan is withdrawn from a current account in stages, up to the credit limit. Payments are made as construction work is completed and upon presentation of invoices signed by the customer and the architect. For residential construction projects, the first and second mortgage loans are grouped together into one building loan.

Once construction is terminated, the building loan can be converted into a mortgage loan.

Variable-rate mortgage loan

For maximum flexibility

Would you prefer not to be locked into a fixed rate, or do you expect interest rates to stabilize or even fall? If so, be sure that you have sufficient financial resources in case rates happen to go up. In that event, you can switch to any of our other mortgage loan solutions at any time. You may also opt for indirect repayment into your Epargne 3 account.

How it works

The variable-rate mortgage loan will keep your interest payments in line with market rates. The half-yearly payments include both an interest component and a repayment component (usually about 1%).

Fixed-rate mortgage loan

Stability and security

Since the interest rate will not vary throughout the agreed term, you will be protected against rising interest rates and will know exactly how much your payments will be. You may also opt for indirect repayment into your Epargne 3 account.

How it works

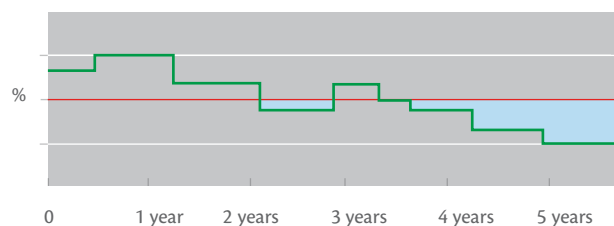
The loan term may vary from 2 to 10 years, with the option of renewing the loan when it reaches its term or converting it into a variable-rate, BCV Benefit or BCV Multifix mortgage loan.

The half-yearly payments include both an interest component and a repayment component (usually about 1%).

Fixed rate:



Variable rate:



BCV Benefit mortgage loan

If you want to reduce interest-rate risk while taking advantage of low short-term rates

With the BCV Benefit mortgage loan, your payment amounts will remain fixed throughout the agreed term and you will benefit from any decrease in interest rates while being protected against rising rates up to a certain level. You will know in advance how much you will have to pay each year and may also opt for indirect repayment into a BCV Epargne 3 account. At the end of your mortgage term you will be free to choose another type of BCV mortgage.

How it works

The BCV Benefit mortgage loan is an innovative product whose interest rate is based on the 6-month LIBOR (London Interbank Offered Rate), which is commonly used as a benchmark for short-term interest rates in financial markets. The interest rate on the loan is fixed for a period of six months, after which it is adjusted in accordance with LIBOR.

When you enter into the loan agreement, you may set a fixed annual payment amount.

When the LIBOR rate decreases, your principal payment will increase. When the LIBOR rises, your principal payment will decrease or be automatically suspended.

If the LIBOR rate rises above your contractual interest rate, you will not be charged for the difference.

Your mortgage loan may cover up to 80% of the value of your property, with the first and second mortgage loans lumped together in the same loan.

Loan term: five years, renewable in accordance with market conditions.

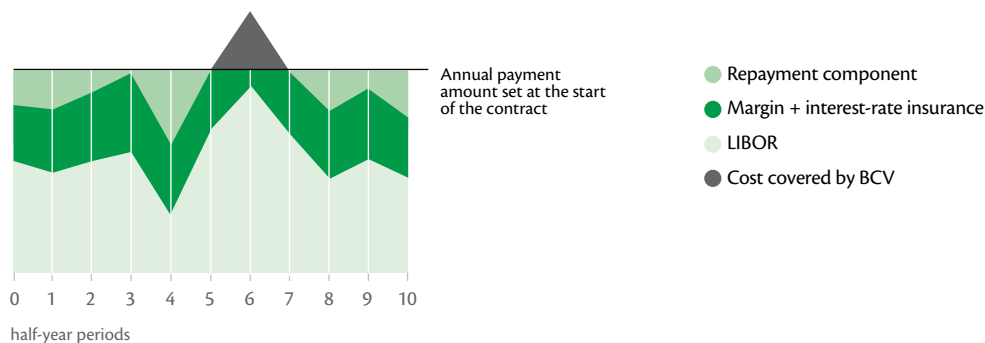
The half-yearly mortgage payments include an interest component – which comprises the basic interest rate, the bank's margin and the cost of interest risk insurance – and a principal repayment component.

Example: Benefit mortgage loan

	January 1 to June 30 (year Y)	July 1 to December 31, (year Y)	January 1 to June 30 (year Y+1)
6-month LIBOR rate	1.00 %	0.75 %	1.30 %
+ Bank's margin and insurance	1.50 %	1.50 %	1.50 %
= Rate charged	2.50 %	2.25 %	2.80 %
+ Principal repayment	1.50 %	1.75 %	1.20 %
= Fixed payment	4.00 %	4.00 %	4.00 %

Simulation of a BCV Benefit mortgage loan starting on 1 January in year Y: payment components over the first three half-year periods.

The BCV Benefit mortgage loan



BCV Multifix mortgage loan

You can accept some fluctuation in interest rates but would like to limit the risk of sharp rises

With a BCV Multifix mortgage loan, you select the amount and term of each tranche in accordance with your specific requirements. You can combine short-term interest rates, which are generally lower, with longer-term rates which tend to be more stable.

How it works

The BCV Multifix loan amount is divided into tranches of at least CHF 100,000. Each tranche is equivalent to a fixed-rate loan with the term you have selected, from 3 months to 10 years.

If, for example, you select three tranches with a fixed interest rate for six months, two years and five years, this means that the first tranche will be renewed every six months, the second every two years and the third every five years. This reduces the risk of having to renew the full loan at a time of rising interest rates, since all three tranches will only be renewed simultaneously every 10 years.

The sum of the tranches from 3 to 12 months must not exceed 50% of the loan amount.

Tranches with a term of 12 months or less may be terminated with 1 month prior notice, while tranches with longer terms require 6 months' notice.

Mortgage principal may be paid down through fixed annual payments, either directly or indirectly (i.e., into an Epargne 3 account).

Example: Multifix mortgage loan

	January 1 to June 30 (year Y)	July 1 to December 31 (year Y)	January 1 to June 30 (year Y+1)	July 1 to December 31 (year Y+1)	January 1 to June 30 (Y+2)	July 1 to December 31 (Y+2)
1st tranche: 6-month rate	1.30%	1.70%	2.30%	2.20%	1.20%	1.60%
2nd tranche: 2-year rate	2.50%	2.50%	2.50%	2.50%	2.40%	2.40%
3rd tranche: 5-year rate	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
= Average rate of the 3 tranches	2.30%	2.43%	2.63%	2.60%	2.23%	2.37%

Simulation of a BCV Multifix mortgage loan starting 1 January in year Y: interest rates on a 6-month tranche, a 2-year tranche and a 5-year tranche over the first three years.
Principal repayment (at least 1% of the amount borrowed) is not included in the above example.

Property account

A simple and effective way to manage your home-related finances

How it works

If you own your home, your mortgage payments can be automatically debited from your property account (into which you make periodic payments). You may also use your property account to build up renovation funds.

Choosing a mortgage loan

What is the best product for a given interest-rate level and trend?

Interest-rate level	Trend	Fixed rate	Multifix	Benefit	Variable rate
High	→	●	●	●●	●●
	↘	—	●	●●●	●●●
Medium	↗	●●	●●●	●	●
	→	●●	●●	●●	●●
	↘	●	●	●●	●●●
Low	↗	●●●	●●●	●	●
	→	●●	●●	●	●

- worst choice
- poor choice
- good choice
- best choice



Why bank with BCV?

Even if you're not already a BCV customer, you can still take out a mortgage loan with us. There are some real advantages to choosing BCV when you purchase a home.

The Family Bonus

A lower interest rate the first year and no set-up fees

Our family Bonus Plan is designed to make the transition to home-ownership easier for families. It's designed to lessen your financing burden during the first year, freeing up cash for projects like furnishing your new home.

You will also automatically build up savings that will help ensure your family's financial security. Your payments* into a BCV Epargne 3 blocked pension savings account offer various tax advantages. And your children will receive deposits into their savings accounts.

How it works

When you take out a new fixed-rate, Benefit or Multifix mortgage loan you will be entitled to a lower rate of interest the first year on the first-mortgage component of the loan. The following reduction percentages apply:

- 0.5% for a family with one child under age 18
- 0.75% for a family with two children under age 18
- 1% for a family with three or more children under age 18.

The maximum reduction is CHF 6,000.

The mortgage principal on loans with a Family Bonus must be repaid indirectly. This means that you must pay, each year, at least 1% of the amount borrowed into a BCV Epargne 3 account. This entitles you to special tax advantages while helping to secure your family's future.

In addition we will waive the 1% set-up fee on your loan, saving you between CHF 350 and CHF 1,000. In exchange, you agree to deposit CHF 100 into each of your children's BCV Epargne Jeunesse accounts. This way they also come out ahead!

* within the limits allowed for blocked-pension savings (*pilier 3a*)

Example: a comparison with and without the Family Bonus during the first year

For a family with three children and a CHF 500,000 mortgage loan at an interest rate of 3% for two years.

	With Family Bonus	Without Family Bonus	Benefit for you	Benefit for your children
Interest rate	2%	3%	1%	
Interest payment	10,000	15,000	5,000	
Set-up fee	0	500	500	
Deposits into Epargne Jeunesse accounts	300		- 300	300
Principal repayment	5,000*	5,000		
Total payments for first year	15,300	20,500	5,200	300
Your family's gain:				CHF 5,500

*Indirect principal payment into a BCV Epargne 3 account

Please note: the usual terms will apply starting the second year.



Securimmo

Five years of free death coverage

Having a large portion of your mortgage debt paid off in the event of untimely death can help protect your family from financial hardship and enable them to keep your home.

Over five years this may represent total savings of up to CHF 5,000, depending on the amount you borrow.

How it works

When you take out a new fixed-rate, Benefit or Multifix mortgage loan, BCV will pay, for a period of five years, the premiums for death insurance covering one-third of the amount you borrow, up to a maximum insured amount of CHF 333,333.

As you pay down your mortgage, the insurance will cover one-third of the remaining principal. At the end of the five-year period, you may either terminate the insurance or continue coverage at your own expense.

Securimmo is only available for mortgage loans on a primary residence. When a loan is granted to a couple, the person insured is the one who bears the greatest financial burden. This person must be below age 50 at the start of the insurance period. This coverage is subject to the eligibility requirements of *Forces Vives*, the Lausanne-based insurance company that is BCV's partner in this area.

Example

If you borrow CHF 450,000, the amount covered by Securimmo will be one-third of that amount, or CHF 150,000. Since BCV pays the annual premium (0.30% of the insured amount) you will save CHF 450 a year and CHF 2,250 over five years. If you were to borrow CHF 1,000,000, you would reach the maximum insurable amount of CHF 333,333 and save CHF 1,000 a year and CHF 5,000 over five years.

Amount borrowed	Amount insured (one-third of the loan)	Annual premium rate paid by BCV	Your savings	
			annual	over 5 years
CHF 450,000	CHF 150,000	0.30%	CHF 450	CHF 2,250
CHF 600,000	CHF 200,000	0.30%	CHF 600	CHF 3,000
CHF 1,000,000	CHF 333,333	0.30%	CHF 1,000	CHF 5,000

Example with indirect loan repayment over five years.

Key points

Selecting a top-quality financial partner like BCV has its advantages:

- The Family Bonus option reduces your interest expense the first year, and there is no set-up fee
- The Securimmo option covers the cost of death insurance for the first five years.

Your BCV advisor will help you find the appropriate financing solution.

Tax optimization

The tax implications of property ownership

Owning real estate will have a substantial impact on your tax situation. Your personal assets will be increased by the property's tax value and the estimated equivalent rental income will be added to your taxable income. On the other hand, the tax authorities offer ways to deduct your mortgage principal and interest from your personal assets and taxable income, respectively. Buying a home is the ideal time to select the best strategy for reducing your tax bill.

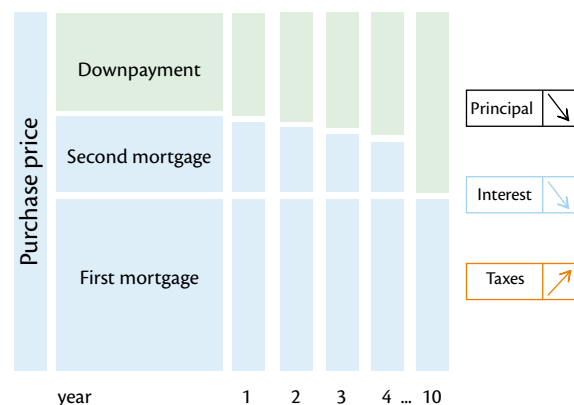
Direct or indirect mortgage repayment?

You can pay down your mortgage principal either directly or indirectly. Each method has a different impact on your financial and tax situations.

Direct repayment

Direct repayment involves regular payments made directly to the mortgage lender. This gradually reduces the mortgage principal over the years, so your interest burden will also gradually decline. Since the amount of outstanding principle also declines, your tax burden rises.

This is because when your interest payments decrease your taxable income rises, since your interest payments may be deducted from your income.



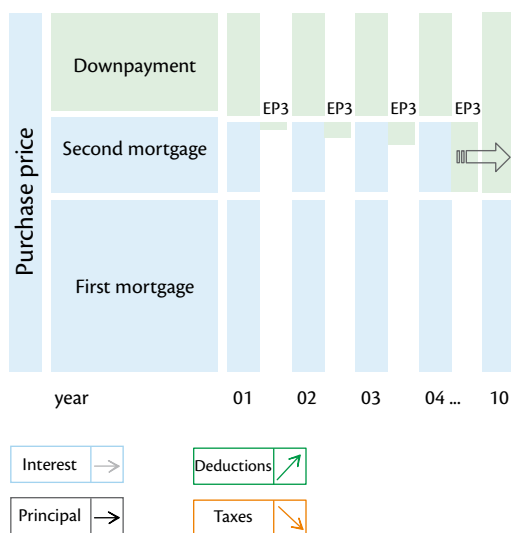
Indirect repayment

With this method you no longer make direct payments on your mortgage, but rather regular deposits into a blocked-pension savings vehicle (*pillar 3a*).



This means that the loan principal and the interest on the loan remain constant, unless of course the interest rate changes.

The capital and interest that accumulate in a blocked-pension account may be used either to pay down some of the principal (every five years) or to make a single principal payment before age 65, or age 64 for women.



The ideal way to reduce your taxes while increasing your savings

The main advantage of indirect repayment is that the annual payments made into a blocked pension account (such as BCV's Epargne 3 account) are tax-deductible. These payments are capped at CHF 6,365 a year (in 2007) for people who already have an occupational pension fund (*pilier 2*), and at 20% of income – or a maximum of CHF 31,824 – for those who do not.

No tax is withheld on the income earned from the blocked pension account. Furthermore, the accumulated capital is not subject to wealth tax and is taxed at a preferential rate when withdrawn.

BCV's Epargne 3 account is an excellent solution for your home financing strategy.

Saving for a downpayment

You can also use an Epargne 3 account to save up for the downpayment you will need to purchase your home, while reducing your tax bill. This money can only be withdrawn once the purchase is finalized.

The benefit of Epargne 3 financing

- You will earn above-average returns on your capital and the returns will not be subject to withholding tax
- Your mortgage interest payments are constant and tax-deductible
- You can deduct 100% of your mortgage principal from your taxable assets
- Your payments into the Epargne 3 account are fully deductible from your income
- Your Epargne 3 account is not included in your taxable assets
- When capital is withdrawn it is taxed at a lower rate
- Legal beneficiaries do not have to pay estate tax on the accumulated savings
- Accumulated savings are not subject to seizure in the event of legal proceedings
- No management fee is charged

Example: a hypothetical situation over a 10-year period

- Family with 1 child
- Couple's taxable annual income: CHF 100,000
- Estimated rental value: CHF 15,000
- Location: Lausanne
- Purchase price: CHF 500,000
- First mortgage on CHF 325,000 (3.00%)
- Second mortgage on CHF 75,000 (4.00%)
- Repayment: annual payment of CHF 4,000 into an Epargne 3 account
- Interest on Epargne 3 account: 1.5%

Direct repayment		Indirect repayment	
Repayment	CHF 40,000	Payment into Epargne 3	CHF 40,000
Mortgage interest	CHF 131,450	Mortgage interest	CHF 138,588
Tax difference	CHF 9,207	Tax difference	CHF -3,813
Total payments (over 10 years)	CHF 180,657	Total payments (over 10 years)	CHF 174,775
		Savings 1:	CHF 5,882

Initial loan amount	CHF 400,000	Initial loan amount	CHF 400,000
Repayment	CHF -40,000	Epargne 3 capital	CHF -43,453
		Tax on capital	CHF 1,902
Remaining principal	CHF 360,000	Remaining principal	CHF 358,449
		Savings 2:	CHF 1,551

Total savings (1+2) through indirect repayment = CHF 7,433

BCV's financial planning experts help you plan for the future with confidence

A real-estate purchase will generally represent a large part of your net worth and involves many interrelated factors. Our financial planning expertise covers the full range of financial decisions that you and your loved

ones are currently facing and will face in the future. The key phases of your future deserve careful consideration from a financial point of view, to ensure that your needs are met as effectively as possible, at all times. Contact your BCV advisor now to start planning your financial future!

Key points

Buying a home will change your tax situation:

- The tax authorities will add the rental value of your property to your taxable income.
- However, the interest paid on your mortgage is tax-deductible.
- Indirect repayment can reduce your tax bill even more.

Your BCV advisor can help you understand your current and future tax situation and show you how to make the best use of the tax advantages available to homeowners. In addition to tax considerations, your real-estate investment provides an excellent opportunity to undertake a long-term financial planning strategy.

Moving

Some practical tips

Leaving your old home

- If you rent, make sure you give sufficient notice and observe the terms of your contract.
- Inform the property owner or manager and, if necessary, your insurance company of any damage caused.
- Make sure you have all of the keys you will need for the final inspection.
- Make an appointment with the property manager or owner for the final inspection.
- Inform the building superintendent of your moving date so that he can help you reserve a parking space for the moving truck.

Preparing to move

- If you plan to use a moving company, make sure to obtain several estimates. Give the same estimated number of cubic meters to be moved and the exact addresses to each company.
- Don't forget to contact a cleaning company and have the job specifications and the exact date confirmed in writing.
- If you decide to clean your house or apartment yourself, make sure to plan for everything and everyone you are going to need to help.
- Sort through your things and throw out anything you don't want to take with you.
- Don't forget any of your belongings! Remember the cellar, attic, garden, etc.

- Take advantage of local bulk trash collection to dispose of everything you would like to get rid of, and give items that are in good condition to a charitable organization.
- If you purchase new furniture, have it delivered directly to your new address.
- Sketch out the arrangement of furniture in your new home.

Administrative formalities

- Decide with your employer on the day you will take off to move (Swiss law allows at least one).
- Make sure the schools and nurseries in your new neighborhood have room to accommodate your children.
- Inform your children's old and new schools that you are moving.
- Don't forget to have your identification documents updated.

Inform the following of your new address:

- Your bank or postal bank
- Utilities (water, gas and electricity, for meter readings)
- The "Contrôle des habitants" office in your old and new towns
- Your commander (if in the military)
- Social security office (if self-employed or a retiree)
- Doctors and dentists
- Employer



- Schools and nurseries
- Motor vehicles department
- Health and insurance companies
- Tax authorities
- Newspapers and magazines subscribed to
- Home-delivery services
- Associations, clubs, etc.
- Post office (to have mail forwarded)
- Telephone company (to have number transferred)
- Radio/TV: notify Billag.

Moving day

- Prepare a box for your most important documents (personal and family identification documents, employment records, etc.), which you will keep with you. Do the same with valuable items, such as jewelry, etc.
- Plan to have a relative or nursery take care of small children.
- Don't forget to have someone look after your pets that day.

- Discuss the day's moving process with the movers and call their attention to fragile items.
- Hang up the layout of your new home to show the location of furniture.
- Inform your moving company or insurer of any damage or loss within three days (legal limit).

Forgotten anything?

- Before you leave your old home, take one last look all around to make sure you haven't left anything behind, including in the garage, cellar, attic and garden.
- Cut off the water supply.
- Switch off the electricity.
- Remove your name from the door and mailbox.
- Note the water and power meter readings yourself, as a precaution.

BCV – your full service bank

In addition to mortgage loans, BCV provides a full range of products and services that make everyday life a little easier, such as checking accounts, payment and credit cards, savings accounts, short-term loans for your

projects, and investment and pension products. Your BCV advisor will be pleased to discuss our products with you and help you select the products and services most appropriate for you.

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