

Assess risks affecting your loan repayment capacity

Loan repayment always involves risks. Your life situation may change, and it is impossible to predict the future. Consider how the following situations would affect your personal finances.

1 **Illness or accident**

- If you fall ill, your income may decrease either temporarily or permanently.
- Your work capacity may also decline permanently.

No effect Minor effect
 Major effect Critical effect

2 **How would unemployment affect my finances?**

- If you become unemployed, your income will decrease by an average of 50%.
- Getting a new job may take time.

I'm ready to sell my flat or other property
 I'm ready to take out a supplementary loan to cover my living expenses
 Guarantors or third party pledgors will handle the loan repayment

3 **Death, either yours or your spouses**

- In the case of death, borrowers typically need to sell the flat or other property, take out a supplementary loan or make the guarantors liable for the repayment.

No effect Minor effect
 Major effect Critical effect

4 **A rise in interest rates**

- Each loan payment will increase or the loan term will be extended.

No effect Minor effect
 Major effect Critical effect

5 **Changes in life situation**

- As your family grows, your household expenses will increase considerably.
- The end of a relationship may have financial consequences similar to those caused by the death of your spouse.

No effect Minor effect
 Major effect Critical effect

6 **Damage affecting your home, or home improvement needs**

- Home-related expenses may include considerable one-off expenses.
- Housing company renovations may force you to take out more loan.

No effect Minor effect
 Major effect Critical effect

No effect – Nothing will change
Minor effect – Minor effects on daily life
Major effect – I would have to rearrange my finances
Critical effect – I wouldn't be able to manage my finances

