

Local Authority

Rebuilding Ireland Home Loans

Credit Policy 2018

Made under the Housing (Rebuilding Ireland Home Loans)
Regulations 2018 (S.I. No. 25 of 2018)

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19 March 2021**

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July 2020)**

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1 Overview

1.1 Background

This is a mortgage provided to First Time Buyers (Non-Registered Owners of Residential Property) through local authorities. The Rebuilding Ireland Home Loan is for the construction or purchase of new and second-hand homes including those bought on the open market and tenant purchase. This credit policy complies with appropriate legislation including:

- Housing (Miscellaneous Provisions) Act 1992;
- Housing (Rebuilding Ireland Home Loans) Regulations 2018 (S.I. No. 25 of 2018);
- Consumer Credit Act 1995.

1.2 Local Authority Credit Committee

Each Local Authority providing Rebuilding Ireland Home Loans shall set up a credit committee. The committee shall have at least three members with at a minimum one member each from the Housing and Finance Divisions and of these two shall be at Senior Executive Officer level or above. The minimum quorum shall be three members of the committee.

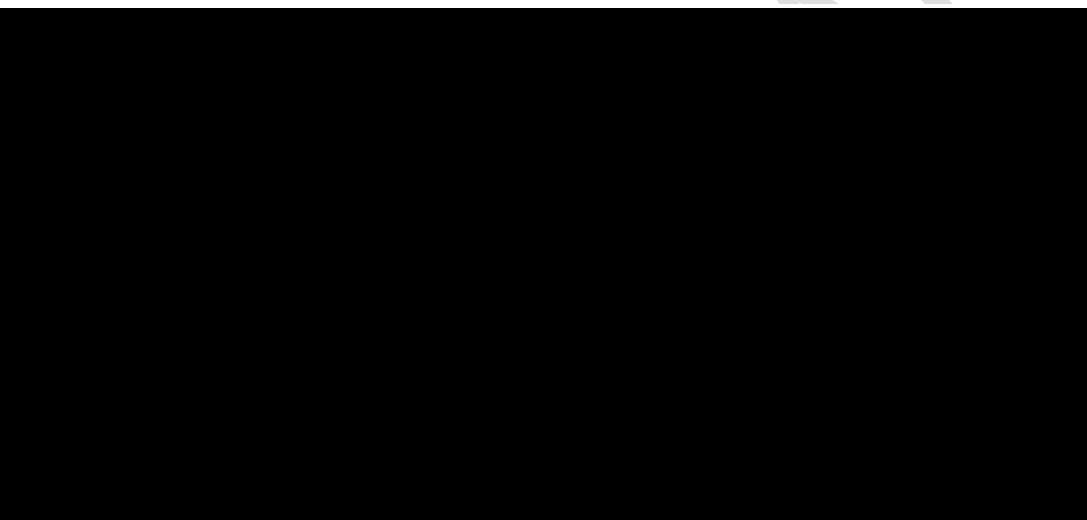
Each Local Authority shall establish an Appeals Process to allow a dissatisfied applicant(s) to appeal a loan application decision(s) of the credit committee. An Appeals Panel should be established comprising of personnel not involved in the original decision the subject of the appeal. Procedures for the making of an appeal should be established by each Local Authority.

1.3 Key Criteria

- The Rebuilding Ireland Home Loan is available for first time buyers (non-registered owners of residential property) and is for a maximum loan-to-value ratio (LTV) of 90%. Applicants must be first time buyers as defined in the Housing (Rebuilding Ireland Home Loans) Regulations 2018 (S.I. 25 of 2018) and aged between 18 and 70 years of age.
- Neither applicant can be a current or previous owner of residential property in or outside Ireland.
- The property must be situated in the Republic of Ireland and must have a gross internal floor area of 175 square metres or less, be in good condition and have good marketable title.
- The market value of the property to be purchased cannot exceed the values as specified in the Housing (Rebuilding Ireland Home Loans) Regulations 2018 (S.I.

No. 25 of 2018) or any Regulations or enactment amending or replacing those Regulations.

- The applicant(s) must occupy the property as their normal place of residence.
- The maximum loan amount is specified in the Housing (Rebuilding Ireland Home Loans) Regulations 2018 (S.I. No. 25 of 2018) or any Regulations or enactment amending or replacing those Regulations.
- The maximum loan term is 30 years up to the age of 70 and must be repaid by an annuity of principal and interest combined. All payments shall be made at monthly intervals.
- All applicant(s) must have the approved local authority mortgage protection insurance (MPI) policy in place for the loan amount and the term of the loan, prior to loan drawdown.



- Single applicants must not be earning greater than €50,000 gross per annum. The combined income of joint applicants must not be greater than €75,000 gross per annum. Applicants must have a credible savings record of a minimum of 12 months duration immediately prior to making an application.
- Applicants must be of good credit standing with a satisfactory credit record.
- The primary earner on the application must have at least two years continuous employment (this can be self-employment) and the second applicant must have at least one year. The application form must provide details of marital status, civil partnership or co-habiting status, dependents, current and previous employments, other borrowings, savings, details of property proposed for purchase and any other information requirements that may be determined from time to time.
- An Irish Credit Bureau and / or a Central Credit Register search on each applicant must be undertaken.
- A judgement search on each applicant must be undertaken, before a loan approval is issued.

1.4 Information to Accompany Application

The following documentation must accompany each loan application:

Proof of Identity and Age:	<ul style="list-style-type: none"> • Birth certificate or • Passport or • Drivers Licence or • Public Services Identity Card
Proof of EU or EEA citizen or legal right to remain in Ireland on a long-term basis:	<ul style="list-style-type: none"> • Passport • GNIB (Garda National Immigration Bureau) Card
First Time Buyer status:	<ul style="list-style-type: none"> • Completed and Revenue stamped HPL1
Credit Check Authorisation: Applicant must consent to the carrying out of credit checks and reporting of the loan application and the performance of the loan to a credit register(s).	<ul style="list-style-type: none"> • Signed Authorisation on Credit Checking
Anti-Money Laundering:	<ul style="list-style-type: none"> • Original bank statement or utility bill showing name and address, dated in most recent 3 months (to be matched against Proof of Identity)
Employment:	<ul style="list-style-type: none"> • Up to date P60 • Minimum of 4 out of last 6 payslips • Wage/salary payments must be visible on bank statements
Self-Employment:	<ul style="list-style-type: none"> • Minimum of 2 years accounts with either Accountant's Report or an Auditor's Report (ACCA, ACA, CPA or IPA) along with an up to date tax balancing statement and preliminary tax receipt for the company or business
Financial Transactions by way of Bank Statements: <i>(Original or stamped branch copies only – no internet copies)</i>	<ul style="list-style-type: none"> • 12 months most recent current account bank statements • 12 months most recent statements of savings • 12 months loan account statements • 12 months most recent credit card statements • 12 months most recent credit union statements
If renting:	<ul style="list-style-type: none"> • Tenants of a local authority or tenants under the RAS Scheme must submit a letter from the Rent Assessment Section confirming that their rent assessment is up to date and the account is clear for 6 months prior to applying. • Tenants in private rented accommodation must have a clear rent account for 6 months

	prior to applying and be able to show a rent book or proof of payment.
If in receipt of social welfare:	<ul style="list-style-type: none"> • Details of social welfare payments received in the previous 12 months verified by the Department of Employment Affairs and Social Protection.
Proof of Inadequate Loan Offers:	<ul style="list-style-type: none"> • Confirmation of inadequate loan offers by two financial institutions for the loan amount sought under the Rebuilding Ireland Home Loan application (on the headed paper of the financial institution(s) and bank or building society lenders only) in the preceding 6 months

In the circumstance of a separated applicant, a solicitor's letter stating that no financial gain was made by the applicant from the sale or transfer of ownership of the family home.

1.5 Requirements post Application

- a. Where the property is sourced by the applicant on the open market:
- Each application must be supported by a valuation report carried out by an approved independent or Local Authority Valuer. The standard valuation report set out in Appendix 1 is provided as an indicative template. The signed report shall not contain significant disclaimers or concerns about the condition/saleability of the property.
 - Certificates of compliance with planning and building regulations are required on completion for all properties mortgaged and must be provided by suitably qualified architects, engineers or building surveyors. The forms of compliance shall be those approved by the Royal Irish Architects Ireland (R.I.A.I), Engineers Ireland (E.I.) or the Society of Chartered Surveyors (S.C.S.).

Where the property is being purchased under the tenant purchase scheme, the valuation will be carried out by a Valuer nominated by and on behalf of the Local Authority.

- b. Prior to loan drawdown:
- Local Authority mortgage protection insurance must be in place.
 - Adequate building reinstatement insurance must be in place and the Local Authority's interest must be noted on the policy.

2 Good Financial Standing

2.1 Source of Applicant Equity

- The applicant(s) must have a deposit equivalent to 10% of the market value of the property.
- The applicant(s) must provide bank or similar statements (post office, credit union, etc.) for a 12-month period immediately prior to making an application clearly showing a credible and consistent track record of savings. The cash savings should be no less than 3% of the market value of the property.
- Unidentified lump sum lodgements made to a savings account within the 12-month period will not be considered when computing the deposit.
- Discounts from vendors will be ignored.
- Gifts are permissible up to 7% of the market value where their source is verified.
-

2.2 Borrowing Record

- Applicant(s) must give consent for credit checks and reporting to credit register(s).
- Applicant(s) must provide evidence of all existing borrowings with 12 month up-to-date loan statements.
- Applicant(s) with poor payment record will not be accepted.

2.3 Prohibited Categories

The following applicants will not be considered:

- Applicant(s) currently more than 3 months in arrears on rent or repayment, or who have had 3 months arrears at any stage over the past 2 years, unless a satisfactory explanation is received.
- Applicant(s) who are the subject of legal action for debt recovery.
- Applicant(s) who have been involved in a previous settlement which has resulted in a loss to a financial institution.
- Applicant(s) who are declared bankrupt or currently subject to bankruptcy proceedings.
- Applicant(s) who have a court order (judgment) for recovery of debts granted against them.

3 Income

3.1 Income Details

Only income earned by applicants with rights of residency and rights to seek employment in the Republic of Ireland can be used in calculating borrowing capacity. Applications from non-residents will not be considered.

3.2 Employed Applicants

Income details provided by the applicants must be supported by the following:

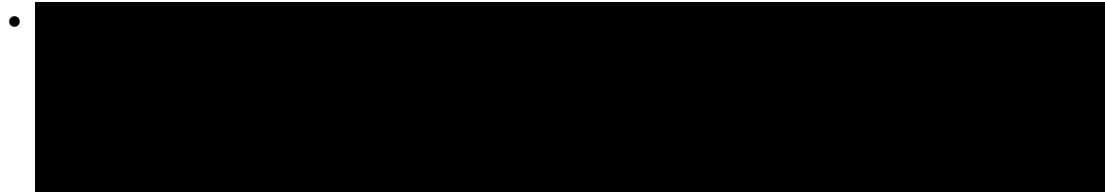
- Minimum 12 months most recent current account bank statements verifying net income and 12 months most recent statements verifying savings. These must be original or stamped branch copies only. Internet copies will not be accepted.
- P60 for the previous tax year (except for applications made in months of January and February for which the P60 for the previous but one year can be used).
- Minimum four of the last six payslips.

Appropriate and verifiable evidence must be obtained to support any overtime, bonus or commission payments included in the net income calculation.

3.3 Self-Employed Applicants

Income details provided by the applicants must be supported by the following:

- Minimum of two years accounts with an Accountant's or Auditor's Report (a qualified report is not acceptable) from a suitably qualified practitioner (ACCA/FCA/CPA/IPA) along with an up to date tax balancing statement for the company/business.



- Applicants must also produce a minimum of 12 months most recent personal current account bank statements and a minimum of 12 months most recent business current account statements verifying net income and 12 months most recent statement verifying savings.

3.4 Contract Income

For persons employed on a contract basis, details of contract income over the last two years must be provided. Evidence that tax payments are up to date is also required.

Contract income can be treated in the same way as ordinary income provided:

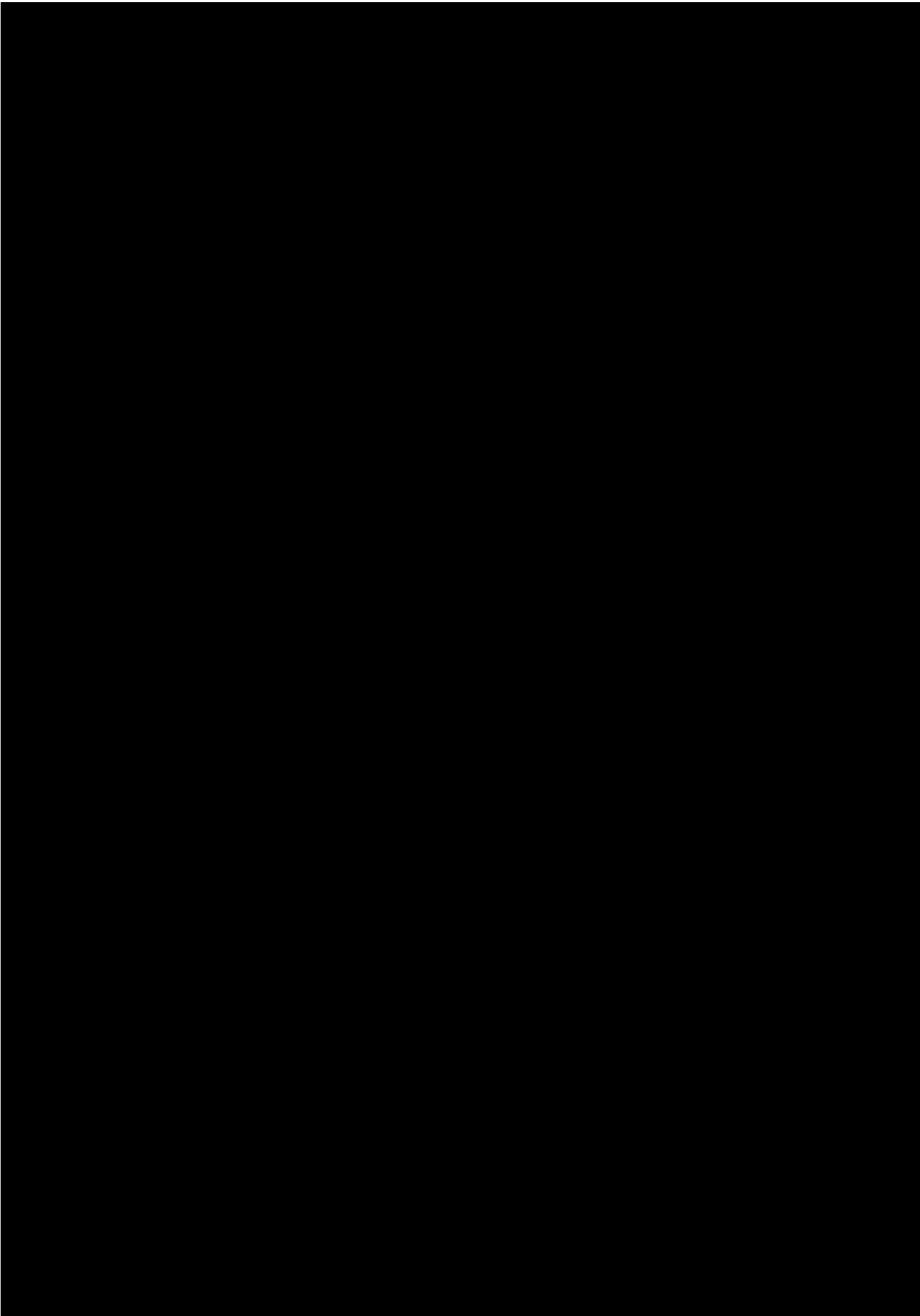
- The applicant works in an industry where contract income is regarded as the norm e.g. teaching, medical profession and ICT etc.
- The applicant has been on contract in the same line of business for at least the last two years or, where recently gone on contract, has been employed in the same industry for at least the previous two years.
- The current contract has at least three months left to run and there is some indication from the employer that it is likely to be renewed.

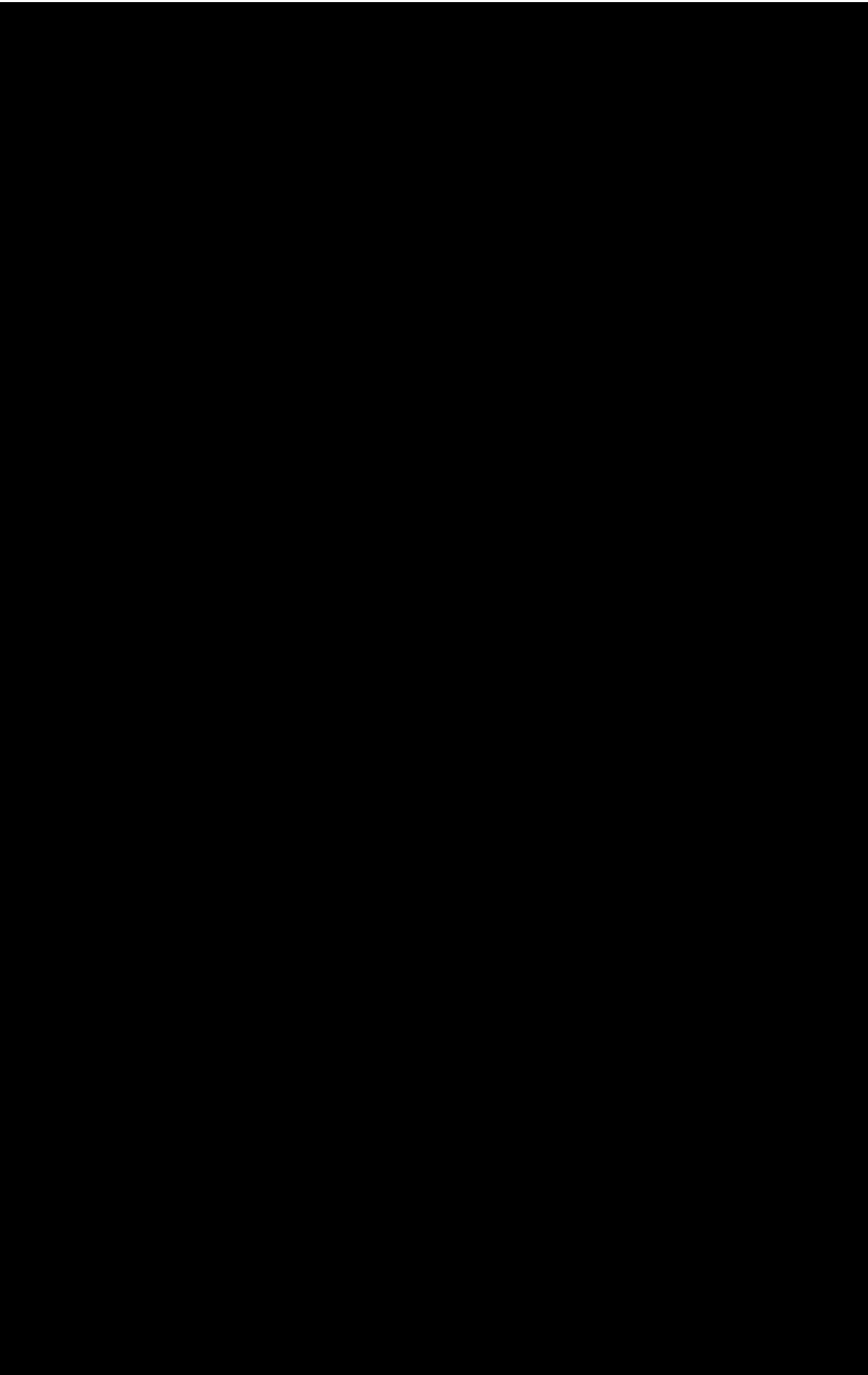
3.5 State Benefit Payments

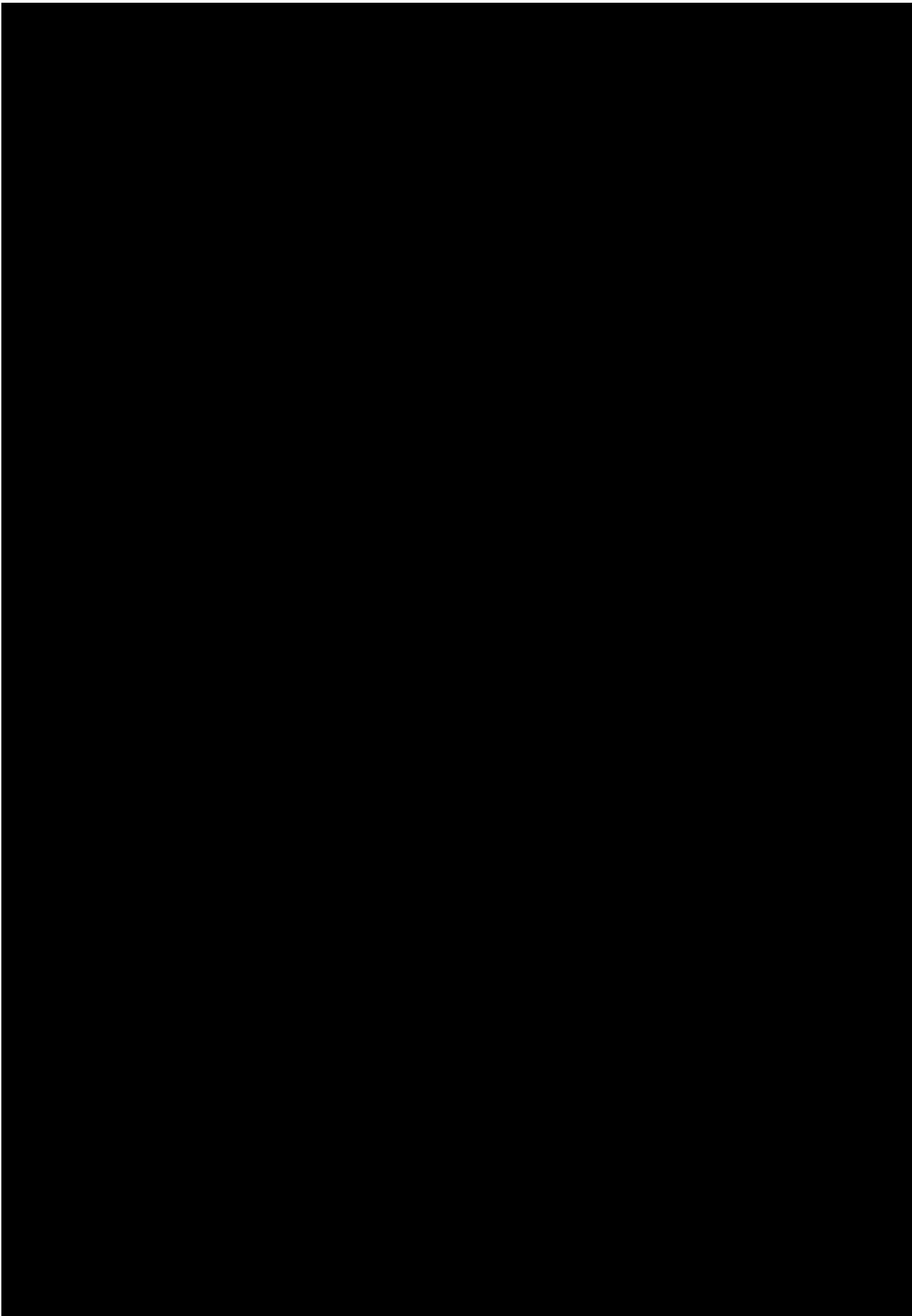
The Rebuilding Ireland Home Loan is not, as a general rule, available to those in receipt of unemployment/social welfare benefits. However, where there is a primary income of a waged/salaried nature, long term state benefit payments may be considered. State benefit payments allowable will be:

- State Pension (Contributory);
- State pension (Non-Contributory);
- Widow's/Widower's Pension;
- Blind Pension;
- Invalidity Pension;
- Disability Allowance.

The long-term nature of the payment must be confirmed by the Department of Employment Affairs and Social Protection or other relevant Government Department. Independent confirmation is required in such circumstances.







5 Insurance

5.1 Building Insurance

Building Insurance in the amount of the rebuilding cost specified on the Valuer's report must be in place prior to loan cheque issue.

A letter of indemnity containing the standard mortgagee's clause should be furnished as confirmation of same prior to cheque draw down. However, building insurance schedules can now be accepted provided the below criteria are met:

- The interest of the Local Authority is noted.
- The address matches that listed on the loan approval.
- The inception date of the policy pre-dates the loan cheque issue date.

5.2 Mortgage Protection/Life Assurance/Payment Protection

It is a legal requirement that all applicant(s) have the approved local authority mortgage protection policy in place for the loan amount and the term of the loan, prior to loan drawdown.

6 Valuations

6.1 Valuation Reports

Where the property is sourced by the applicant on the open market, each application must be supported by a valuation report carried out by an approved independent or Local Authority Valuer.

The valuation report should be completed on a Valuation Report such as the indicative template form set out in the Appendix.

- All valuation reports must be completed in full, with no unanswered questions. All answer boxes should be completed.
- All reports must be signed and dated with the Firm's stamp imprinted thereon. No amended valuation amounts, either by overwriting or by the use of correction fluid, will be accepted.
- All valuation reports must be accompanied by a colour photograph giving clear and unobstructed view of the property. The photograph must be labelled with the property address and date.
- The signed report must not contain significant disclaimers or concerns about the condition/saleability of the property.

Valuation/survey fees are payable by the applicant(s) to the firm of Valuers who undertake the valuation.

Where the property is being purchased under the tenant purchase scheme, the valuation will be carried out by a Valuer on behalf of the Local Authority.

6.2 Compliance with Planning & Building Regulations

Certificates of compliance with planning and building regulations are required for all properties mortgaged prior to drawdown, and must be provided by suitably qualified architects, engineers or building surveyors. The forms of compliance shall be those approved by the Royal Institute of the Architects of Ireland (R.I.A.I.), Engineers Ireland (E.I) or the Society of Chartered Surveyors (S.C.S).

7 Self-Builds

7.1 Self-Builds under Contract

Where a self-build is to be completed under contract, it must meet the following criteria:

- Fixed price contract.
- Appropriately supervised.
- Appropriate insurance.
- Construction covered by Homebond or Premier Guarantee.

7.2 Self-Builds by Direct Labour

Where a Local Authority decides, at its discretion, to provide loans for self builds by direct labour, it must meet the following criteria:

- Appropriately supervised.
- Appropriate insurance.

7.3 Site

The applicant(s) solicitor must confirm the following:

- The applicant(s) have full unencumbered title and that no liens/charges exist.
- There are no easements, way leaves or rights of way in favour of or over subject property.

The site must have direct access to the public road over land in the applicant's ownership.

Where the property is not on mains, all services must be contained within the site boundaries.

The lending manager should factor in potential Capital Acquisition Tax liabilities where the land was gifted.

7.4 Supervision of Construction

The construction must be supervised by a suitably qualified person as defined under the Law Society guidelines (hereinafter referred to as the "construction supervisor") and set out in the certificate of inspection for the property the subject of the Rebuilding Ireland Home Loan application.

The construction supervisor undertakes to provide a certificate of inspection in the format supplied by the Local Authority. This undertaking must be provided prior to loan approval. The construction supervisor must hold Professional Indemnity insurance cover of at least €1m on each and every claim basis with no aggregate cap. A copy of the certificate of Professional Indemnity must be provided prior to loan approval.

7.5 Stage Payments

At an operational level, it is recommended that Local Authorities restrict stage payments to not more than 6 drawdowns.

Each stage payment must be accompanied by a Stage Payment Certificate in the format supplied by the Local Authority and signed by the construction supervisor.

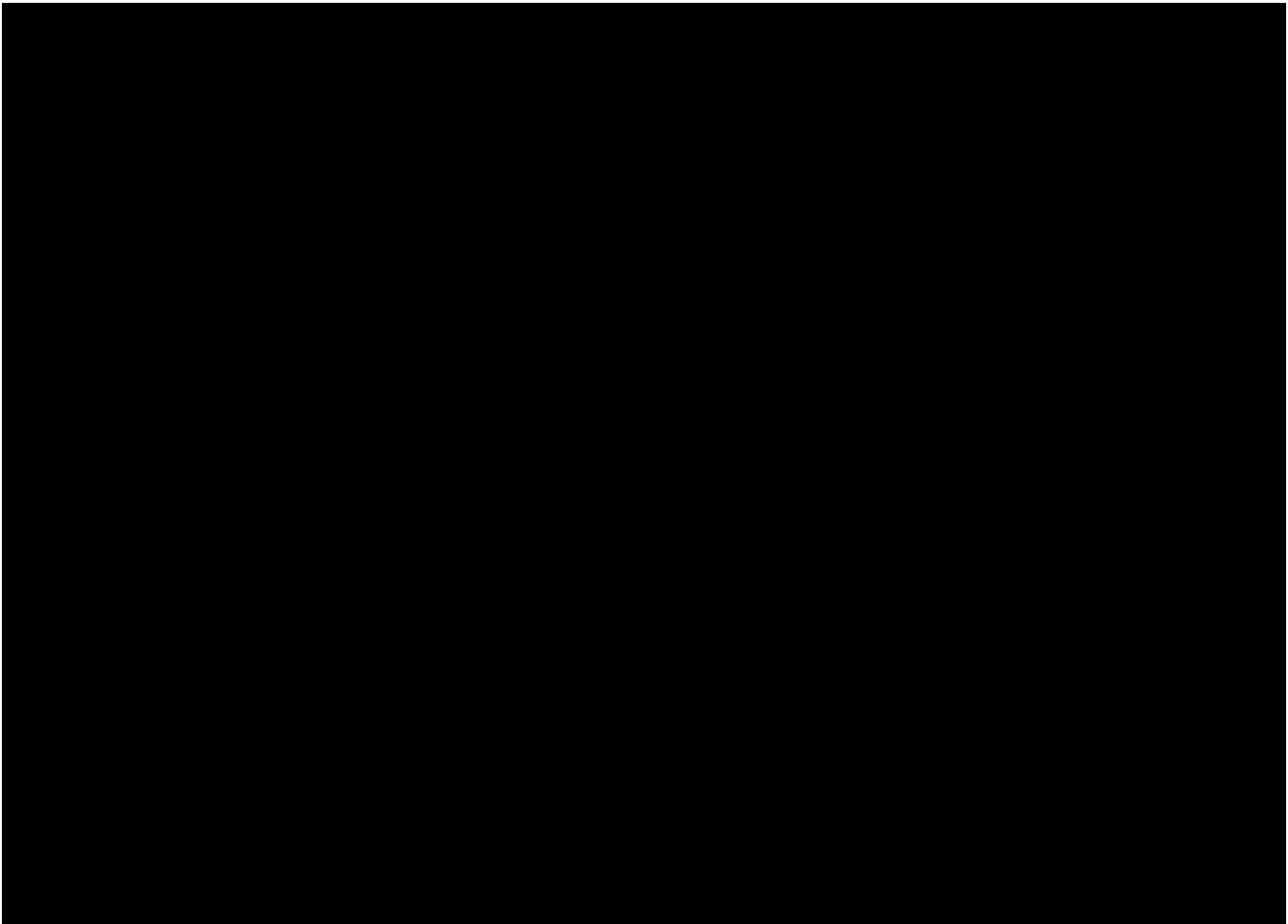
7.6 Documents Required

The following documents must be provided with the loan application:

- a. A Certificate of Inspection completed by the construction supervisor confirming the following:
 - The person has been retained as the construction supervisor by the applicant(s) for the duration of the construction.
 - The site on which the construction is to occur has full planning permission.
 - The design is in substantial compliance with the Building Regulations.
 - The date on which the planning permission expires.
- b. Full detailed architects/engineers plans and specification.
- c. Certified site layout map showing site dimensions.
- d. Certified copy of grant of planning permission.
- e. Valuation Report detailing site value, cost of works and post construction market value of completed property.
- f. Bill of Quantities prepared by quantity Surveyor showing full costings of proposed works.
- g. Building programme giving time scale of works from commencement to completion.
- h. A copy of the certificate of Professional Indemnity insurance for the construction supervisor.
- i. Certificate of Self Build insurance cover incorporating Public Liability, Employers Liability and Property cover.

On completion of the property the construction supervisor must provide:

- a. A full service opinion on compliance with the planning permission and the Building Regulations in either of the standard forms as approved by the Royal Institute of the Architects of Ireland (R.I.A.I.) or The Incorporated Law Society(Full Service/Building Regulation certificate).
- b. A Building Energy Rating (BER) certificate.
Non-standard certificates or standard certificates which have been altered by the supervising person are not acceptable.



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8 Other Issues

8.1 Marital / Civil Partnership Separation

Where either party to a mortgage application is separated or divorced, the following guidelines should be followed.

Where a separation agreement exists, a copy of the separation agreement must be obtained prior to issuing loan approval and identify:

1. The extent of maintenance being received or paid by the applicant.
2. The circumstances under which the maintenance payments can cease (typically age of majority of dependent children and/or remarriage).
3. Details of any payment to be made in respect of the buy-out of spousal/partnership rights to the existing family home or other property which could have a bearing on ability to repay the mortgage.
4. That no onerous conditions exist.

If there is no separation agreement, a letter from the applicant's solicitor should be obtained confirming:

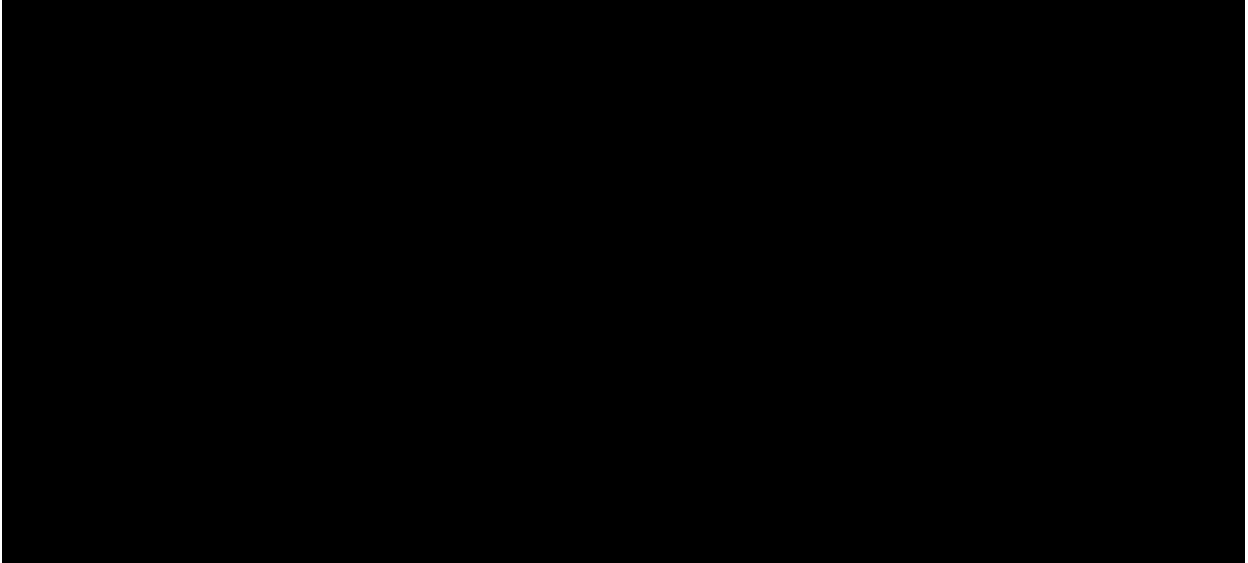
1. There is no formal separation agreement.
2. There are no court proceedings pending under family law legislation.
3. The position in relation to maintenance and other payments, if any.

8.2 Maintenance Payments

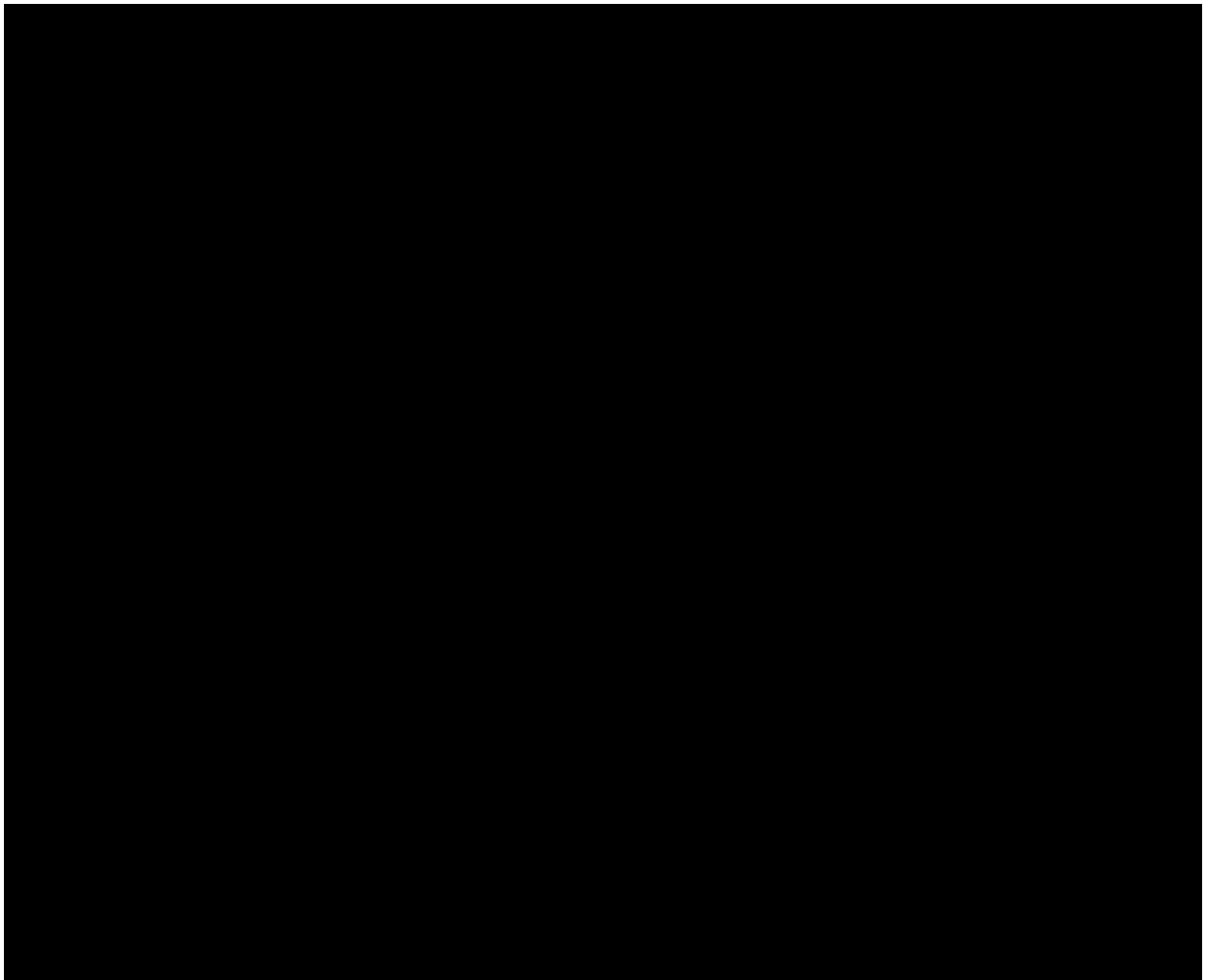
8.3 *Payment by Direct Debit*

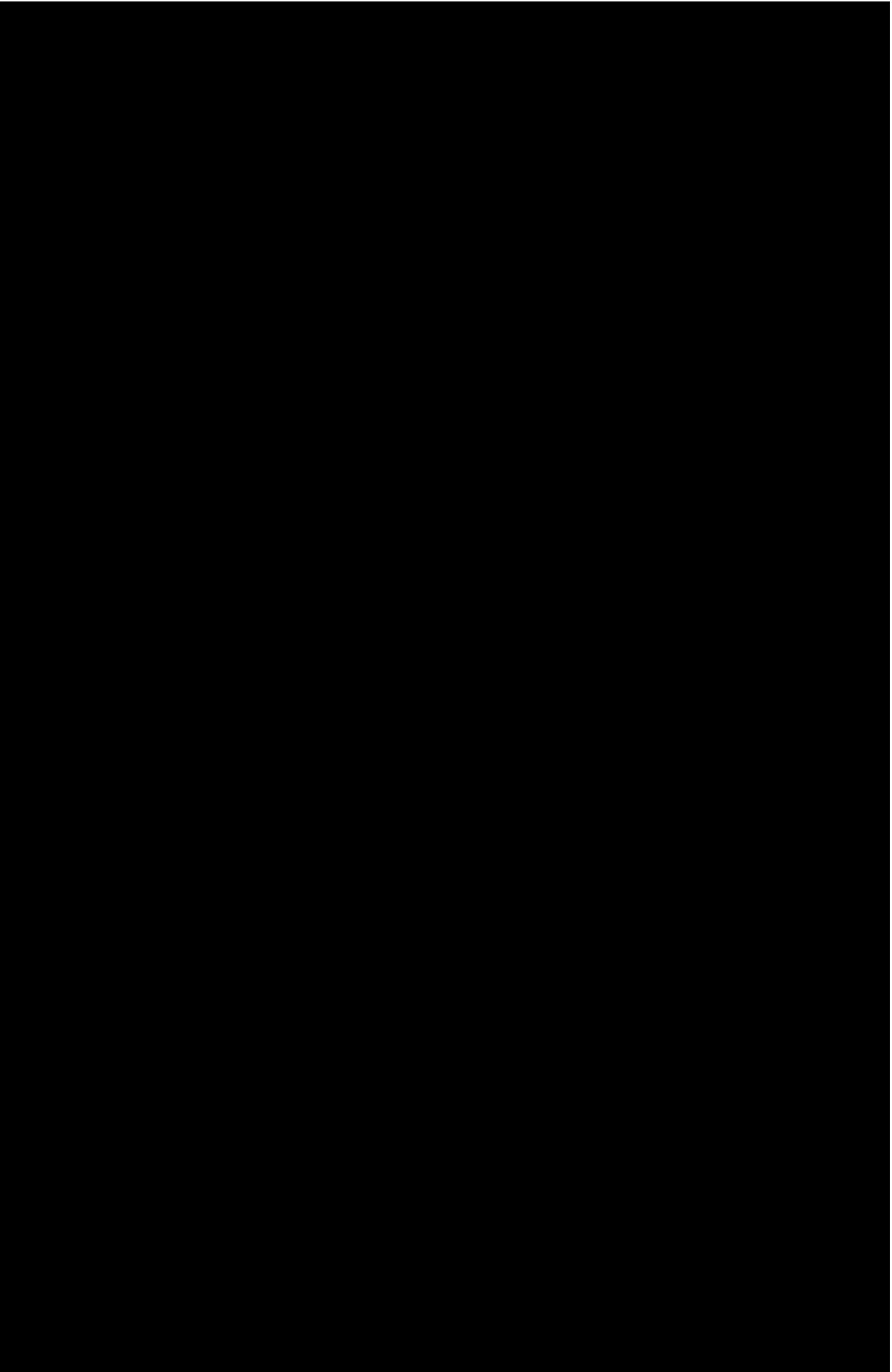
Repayments on loans must be made by Direct Debit.

8.4 *Exceptions to Policy*



8.5 *Temporary Amendments in Light of Economic Impacts of COVID-19*





8.6 Reporting to the Department of Housing, Planning and Local Government

All Local Authorities shall provide reports to the Department, on a monthly basis, detailing:

- Information on all loans approved and issued.

Appendix

Valuation Report

An indicative Valuation Report template is shown on the following three pages.

Application Reference Number:

Valuation Report

Important Notice

This valuation report ("Valuation Report") is intended to be a report of the Valuer's professional opinion of the property over which it is proposed that security be taken (the "Property") and includes a description of the Property and details of the market value of the Property, taking cognisance of all readily apparent defects and wants of reparation. It is a professional estimate of the market value of the Property ("Valuation") and does not purport to be a structural report. This Valuation Report recognises that (i) the inspection of the Property carried out by the Valuer was of a superficial nature and did not enable any conclusion to be reached regarding the presence of or absence of dry rot, wet rot, woodworm or beetle infestation, (ii) woodwork and other parts of the Property which are covered, unexposed or inaccessible were not inspected and (iii) services, including plumbing, drainage, heating, electrical, and gas (if appropriate) have not been tested, although confirmation (or otherwise) that such services are connected is provided. Accordingly, this Valuation Report does not warrant that the Property is soundly constructed and free from defects. The information given in this Valuation Report in relation to the identity of the Property, particulars of services and compliance with Planning and Bye-Law regulations is given subject to verification on legal investigation of title. All measurements and or descriptions are approximate. This Valuation Report is given solely for use by the relevant local authority that will advance, or consider advancing, finance to an individual or individuals on the security of the Property (the "Local Authority") for the purposes of assessing the adequacy of the value of the security to be taken by the Local Authority. Any intending purchaser of the Property should have the Property inspected by his/her own architect/engineer. In the event that the applicant(s) purchases the Property, this Valuation Report shall not be taken as any warranty, representation or otherwise by the Valuer, the Local Authority that the purchase price is reasonable. In the case of apartments, duplexes and other properties that involve a shared ownership of common areas, it is the responsibility of the applicant(s) to ensure that a properly constituted management company exists and that all its outstanding obligations have been complied with. This Valuation Report is solely for use by the Local Authority and should not be disclosed by the applicant or the Valuer to any third party. In the event of any such disclosure no responsibility is accepted by the Local Authority or the Valuer to any third party for the whole or any part of its contents.

1. Applicant's Name(s)

2. Property Address

3. Location: Urban Rural

If rural, please describe, local amenities and access to property, including distance from nearest town and/or main road.

4. Give details of any other information which may affect future salability

5. In the case of a new home, what Structural Indemnity Cover is being provided?

Home Bond Premier Guarantee None

6. Is there any visual evidence of subsidence, settlement, land slip or ground heave? Yes No

If 'Yes', Provide Details

7. Do you recommend a specialist report? Yes No

If 'Yes', Provide Details

8. Are there any Rights-of-Way, easements or Way Leaves required/provided by the subject property? Yes No

If 'Yes', Provide Details

9. Property Type

Apartment Duplex Terraced House Semi-Detached Detached

10. If the property forms part of a development, please advise:

How many units are in the development in total?

How many units are occupied?

How many units are unfinished?

Are there further phases to be developed? Yes No

Are development works still in progress? Yes No

11. If the property is an apartment/duplex, please advise:

How many storeys in the building?

On what floor(s) is the Property located?

Are common areas/landscaping being maintained by the management company? Yes No

Is there a car parking space included in the purchase price? Yes No

12. Essential Services – Water Gas Electricity Sewerage Central Heating
If serviced by a septic tank and/or private water supply, are they within the boundaries of the site? Yes No

If 'No', Provide Details

Is the septic tank and percolation area the requisite distance from the dwelling? Yes No

13. Accommodation – State number of each

Living Room Bedroom Kitchen Utility Room Bathroom

Shower Room Private WC Attic Conversion Conservatory Garage

14. Dimensions and Construction

Lot Size (sq m):	Gross Internal Living Area (sq m):
Walls:	Roof:
Floors:	Windows:

15. Are there any outstanding essential works necessary, including Roads, Footpaths, Services, Site Works, Boundaries and Decoration? Yes No

If Yes, Provide Details

16. General Observations

17. Re-build cost for fire insurance (incl. prof. fees)

€

Give separate figure for out buildings

€

18. Present Value

€

Cost of Outstanding Works

€

Value on Completion

€

Valuer's Name:

Qualification

Name & Address of Firm _____

Phone _____

Email _____

Fax _____

Valuation Date: _____

Report Date: _____

Signature: _____

EXPLANATORY NOTES

For the Completion of the Valuation Report Form

All Valuation Reports should be completed in full with no part left blank and no question left unanswered. All Valuation Reports should be signed and dated with the Valuer's stamp imprinted thereon. No amended valuation amounts, either by overwriting or by use of correction fluid, will be accepted. All Valuation Reports should be accompanied by a coloured photograph giving clear and unobstructed views of the property over which it is proposed that security be taken (the "Property") with the address of the Property and the date duly imprinted thereon.

Q.3. Location

A.3. State if the location is urban or rural. If rural give the distance from nearest town/village, civic amenities, transport links etc.

Q.4. Give details of any other information which may affect future saleability

A.4. Are there any unusual aspects regarding the Property and its environment e.g. rights-of-way, bad approach to the Property, adverse development plans, noise, smells, pylons, TC masts, flooding, vandalism or any similar factors that would negatively impact on future saleability.

Q.6. Is there any visual evidence of subsidence, settlement, land slip or ground heave?

A.6. If there is evidence of damage arising from the above or through shoddy workmanship details are to be given. Valuer should also take into consideration obvious defects in neighbouring properties.

Q.7. Do you recommend a specialist report?

A.7. If the Valuer is unable to determine the cause of a defect which could have relevance to the future condition/saleability of the Property then he should suggest a specialist report to comment upon the particular defect(s).
Such reports should only be requested where deemed necessary and should not become routine.

Q.8. Are there any Rights of Way, easements or Way Leaves required/provided by the subject property?

A.8. If there is evidence of any of the above on or over the Property please give details and advise on the likely impact on saleability.

Q.10. If the Property forms part of a development, please advise:

A.10. All parts of this question must be answered to enable the Local Authority to form an overall view of the status of the development.