**Frequently Asked Questions**

**Am I eligible if I am not a first-time buyer?**

Applicant(s) who are not first time borrower(s) may can be eligible for the Local Authority Home Loan through the Fresh Start Principle.

**Who can apply for a Local Authority Home Loan?**

The Local Authority Home Loan is available to first-time buyers (as well as applicants qualifying under the Fresh Start Principle) who meet all of the following conditions:

**First Time Buyer**

Insufficient Mortgage Offers

* Applicant(s) must have received insufficient offers of finance from two regulated financial providers.

**Age**

* Aged between 18 years old and 70 years old.

**Normal Place of Residence**

* The applicant(s) must intend to occupy the property as their normal place of residence.

**Long-term right to reside & work in the Republic of Ireland**

* All EU/EEA citizens who are legally and habitually resident in the State will not be eligible to apply for a Local Authority Home Loan for the first three months of residence in the State. Thereafter, they will be eligible to apply if they are habitually resident in the State and meet the definition of ‘worker’ in EU law or have been legally and habitually resident in the State for more than 5 years.
* Non-EEA applicants from any other countries must be legally and habitually resident in Ireland for a period of 5 years; or have leave to remain extending to potentially permit 5 years reckonable residence; or have indefinite leave to remain in the State to be eligible to apply.

**Income Limits for a Single Applicant**

* Single applicants for properties located in counties Cork, Dublin, Galway, Kildare, Louth, Meath or Wicklow must not be earning greater than €65,000 annual gross income or €50,000 annual gross income in all other counties.

**Income Limits for Joint Applicant(s)**

* Where applicant(s) are married, in a civil partnership, or in an intimate and committed relationship, they may not apply for a Local Authority Home Loan on their own. They must make any such application **together** with their spouse, civil partner or partner, as the case may be.
* The combined income of joint applicants (2 or more) must not be greater than €75,000 annual gross income.

**Creditworthiness**

* Applicant(s) must have a credible savings record of a minimum of 12 months duration immediately prior to making an application.
* Applicant(s) must be of good credit standing with a satisfactory credit record unless they are applying under the Fresh Start Principle where they must have successfully exited bankruptcy or insolvency proceedings.

**Continuous Employment**

* The primary earner on the application must have at least two years continuous employment in Ireland or Northern Ireland (this can be self-employment) and the second applicant must have at least one year.
* Temporary exceptions to continuous employment are in place to allow for work disruptions caused by Covid-19. See “What impact does COVID-19 related periods of unemployment have on my continuous employment?” below.

**Mortgage Protection Insurance**

* 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 or in the case of someone not being able to obtain the LA MPI they must have comparable and alternative cover and provide evidence of this cover.
* In addition to the conditions set out above, applicant(s) must also satisfy any other conditions and/or requirements, as stipulated by the local authority.

**Can I apply to more than one local authority?**

Yes, you can apply for a Local Authority Home Loan to more than one local authority. However, you must complete a **separate** application form for each local authority you apply to and go through their application process. You may only borrow one Local Authority Home Loan for the purchase of a home or a self-build within the local authority area where you are purchasing or building the property.

**What documentation is needed to support my application?**

In addition to a fully completed and signed Application Form you are required to submit the following documentation (either original copies or digital copies), including:

* Letters from two regulated financial provider confirming insufficient offers of finance (see next question)
* Photographic Identification (Current Valid Passport or Drivers Licence)
* Proof of Present Address (Current Utility Bill or Bank Statement)
* Original Salary Certificate, proof of income and recent payslips (**3** if paid monthly, **4**if paid fortnightly or **6** if paid weekly).
* Original Current Account Statements (most recent **6** months)
* Original Savings Account Statements (most recent **6** months)
* Original Loan Account Statements (most recent **6** months)
* Original Credit Card Statements (most recent **6** months)
* Original Credit Union Statements (most recent **6** months)

A checklist of the documentation required is contained within the [Application Form](https://localauthorityhomeloan.ie/form/). In addition, your local authority may request further documentation where necessary.

**Am I eligible if I am not a first-time borrower?**

No, unless you are a "Fresh Start" applicant. A ‘Fresh Start’ principle for applications applies to all new State affordable housing and home loan schemes. This means that people who are divorced or separated and have no interest in the family home, or who have undergone personal insolvency or bankruptcy arrangement or proceedings or other legal process, will be eligible to apply. Also: If as a result of bankruptcy credit worthy applicants had to sell their home, they may be considered as a first time buyer and therefore may be eligible to apply for a Local Authority Home Loan.

**What does it mean for applicant(s) to be habitually resident?**

When deciding if an individual is habitually resident in Ireland, the Department of Social Protection considers the following 5 factors:

* Length and continuity of residence in Ireland
* Length and purpose of any absence from Ireland
* Nature and pattern of employment
* Your main centre of interest
* Your future intentions to live in Ireland as it appears from the evidence.

**What is the Fresh Start Principle?**

A ‘Fresh Start’ principle applies for applications to State affordable housing and loan schemes.

This means that the following categories of persons are eligible to apply for the Local Authority Home Loan:

* Applicant(s) that previously purchased or built a residential property, but is divorced and has left the property and divested themselves of their interest in the property is eligible.
* Applicant(s) that previously purchased a residential property, but has been divested of this through insolvency or bankruptcy proceedings, are eligible to apply. However a separate assessment of creditworthiness will be conducted by the underwriters.

**What documentation is needed when applying under the Fresh Start Principle?**

In cases of applicant(s) who are separated/legally separated/divorced a Court Order is required as part of the Local Authority Home Loan application.

Where there is no separation agreement regarding the breakdown of a relationship, a sworn statement should be obtained confirming;

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

**Can joint borrowers apply as two single applicants?**

Applicant(s) which are married, in a civil partnership or in an intimate and committed relationship cannot apply for the Local Authority Home Loan as single applicants. Applicant(s) who are married, in a civil partnership or in an intimate and committed relationship must apply for a Local Authority Home Loan with their spouse, civil partner or partner.

**Can I use the Local Authority Home Loan to carry out refurbishments on the property I wish to purchase/already own?**

No, the Local Authority Home Loan is available to enable first time buyers to purchase new or second-hand properties in a suitable price range, or to self-build. It does not include undertaking renovation projects.

**Am I eligible for the Local Authority Home Loan if I have inherited a property?**

You are still eligible to apply for the Local Authority Home Loan Scheme Property ownership even if you inherited a property, i.e. if you own a house that you did not purchase. The applicant(s) must occupy the property they are intending to purchase as their normal place of residence.

**What is the Loan to Value of the Local Authority Home Loan?**

For purchases of new or second hand properties, the maximum loan amount under the Local Authority Home Loan is limited to 90% of the market value of the property.

For self-build properties with:

* Full Planning on Owned Site:
	+ Fixed price contracts: funding not to exceed 95% of construction costs.
	+ Direct labour: funding not to exceed 85% of construction costs.
* Full Planning on a Site to Purchase:
	+ Fixed price contracts: funding not to exceed 90% of the site and construction costs.
	+ Direct labour: funding not to exceed 80% of site and construction costs.

**What is the maximum loan amount I can borrow?**

The maximum term over which the Local Authority Home Loan can be borrowed is the shorter of the following;

* Up to 30 years, or
* The number of years between the date of loan drawdown and the oldest applicant reaching the age of 70.

This means a single applicant aged 35 years may have a loan term up to a maximum of 30 years but a single applicant aged 45 years may have a loan term up to a maximum of 25 years.

In the case of a joint application, one applicant aged 35 years and the other aged 45 years, the couple may have a loan term up to a maximum of 25 years.

**What impact does Covid-19 related periods of unemployment have on my continuous employment?**

**Temporary Amendments in Light of Economic Impacts of COVID-19**
In light of the COVID-19 situation, the requirement that a primary earner must have at least two years continuous employment and the second applicant must have at least one year of continuous employment is relaxed temporarily. Periods where an applicant was unemployed as a direct result of the COVID-19 situation will not be deemed as a break in the required continuous employment and will be disregarded if certain conditions are met, including:

* You became unemployed in or after March 2020 and you return to employment.
* You have resumed continuous employment for a period of at least three months post your COVID-19 unemployment.

**Employment Wage Subsidy Scheme (EWSS)**

If the Employment Wage Subsidy Scheme (EWSS) or any successor scheme, is supporting the applicant’s income, or was supporting the applicant’s income at any stage during the previous three months at the date of Local Authority Home Loan application, an applicant is still eligible to apply for a home loan.

* Local Authorities should use their discretion on a case-by-case basis to assess whether drawdown should be allowed for LAHL applicant(s) whose employer is availing of EWSS. If the LA considers that repayment capacity can be assured based on the applicant’s income and if at the time of drawdown a letter of assurance from the employer on the sustainability of the applicant(s) employment is provided, then drawdown can proceed as normal. In the absence of such letter of confirmation, or if the local authority is not assured of repayment capacity, the applicant(s) mortgage drawdown cannot proceed until 3 months without recourse to EWSS supports by the employer.
* In the situation of joint applicants, where one applicant was employed as normal and one applicant was made unemployed due to the COVID-19 situation, it is possible for this joint application to be eligible. However, the assessment of borrowing and repayment capacity and final loan approval will be based only on the income of the employed applicant.
* In addition, persons currently on the EWSS can continue to apply for a LAHL mortgage based on their pre-EWSS income. This will provide clarity to applicants regarding their eligibility for the loan amount and will enable them to commence the property search.

**Is income outside of basic gross income considered for the Local Authority Home Loan?**

Income reckonable in calculating borrowing and repayment capacities can differ from income considered in determining scheme eligibility.

The source and long-term nature of income needs to be considered in determining whether it can be taken into account in repayment capacity.

While in most cases the incomes will be same, certain types of income (irregular incomes, bonuses, commission, temporary social welfare payments), will be discounted in calculating borrowing and repayment capacities.

**Can I appeal the decision of the Local Authority Credit Committee?**

Each Local Authority will have an Appeals Procedure to allow a dissatisfied applicant(s) to appeal a loan application decision(s) of the Credit Committee.

If you have exhausted the Local Authority Appeals Process and remain unhappy with the local authority decision, you can make a formal complaint to the Local Authority you applied to.

If your complaint is not resolved satisfactorily, you can refer your complaint to the Office of the Ombudsman by:

* clicking on the ‘Make A Complaint’ link at <https://www.ombudsman.ie/> or
* writing to: Office of the Ombudsman, 6 Earlsfort Terrace, Dublin 2, D02 W773 or
* calling the Ombudsman on 01 639 5600 if you have any queries or if you need help making your complaint

**Do I have to have a property selected at the time of application?**

No, applicant(s) are not required to have a property selected at the time of submitting their application. If the applicant(s) have not identified a property they can leave the “Details of Property to be Mortgaged” section of the application form blank.

**Can I transfer my Local Authority Home Loan to a new property?**

No, the Local Authority Home Loan is for the property specified at drawdown. If the applicant(s) are selling the property listed on the Local Authority Application Form they may incur a breakage fee.

**How are applicant(s) employed on a contract basis treated?**

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 common (e.g., retail, hospitality, education, health and financial services).
* 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.
* Where an applicant(s) current contract has at three or fewer months to expiry and the contract provider has given written confirmation that the contract is to be renewed.

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.

Further evidence of contract employment may be sought by the Local Authority.

**Who do I contact to get information about the Local Authority Home Loan Scheme?**

For general information about the Local Authority Home Loan please contact the call centre by;

* calling on 051 349720
* Webchat function

The call centre is contactable between the hours of 8am and 5pm, Monday to Friday. Due to remote working, phone contact through the call centre is currently suspended. However the website chat function is available.

For information about your application and its progress the local authority which you applied to is available to answer any questions you may have. Contact details for your local authority are available [here](https://rebuildingirelandhomeloan.ie/localauthorities/).

**What is Local Property Tax (LPT) Check?**

A Local Property Tax check is carried out by the Local Authority as a guide to an applicant(s) eligibility as a as a first time buyer. The LPT check will compare the applicant(s) PPSN against a database of people registered for the Local Property Tax.

In such a case where the applicant(s) are registered for the Local Property Tax but do not own, or have no interest in the registered property, the Local Authority will require further documentation from the applicant(s) as proof that they do not own or have no interest in the registered property.

Consent to allow the Local Authority to conduct such checks as are necessary to confirm that you are a first time buyer, with the exception of the Fresh Start Principle, is done via the Revenue Commissioners online LPT system check by Local Authorities.

**What is a valid application?**

A valid application must satisfy all of the following before it is sent to a local authority;

* the application form must be completed with signatures and consent given for the required checks that form part of the LAHL application process.
* all additional documents, as set out in the application form checklist, must be provided

Failure to meet the above criteria will result in your application being marked invalid and returned which may cause delays. To avoid this outcome we would encourage prospective applicant(s) to contact the Local Authority they wish to apply to for further details on submitting a valid application.

**What is a Regulated Financial Provider?**

A regulated financial provider is a company that is regulated by the Central Bank of Ireland and is permitted by the Central Bank of Ireland to provide monies to borrowers who wish to purchase a property.

An example of a regulated financial provider would include banks, building societies or credit unions.

**What is continuous employment?**

To be eligible for a Local Authority Home Loan you must be in continuous employment for a minimum of two years, as the primary earner or be in continuous employment for a minimum of one year, as a secondary earner.

Continuous employment does not need to be permanent, but continuous in nature. This means you may be in the same employment or in more than one employment for that period, where a break in employment has lasted no more than 4 weeks.

Multiple casual employments will not be considered eligible.

**Does changing job affect my continuous employment?**

No. Changing jobs does not affect your continuous employment provided that you are no more than 4 weeks between employments.

**Can I apply when I am on probation?**

Yes. However, additional documentation may be requested from you as part of your application. It may be necessary for your probation period to have been completed before a final decision can be made and issued.

**Can I use my Social Welfare Scheme payment as income when applying for a Local Authority Home Loan?**

Generally, social welfare payments would not be considered as part of repayment capacity. However, certain long-term State benefit payments may be considered as repayment income only where the main income source is of an earned nature (i.e., more than 50% of the income that forms the full Home Loan application is from a source other than State benefits payments).

Long-term State benefit payments considered will be:

* State Pension (Contributory and 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 Social Protection or other relevant Government Department.

All applications are dealt with on a case-by-case basis and are referred to the local authority's Credit Committee for a final decision.

**What evidence of insufficient offers of finance is acceptable?**

To apply for a Local Authority Home Loan, applicant(s) must have been refused a mortgage from two regulated financial providers. The value of the mortgage the applicant(s) are applying for through the Local Authority Home Loan scheme must be greater than the mortgage they were refused from **two regulated financial providers**. Examples of acceptable evidence of this are:

* A letter of insufficient mortgage offer from a regulated financial provider society showing the amount requested, or
* A letter stating that your application is outside the lending criteria of the regulated financial provider, or
* An online calculator output sheet from regulated financial providers showing insufficient borrowing capacity for the amount sought from your local authority

In all instances, the evidence must be dated within four weeks of submitting a Local Authority Home Loan application. Original hard copies or digital copies of all documentation are required as part of the application process.

**What is the Central Credit Register?**

The Central Credit Register is a secure system for collecting personal and credit information on loans of €500 or more. The Central Credit Register is owned and operated by the Central Bank of Ireland.

The Central Credit Register is a national database that, on request, provides:

* an individual credit report detailing an applicant’s credit agreements;
* a lender with comprehensive information to help with credit assessments; and
* the Central Bank with better insights into national trends in the provision of credit.

|  |
| --- |
| **NOTICE: Under the Credit Reporting Act 2013 lenders are required to provide personal and credit information for credit applications and credit agreements of €500 and above to the Central Credit Register. This information will be held on the Central Credit Register and may be used by other lenders when making decisions on your credit applications and credit agreements.** |

For more information see [Knowing How the Central Credit Register Works](https://www.centralcreditregister.ie/media/1528/1-knowing-how-the-central-credit-register-works.pdf) or [www.centralcreditregister.ie](http://www.centralcreditregister.ie/)

All applicants to the Local Authority Home Loan **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). The consent is mandatory for the progression of the application form and permission is sought by the applicant(s) as a part of the application form.

**What is Mortgage Protection Insurance?**

Mortgage Protection Insurance (MPI) is a requirement of borrowing.

The Local Authority MPI scheme is a group scheme. It is obligatory for all borrowers who meet the eligibility criteria to join the scheme.

The benefits include:

* the payment of mortgage repayments if there is a valid claim as a result of disability;
* an additional payment of €3,000 in the event of a member’s death, separate to life cover; and
* members are also covered for death up to age 75.

Full terms and conditions of the scheme are available from your local authority.

**Will my rent be taken into account in my application?**

A verifiable record of rent payment may be considered the equivalent of savings. This means that the amount of monthly rent that you pay will be taken into account in determining your capacity to repay a loan.

The full deposit must be raised to complete the purchase/self-build.

**How much deposit do I need?**

The maximum loan amount under the Local Authority Home Loan is limited to 90% of the purchase price/market value of the property or, in the case of self-build properties, up to 90% of the total build costs. This means you must raise 10% from your own resources. The requirement to have 10% deposit is not applicable if purchasing a property under the LA Tenant Purchase Scheme.

A minimum of 30% of this deposit amount must come from consistent and regular savings.

**Example:**

For a property with a market value of €200,000 you will need a deposit of at least €20,000.

This must be evidenced by way of:

* a minimum of €6,000 (30%) from your personal savings (consistent, regular and gathered over a minimum of 12 months); and
* €14,000 (70%) from any unborrowed source (i.e. not another loan) such as a parental gift, inheritance, the Help-To-Buy (HTB) scheme for new properties or a combination of these

**Can the Help-To-Buy scheme be used towards my deposit?**

Yes, the Help-To-Buy (HTB) scheme can be used towards your deposit if you are purchasing a new build property. The HTB Application Number and HTB Access Code must be provided as part of the loan application. Full details on the Help-To-Buy scheme are available from [www.revenue.ie](http://www.revenue.ie/)

**What type of property can I purchase?**

The Local Authority Home Loan is only available for the purchase of new or second-hand residential properties, and for self-builds. It also includes the purchase of residential property through State affordable purchase schemes with the exception of the First Home Scheme. The residential property purchased using the Local Authority Home Loan scheme must meet the following conditions:

* The property must be a new, second-hand or self-build property (i.e., is not for the refurbishment of property).
* The property must be in habitable condition acceptable to the Local Authority, supported by a Valuation report conducted by an approved independent or Local Authority Valuer.
* The property must be the normal place of residence
* The property complies with planning and building regulations.
* The property is located in the Republic of Ireland

**Where can I get information about Local Authority Home Loan and self-build?**

Arrangements for self-build vary depending on your local authority. You should contact your local authority for further details. Contact details for your local authority are available [here](https://localauthorityhomeloan.ie/localauthorities/).

**What is a fixed rate mortgage?**

A fixed rate mortgage is a loan where the interest rate stays the same throughout the agreed period. This means that your mortgage repayments are the same every month for the lifetime of the mortgage.

**Can I repay a fixed rate mortgage early?**

An applicant has the possibility to repay this loan early, either fully or partially. In this case, an early repayment charge may apply. If an early repayment charge applies, the local authority should contact the HFA who will calculate the level of the early repayment charge due to be paid by the borrower, should they decide to repay the Home Loan before the end of the term. The early repayment charge will be calculated as follows:

* Reducing balance redemption amount [A]
* Original Irish bond yield for loan term [B]
* Current Irish bond yield for remaining term [C]
* Remaining term in days [T]

where the breakage calculation = (A x (B-C)) x T divided by 365.

It should be noted that the costs of repaying the loan early can potentially be significant, depending upon the fixed term remaining and interest rate developments.

For example, the early repayment of a mortgage with an outstanding balance of €239,000 and 28 years remaining to maturity, would have incurred an early repayment charge of approximately €13,500 if transacted in November 2021, based on interest rates applicable at the time. A shorter remaining term or lower outstanding balance would have the effect of reducing this charge, sometimes significantly.

**What is a breakage fee?**

During the period of a fixed rate mortgage, you may be liable for a breakage fee if you pay off all or part of your mortgage early. A breakage fee will only apply if the local authority cost of funds rate, applicable on the date of breaking the mortgage agreement, is LESS than the original local authority cost of funds rate on drawdown of your loan.

Examples of when a borrower might opt to break out of a fixed rate and may incur a breakage fee include:

* selling the property
* paying off the mortgage early
* making a partial repayment on the mortgage

**How is a decision made on my application?**

The decision on your Local Authority Home Loan application is made by your local authority in accordance with a national credit policy. The credit policy sets out terms and conditions of the Local Authority Home Loan for local authorities, including eligibility criteria and supporting documentation required.

Information Booklet for Applicants is available [here](https://rebuildingirelandhomeloan.ie/uploads/files/RIHL%20Redacted%20Credit%20Policy%20March%202021.pdf)

The Local Authority Credit Committee will decide on a case by case basis.

Your application for a Local Authority Home Loan will be assessed by the Credit Committee and could be declined for the following reason(s):

* Unsatisfactory Credit History
* Net Income Ratio Outside of Policy
* Repayment Capacity Not Demonstrated/Evident
* Unsatisfactory Savings Record/Source of Equity
* Sufficiently Committed
* Income Sustainability Not Evident
* Unsatisfactory Financial Management
* Other

The above list of reasons for decline is not exhaustive and can be updated in the future. The Local Authority will provide a Letter of Decline which will be sent to the applicant(s) and will provide greater detail on the reasons for decline for each specific case.

**How long will it take to get a decision on my application?**

Processing of your complete and valid application will take approximately 6-8 weeks. This period may vary during the current COVID-19 pandemic and depending on your local authority.

**Who do I contact to get information about how my application is progressing?**

Your local authority is available to answer any questions you may have about your application and its progress. Contact details for your local authority are available [here](https://localauthorityhomeloan.ie/localauthorities/).

**How long is a Local Authority Home Loan Approval in Principle letter valid for?**

An Approval in Principle letter is valid for a period of 6 months from date of issue, subject to the terms and conditions contained therein. However, the interest rate is determined by the date of drawdown of the loan and this may change within the 6-month validity period.