



COUNCIL LOAN INFORMATION PRESENTATION

TYPES OF LOANS

- 1. ANNUITY HOUSE PURCHASE LOANS
- 2. HOME IMPROVEMENT LOANS
- 3. SHARED OWNERSHIP RESTRUCTURING

Legislation

- All decisions on loan applications are made in accordance with our credit policy document established under Housing (Local Authority Loans) Regulations 2012
- Circular Letter 14 of 2016- Shared Ownership (SO) Restructuring

Eligibility Criteria (annuity loans)

- Applicants must be first time buyers.
- Must have 2 refusals from Banks or Building Society.
- Principal earner must be in continuous employment for 2 years and secondary earner for 1 year.
- Aged between 18 and 70 years.
- Single applicant income cannot exceed €50,000 and joint applicants income cannot exceed €75,000.
- 12 months regular savings required- sufficient savings to cover 3% of purchase price, legal expenses plus 3 months of the estimated mortgage repayments.
- Must provide evidence that Mortgage Protection Insurance will be in place at the point of loan draw down, either through the local authority scheme or private provider.
- Household insurance policy must also be in place.

Maximum Loan / Lending Limits

Maximum annuity loan available is €200,000 or 97% of House purchase price subject to the following criteria:

- Amount which can be borrowed is 3 to 3.5 times applicant(s) income.
- Mortgage repayments should not exceed 30% of applicant(s) net income.
- Maximum term of loan is 30 years or until oldest applicant reaches age 70.

APPLICATION FEE / INTEREST RATES

- €70 Application fee payable with all applications.
- Current VARIABLE INTEREST RATE IS 2.3%
- Current FIXED INTEREST RATE IS 4.40%
subject to a maximum term of 5 years

HOME IMPROVEMENT LOAN

- Purpose of loan - repair, reconstruction or improvement of properties to be used for the applicant's primary residence.
- Works must be necessary for the purposes of providing suitable housing accommodation.

Eligibility Criteria

Reconstruction loan applicants must:

1. Be the registered owners of the property
2. Be refused credit from 2 lending agencies
3. Be aged between 18-70 years.
4. Income for a single applicant cannot exceed €40,000 and for a joint application principal earners income x 2.5 plus second earners income cannot exceed €100,000.
5. Be in continuous employment for 2 years (1 year for subsidiary earner)
6. 12 months savings record recommended with savings of 5% of cost of works plus legal fees.

Amount of loan

- Minimum loan of €2,000 and Maximum of €38,000 or 95 % of the cost of the works whichever is the lesser.
- Maximum loan term is 15 years.
- Variable Interest rate currently 2.3%.
- Charge registered against the property if loan exceeds €15,000.

Shared Ownership Restructuring

- Circular Letter 14 of 2016, allows for examination of current balances to determine options for restructuring Shared Ownership Loans.
- Loan repayments are restructured to a single payment – amount is determined to ensure affordability for the borrower(s).

Benefits to the loan holder:

- Borrower(s) no longer pays rent to the Council.
- Ownership of the property transfers to borrower.

Note of Caution – this is a complex scheme that varies depending on borrower(s) individual circumstances

2017 Applications to date

- 46
 - ☐ 13 Shared Ownership Restructuring
 - ☐ 6 Tenant Purchase
 - ☐ 27 - Annuity

Lending provided in recent years

❖ 2015 - 5 loans - value of loans - €497,450

❖ 2016 - 0 loans

❖ 2017 - 3 loans to date - €127,920

❖ Funding source: Own Resources

❖ 6 Annuity and 2 TP loans (Approved)

MORTGAGE ALLOWANCE SCHEME.

PURPOSE OF THE SCHEME

- To assist tenants or tenant purchasers of Local Authority dwellings and certain tenants of houses provided by Approved Housing Bodies (AHB) who wish to return their dwelling to the Local Authority or AHB and purchase or build a private dwelling for their own occupation

AMOUNT OF ALLOWANCE

- For Mortgages created after 15th June, 2000 the amount of the allowance is €11,450 payable over 5 years as follows

Year	€
1	3,560
2	2,800
3	2,040
4	1,780
5	1,270

Eligibility Criteria

- Tenants or Tenant Purchasers of local authority dwellings or tenants of at least one years duration of houses provided by AHB under the Rental Subsidy scheme.
- Dwelling being returned to Local Authority or AHB must be in good condition and free of arrears of rent or tenant purchase annuities.
- Must purchase or build a dwelling for their own occupation.
- Secure a mortgage for the property by way of a loan of not less than €38,092

Additional points re mortgage allowance

- Application should be made to the local authority where the property being purchased / constructed is located.
- The new property must be free from structural defects and be of suitable size and standard to cater for applicants household.
- The property must be occupied by the applicant for the 5 years over which the allowance is payable.
- Allowance is paid by the Dept of the Environment on behalf of applicant to the Lending Agency by reducing their monthly repayments over the 5 years.
- The Lending Agency must make a claim bi-annually to the Department of Environment in Ballina, Co. Mayo

Management of Loan

- Housing Loans Section in the Finance Department monitors the repayment of the loan.
- Calculates Mortgage Protection Insurance Premiums due
- Applies any reliefs and / or subsidies due for the relevant loan group e.g. Tax Relief @ Source, Affordable Loan Scheme subsidy

Loan Accounts that fall into arrears

- Payment plans
- Mortgage Arrears Resolution Process
- Mortgage to Rent
- Legal proceedings for Non Payment

Mortgage Arrears Resolution Process

Assists the borrower(s) to identify the most suitable short term option to manage loan arrears – these include

- interest only
- interest and part capital repayments
- payment break

Caution : Temporary Solution – maximum period allowed is 3 years

Subject to bi-annual review and confirmation that financial challenges are still being faced by the borrower(s)

Mortgage Arrears Resolution Process

- Longer term options are “capitalise” arrears
- Mortgage to Rent Scheme
- Voluntary / Involuntary Repossession
- Voluntary Sale

Local Authority Mortgage to Rent

- Borrower(s) must be involved in the Mortgage Arrears Resolution Process (MARP) and agree that they can no longer afford to pay the mortgage loan now or in the future.
- Property must be in a position of negative equity.
- Borrower must own the property or have a long term lease to reside in the property.
- Property must be in good condition, be in a suitable location and must suit the borrower(s) households needs.
- Borrower(s) must not own any other property or have assets in excess of €20,000.
- Net household income must not exceed €25,000*, €30,000* or €35,000* a year, depending on what part of the country you live in (net household income is the household income after taxes and social insurance (PRSI) have been taken off).
(* *Additional allowances for children*).
- Borrower(s) must have a long-term right to remain in Ireland.

MTR – How does it work?

- Borrower(s) must be approved for the Mortgage to Rent Scheme
- Borrower(s) home must be approved by the Housing Authority as suitable to meet the household's needs.
- Borrower must be approved for Social Housing Support.
- Borrower(s) voluntarily surrenders possession of the property to the local authority, who will then rent it back to the them.

Benefit - borrower no longer owns property but has long term security of tenure as a social housing tenant, provided they abide by the terms of their tenancy agreement

Questions and Answers