

# Local Authority Home Loan (LAHL)

## **Information for Applicants**

Made under the Housing Loans Regulations 2021

(SI No. 701 of 2021)

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## Overview Local Authority Home Loan

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This is a Government backed mortgage provided to First Time Buyers or other eligible applicants through local authorities. The Local Authority Home Loan scheme is for the purchase of new or second-hand residential properties and for self-builds. It also includes the purchase of homes through State schemes such as the Tenant Purchase Scheme and Affordable Housing Schemes, with the exception of the First Home Scheme.

A 'Fresh Start' principle also applies to the Local Authority Home Loans scheme. This means that people who are divorced, legally separated/separated or the relationship has ended, have no interest in, or any financial obligation for any borrowings in respect of the family home are eligible to apply under this scheme<sup>1</sup>.

People who have undergone personal insolvency/bankruptcy proceedings will also be eligible to apply for the Local Authority Home Loans Scheme.<sup>2</sup>

The credit policy complies with appropriate legislation including:

- [Housing \(Miscellaneous Provisions\) Act 1992](#);
- [Housing \(Miscellaneous Provisions\) Act 2009, Section 5](#);
- [Housing \(Miscellaneous Provisions\) Act 2014](#);
- [Affordable Housing Act 2021](#);
- [Housing Loans Regulations 2021 \(SI No. 701 of 2021\)](#).

## Local Authority Home Loan Credit Committee

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Each Local Authority providing Local Authority Home Loans will have in place a credit committee.

Applications for a Local Authority Home Loan will be assessed by the credit committee for eligibility and creditworthiness. Once a decision has been made, you will receive a letter from your local authority. Approved applications will receive an Approval in Principle letter. If your application is declined, the reason(s) why will be included in your declined letter.

### Appeals Process

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

An Appeals Panel will consider appeals only where the applicant can prove their application adheres to the eligibility criteria of the Local Authority Home Loan scheme.

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<sup>1</sup> For the purposes of this Scheme, a marriage is deemed to have ended when it is the subject of a decree of judicial separation, divorce or decree of dissolution or nullity, or a civil partnership has ended.

<sup>2</sup> A person who has exited Insolvency/bankruptcy proceedings and had previously purchased a home but has been divested of these through these proceedings may still be eligible to apply for a Local Authority Home Loan.

- An appeal will be considered only on the reason(s) as stated in the Letter of Decline returned by the Local Authority.
- An appeal of the loan amount provisionally approved may be considered on foot of a review of the original Local Authority Home Loan application and supporting documentation provided.
- The provision of additional information will NOT be grounds for an appeal of the original Local Authority Home Loan application and decision. This constitutes a new application and will be treated as such.

## Complaints Process

If you (the applicant(s)) have exhausted the Appeals Process and remain unhappy with the local authority decision, you can make a formal complaint to the Local Authority Complaints department.

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

- clicking on the Make A Complaint link at [www.ombudsman.ie](http://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.

## Local Authority Home Loan Key Features

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### First Time Buyer Status

In order to qualify for the Local Authority Home Loan scheme, each applicant must be a first-time buyer (applicants cannot have previously, either individually or jointly, purchased or built on his/her own behalf, a residential property either in Ireland or elsewhere).

As an applicants you are required to declare that you are a first time buyer(s). You **must** provide your PPSN and consent to authorise the Local Authority to conduct such checks as are necessary to confirm this, such as conducting a Local Property Tax check.

### Joint Applicant Status

For the purposes of a joint application, all applicants must qualify as first-time buyers except where an applicant is eligible under the Fresh Start Principle. Joint applicants can be two or more persons who apply for a housing loan together.

### Applicant Eligibility

- Proof of insufficient mortgage offer, taking into account the level of savings available to the applicant, from two regulated financial providers in the Republic of Ireland must be submitted as part of the Local Authority Home Loan

application. The proof must be dated within 6 months of the application, and the amount must be equal to or less than the Local Authority Home Loan amount sought.

Examples of acceptable evidence are:

- A letter from a regulated mortgage provider showing the amount you requested and were offered, and/or
  - A letter from a regulated mortgage provider stating that your application is outside their lending criteria, and/or
  - An on-line calculator output sheet from a regulated mortgage provider website, showing that you have insufficient borrowing capacity for the amount sought under your LAHL application.
  - A letter from a mortgage broker firm confirming that you have been unable to secure sufficient mortgage finance from two regulated mortgage providers, with supporting screenshots or print outs of the attempts made.
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- Must be aged between 18 years old and 70 years old
  - Applicant(s) cannot have previously purchased a residential property in or outside Ireland, with the exception of applicant(s) qualifying under the Fresh Start Principle.
  - Property ownership through inheritance should be disregarded, i.e. if you own a house that you did not purchase then you are still eligible to apply for the Local Authority Home Loan Scheme.
  - You must intend to occupy the property as your normal place of residence.
  - You must have a legal right to reside and work in the State. You must be able to demonstrate that you are habitually resident in Ireland. Furthermore, there are minimum periods of residence required for non EU/EEA applicants:
    - All Irish citizens are automatically legally resident. They will also need to be habitually resident in Ireland to be eligible for assessment.
    - UK citizens will be regarded as being legally resident in Ireland. They will also need to be habitually resident in Ireland to be eligible for assessment. (This accords with the Common Travel Area requirements)
    - 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.

- When deciding if you are considered habitually resident in Ireland, the Department of Social Protection considers the following five 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
- Single applicants for properties 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.
- The combined income of joint applicants must not be greater than €75,000 annual gross income.
- Where you are married, in a civil partnership, or in an intimate and committed relationship, he or she may not apply for a Local Authority Home Loan on their own. They must make any such applications together with his/her spouse, civil partner or partner, as the case may be.
- You must have a credible savings record of a minimum of 12 months duration immediately prior to making an application.
- You must be of good credit standing with a satisfactory credit record.

To be eligible for a Local Authority Home Loan, you must be:

- in continuous employment for a minimum of two years, as a single applicant
- in continuous employment for a minimum of two years, as the sole earner in a joint application
- in continuous employment for a minimum of two years, as the primary earner in a joint application and be in continuous employment for a minimum of one year, as a secondary earner in a joint application.
- Employment can be PAYE and/or self-employment.
  - Continuous employment does not need to be permanent, but continuous in nature. This means that an applicant may be in the same employment or in more than one employment over a two year period, however the break from employment cannot have been for more than 4 weeks.
  - For self-employed applicants, a minimum of two full year's accounts for that employment must be provided.
  - Multiple casual employments will not be considered eligible.

The requirement that a single or sole earner must have at least two years continuous employment and the second applicant must have at least one year of continuous employment is relaxed for periods where an applicant was unemployed as a direct result of the COVID-19 situation. Generally, affected applicants who were in receipt of the Pandemic Unemployment Payment (PUP) up to 5 April 2022 are not considered to have had a break in employment in the two preceding years if the following conditions are met:

- You confirm that you became unemployed in or after March 2020 as a result of the COVID-19 situation and you can provide proof of receipt of the Pandemic Unemployment Payment (PUP), or another pandemic relevant scheme. If another unemployment support was obtained, you must explain why you did not access PUP. and
- You have resumed continuous employment for a period of at least three months, post your COVID-19 unemployment period(s).

## Contract Employment Income

Contract income will be considered in repayment capacity 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 similar industry for at least the last two years or, where recently commenced a contract, has been employed in a similar industry for a minimum of the previous two years before their application date.
- Where an applicant(s) contract has three or fewer months to expiry and the contract provider has given written confirmation that the contract is to be renewed.

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

### **You may not be considered credit worthy if you have a:**

- Poor payment record.
- Undisclosed borrowings may not be approved.

### **You may not be considered credit worthy if you are:**

- Currently more than 3 months in arrears on rent or repayment, or you have had 3 months arrears at any stage over the past 2 years, unless a satisfactory explanation is received.
- Currently the subject of legal action for debt recovery.

### **You are ineligible to apply if you:**

- Are currently subject to bankruptcy or insolvency proceedings unless they have been discharged from such proceedings.
- Have a current court order (judgment) for recovery of debts granted against them unless they have been discharged from such proceedings

\*This does not apply to those who have exited insolvency/bankruptcy proceedings.

## Credit Check

- You must consent to the mandatory Central Credit Register (CCR) enquiry. This consent will be used to conduct a new enquiry as part of the credit assessment process.
- An application will be classified as incomplete if all parties to the Local Authority Home Loan application have not signed the CCR consent. A judgement search is completed for all named applicant(s) on an application recommended for approval.

## Mortgage Protection Insurance

Mortgage Protection Insurance is a form of insurance which pays off the outstanding balance on your mortgage should you die before the mortgage is fully repaid. The Local Authority MPI scheme is a group scheme. It is obligatory for all borrowers who meet the eligibility criteria to join the scheme.

- Local Authority Mortgage Protection Insurance (LA MPI) is a requirement of the Local Authority Home Loan scheme or in the case of someone not being able to obtain the LA MPI you must have comparable and alternative cover and provide evidence of this cover at the time of drawdown of the loan and each year for the duration of the term of the loan.

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

## Fresh Start Principle

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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.
- Applicant(s) that previously purchased or built 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.

## Termination of Relationships - Separation/Divorce/Dissolution of Civil Partnership/Civil Annulment

In recognition of instances where an individual has undergone a separation/legal separation/divorce or otherwise and has relinquished their rights to the family home property, an exemption to the First Time Buyer eligibility criteria can be applied under the Fresh Start Principle.



In cases such as these, the applicant must meet all the following criteria, confirmed by way of a solicitor's letter:

- be separated/legally separated/divorced (i.e. their marriage or civil partnership or partnership has been legally or otherwise dissolved) under a Court Order or by a separation agreement. if 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.
- have left the family home property and retained no interest in it, and
- the property under the Local Authority Home Loan is the first residential property purchased since leaving the family home.
- where either party to a mortgage application is separated or divorced, the following details should be supplied with the application;
  - The extent of maintenance being received or paid by the applicant.
  - The circumstances under which the maintenance payments can cease (typically age of majority of dependent children and/or remarriage).
  - Details of any payment(s) to be made in respect of the removal of spousal/partnership rights to the existing family home or other property which could have a bearing on ability to repay the mortgage.
  - That no onerous conditions exist.

### Insolvency/Bankruptcy

A person who has exited insolvency/bankruptcy proceedings and had previously purchased a home may still be eligible for Local Authority Home Loan if as a result of insolvency or bankruptcy they had to sell or had been divested of their home.

Where any of the persons making an application previously purchased or built a dwelling in the State for his or her occupation but that person demonstrates, that he or she has sold, or has been divested of, that dwelling as part of a personal insolvency or bankruptcy arrangement or proceedings or other legal process consequent upon insolvency, then the previous purchase or building of the dwelling concerned shall not render the applicant(s) ineligible for a Local Authority Home Loan.

The final decision on loan approval is a matter for the relevant Local Authority and its credit committee on a case-by-case basis.

## Property Eligibility

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The property must:

- Be situated in the Republic of Ireland
- Be in a habitable condition acceptable to the Local Authority, supported by a Valuation Report conducted by an approved independent or Local Authority Valuer.
- Have a good marketable title.
- Have a prevailing market value on the day of purchase or commencement of self-build, which does not exceed the property values specified in the Housing Loans Regulations 2021 (SI No 701 of 2021) or any Regulations or enactment amending or replacing those Regulations.
- Adequate home insurance must be in place, and the Local Authority's interest must be noted on the policy

### Market Value

The maximum market value of the property to be purchased is €320,000 for Counties Cork, Dublin, Galway, Kildare, Louth, Meath and Wicklow and €250,000 for all other areas.

The market value of the property can be above €320,000 for counties Cork, Dublin, Galway, Kildare, Louth, Meath and Wicklow or €250,000 for all other counties if the property is available through the Local Authority Affordable Purchase Scheme.

The Local Authority Affordable Purchase Scheme is for first-time buyers purchasing newly built properties, whose mortgage and deposit will not cover the market value of the home. Applicants can apply for a mortgage under the Local Authority Home Loan scheme as long as the purchase price (the difference between the market value of the property and the purchase price paid by the applicant) is within the Local Authority Home Loan scheme limits for market value as set out above.

### Loans Post-Drawdown

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#### Charges for Early Repayment of a Fixed Rate Loan

You may repay this loan early, either fully or partially but should note that an early repayment charge may apply. If an early repayment charge applies, the Local Authority 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 breakage calculation =  $(A \times (B-C)) \times T$  divided by 365.

## Adding/Removing Borrowers

### **Removing a borrower**

A borrower can be removed from a mortgage (for example due to relationship breakdown), however as this may have implications for the security and repayment of loan it can only be done with the consent of the Local Authority.

### **Adding a borrower**

In certain circumstances (borrower enters into a new relationship), a borrower may seek to add a new borrower to the mortgage. This may be facilitated by your local authority but subsequent addition of borrowers which are an attempt to circumvent LAHL scheme rules will not be facilitated.

## Good Financial Standing

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Applicant(s) must:

- have a credible savings record of a minimum of 12 months duration immediately prior to making an application.
- provide evidence that their savings have accumulated over a period of at least 12 months.
- 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.

## Deposit amount

- You must have a minimum deposit equivalent to **10%** of the property's market price or purchase price, whichever is less. Applicants availing of the Tenant Purchase Scheme are exempt from this requirement.
- The minimum 10% deposit can be made up of both cash savings and gifts/other unborrowed sources.
  - The cash savings must be no less than 3% of the value of the property and evidenced at the time of making a Local Authority Home Loan application.
  - Gift or money from other unborrowed sources can be of 7% of the value of the property;
    - All of the applicant(s) financial contribution (from unborrowed sources) will be in place and evidenced in the applicant(s) bank account prior to loan drawdown. Their source must be verified and provided as part of the Local Authority application.
    - For new properties **only both purchased and self build properties**, the Help to Buy Scheme can be used.

- Unexplained lump sum lodgements made to any account within the 12 month period prior to making a Local Authority Home Loan application must be explained and supported by documentary evidence if they are to be considered when computing the cash savings contribution to the deposit.
- Discount from vendors will be ignored.
- For clarity, even if gifts or money from other unborrowed sources make up more than 10% of the purchase price, documented cash savings of at least 3% of the purchase price are still required.

### **Please note**

- Personal savings must be accumulated over a period of at least 12 months before you make your application. You must provide certified or original bank or similar statements (post office, credit union, etc.) clearly showing a credible and consistent record of savings. Unidentified lump sum lodgements made to a savings account within the 12-month period will not be considered when computing the deposit.

### **Maximum Loan amount and term**

- The maximum loan amount is specified in the Housing Loans Regulations 2021 (SI No. 701 of 2021) or any Regulations or enactment amending or replacing those Regulations.
- The maximum mortgage loan cannot exceed;
  - €288,000 for properties purchased or self-built in counties Cork, Dublin, Galway, Kildare, Louth, Meath or Wicklow or
  - €225,000 for properties purchased or self-built in all other areas.
- The maximum loan to value you can borrow is 90% of the market value or the purchase price of the property. This means that if, for example, the property you purchase is €320,000 then the most you can borrow is €288,000. Similarly, if, for example, the property you purchase is €250,000 then the most you can borrow is €225,000
- 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 by direct debit. The term may be shorter depending on your age. The number of years between the date of loan drawdown and the oldest applicant reaching the age of 70 determines the length of time over which you can borrow. This means that a single applicant aged 35 years can have maximum term of 30 years, but a single applicant aged 45 years is limited to a maximum term of 25 years. In the case of a joint application, one applicant aged 35 years and the other aged 45 years, the couple is limited to a maximum term of 25 years.

## Interest Rate

A Local Authority Home Loan offers two fixed interest rates:

- for mortgages with a term up to 25 years
- for mortgages with a term from 26 years up to 30 years

A fixed interest rate mortgage is a loan where the interest rate stays the same throughout an agreed period. The Local Authority Home Loan interest rate is fixed for the full term of the mortgage. This means that your loan repayments are the same every month for the lifetime of the mortgage

Interest rates are subject to change at any time before the drawdown of a Local Authority Home Loan. The interest rate is determined by the applicable rate et on the date of drawdown and is fixed for the full term.

## Borrowing Record

Where the applicant(s) have a previous or existing borrowing record, this will be considered as part of the application for the Local Authority Home Loan.

- Applicant(s) must provide evidence of all existing borrowings with 12-month up-to-date statements.

## Income

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Only income originating in the Republic of Ireland or Northern Ireland by applicants with a right to reside and work in the State will be reckonable in calculating borrowing and repayment capacities.

Eligibility for the scheme is dependent on an applicant's gross income being within the relevant income ceiling. As set out below, gross income is deemed as being the income (including relevant social welfare payments) reported for the payment of tax in the previous tax year.

The income details provided by the applicant(s) must be supported by the documentation set out in Appendix 1 (for applicants who are in PAYE employment, contract employment, self-employed or a company director).

## Treatment of Additional/Temporary Payments for Repayment Capacity

There are limitations on the amount of payments above basic earned income (such as overtime, bonus, subsistence, commission, allowances etc.) that can be allowed for repayment capacity.

## State benefit payments

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 benefit payments).

Long-term State benefit payments considered are:

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

In calculating borrowing and repayment capacity, 100% of the above long-term State benefit payments will be reckonable. The long-term nature of the payment must be confirmed by the Department of Social Protection or other relevant Government Department.

## Maintenance

You must include maintenance payments where you are responsible for paying maintenance to a third party, and where there is a maintenance order in place, a copy of the maintenance order will be required. Similarly, where you receive maintenance payments, which are the subject of a maintenance order, these payments must be evidenced. If the maintenance is not paid directly to the applicant's bank account, a copy of the maintenance order must be provided.

Where either party to a mortgage application is separated or divorced, the following details should be supplied with your application;

- The extent of maintenance being received or paid by the applicant,
- The circumstances under which the maintenance payments can cease,
- Details of any payment(s) to be made in respect of the removal of spousal/partnership rights to the existing family home or other property which could have a bearing on the ability to repay the mortgage.

## Valuation Reports for Purchasing a Residential Property

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Where the property is sourced on the open market, each application must be supported by a valuation report, as set out at Appendix 3, carried out by an approved independent or Local Authority Valuer. A valuation report is only required when applicants have gone Sale Agreed.

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.

Under the Local Authority Home Loan, the property must have a prevailing market value, on day of completion, that does not exceed the values as specified in the Housing (Home Loans) Scheme.

A Valuation Report carried out by an approved independent or Local Authority Valuer will be provided before a Letter of Loan Offer is issued.

The Valuation Report should be completed within 6 months on a Valuation Report such as the indicative template form set out in the Appendix 3.

The Valuation Report:

- 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.

## Self-Build Criteria

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Applications for a Local Authority Home Loan for the purposes of funding a self-build property will only be considered in circumstances where the security property in question is a new construction, i.e. properties that are part-built or otherwise commenced at the time of making a Local Authority Home Loan application will not be eligible for consideration.

Full compliance with the [Building Control statutory certification](#) is a requirement of the Local Authority Home Loan, the facility to opt out of statutory certification (allowed for in [Building Control \(Amendment\) \(No. 2\) Regulations 2015 \(SI 365 of 2015\)](#)) is not available to borrowers.

An application for a LAHL to fund a self-build property will be considered in two stages, as follows:

1. Application for funding under Local Authority Home Loan
2. Satisfaction of Local Authority requirements for self-build property

## Loan to Value (LTV) for Self Builds

**Full Planning Permission Owned site:** Where an applicant(s) is building their own home on a pre-owned site with planning permission, the loan will not exceed;

- 95% of build cost and professional fees for fixed price contracts and
- 85% of build cost and professional fees for self builds by direct labour

**Full Planning Permission on Site to Purchase:** Where an applicant(s) is building their own home on a site with planning permission to be purchased, the loan will not exceed;

- 90% of site cost, build cost and professional fees for fixed price contracts and
- 80% of site cost, build cost and professional fees for self builds by direct labour

## Self Builds under Contract

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

- Fixed price contract.
- Comply with the requirements of the Building Control Acts 1990-2014: appropriately designed, inspected, constructed, supervised and certified.
- Opt into the Building Control Management System (BCMS)
- Comply with Health and Safety Legislation
- Appropriate insurance.
- Construction is covered by latent defect insurance policies and underwritten by Insurance Companies. Builders', manufacturers' or engineers' certifications are not equivalent to latent defect insurance and cannot be used as a substitute.

## 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:

- Comply with the requirements of the Building Control Acts 1990-2014: appropriately designed, inspected, constructed, supervised and certified.
- Opt into the Building Control Management System (BCMS)
- Comply with Health and Safety Legislation
- Appropriate insurance.
- Construction is covered by latent defect insurance policies and underwritten by Insurance Companies. Builders', manufacturers' or engineers' certification are not equivalent to latent defect insurance and cannot be used as a substitute.

## 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, wayleaves or rights of way in favour of or over the subject property.
- The site must have direct access to the public road over land in the applicant's ownership or a registered right of way.
- 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.



## Valuation Reports for Self Builds

Under the Local Authority Home Loan, the property must have a prevailing market value, on day of completion, that does not exceed the values as specified in the Housing (Home Loans) Scheme.

A Valuation Report carried out by an approved independent or Local Authority Valuer will be provided after planning permission is approved and before a Letter of Loan Offer is issued. The Valuation Report will be based on the property being completed to the specifications outlined in the most recent planning permission granted by the Local Authority and will be provided prior to a Letter of Loan Offer being issued for a self-build.

The valuation should be completed on a Valuation Report such as the indicative template form set out in the Appendix 3.

The Valuation Report must:

- be completed in full, with no unanswered questions.
- be signed and dated with the Valuer firm's stamp imprinted thereon. No amended valuation amounts, either by overwriting or by the use of correction fluid, will be accepted.
- not contain significant disclaimers or concerns about the condition/saleability of the security property.

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

## Compliance with Planning & Building Regulations

Certificates of compliance with planning and building regulations are required for all properties prior to drawdown, and must be provided by suitably qualified insured 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 Ireland (S.C.S.I).

## Self Build General Conditions - Compliance with Building Control Acts

Dwellings should be designed and constructed in accordance with the Building Regulations.

The owner must assign competent persons to design, build, inspect and certify the building works who, in turn, must account for their role through the lodgement of compliance documentation, inspection plans and statutory certificates.

In summary;

- Designs must be certified by a registered construction professional. Certified designs and compliance documentation must be submitted to the local building control authority before works commence.

- Owners must appoint a “competent” builder to undertake and certify construction works<sup>3</sup>
- Owners must appoint an “assigned certifier” to:
  - Prepare an inspection plan for the building works, and
  - Carry out, or oversee, inspections in accordance with the inspection plan
- The builder and the assigned certifier sign a statutory Certificate of Compliance on Completion. It must be accompanied by plans and documentation to show how the constructed building complies with the building regulations and also the inspection plan, as implemented.

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.

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<sup>3</sup> For the avoidance of doubt, the building control regulations do not prevent an owner from taking on the role of the builder for the purposes of these regulations, provided they are competent to do so.

## Self Build Supporting Documentation

The following documents must be provided with the loan application:

A Certificate of Inspection completed by the construction supervisor confirming the following:

- The site on which the construction is to occur has full planning permission.
- The date on which the planning permission expires.

In accordance with the Building Control Regulations:

- Design Certificate signed by a registered construction professional confirming compliance of the design with the building regulations
- Notice of assignment of Assigned Certifier & Undertaking by Assigned Certifier
- Preliminary Inspection Plan prepared by the Assigned Certifier
- Notice of Assignment of Builder & Undertaking by Builder in accordance with the Building Control Regulations.

- Full detailed architects/engineers plans and specification
- Certified site layout map showing site dimensions.
- Certified copy of grant of planning permission.
- Valuation Report detailing site value, cost of works and post construction market value of completed property.
- Bill of Quantities prepared by quantity Surveyor showing full costings of proposed works.
- Building programme giving time scale of works from commencement to completion.
- A copy of the certificate of Professional Indemnity insurance for the construction supervisor.
- Certificate of Self Build insurance cover incorporating Public Liability, Employers Liability and Property cover.

On completion of the property the construction supervisor must provide in accordance with the Building Control Regulations, a Completion Certificate signed by the builder (part A) and by the registered construction professional (part B) and accompanied by up-to-date schedule of compliance documents and the inspection plan as implemented:

- A Building Energy Rating (BER) certificate.

Non-standard certificates or standard certificates which have been altered by the supervising person are not acceptable

# Appendix 1

## Supporting Documentation Required

The following list details the standard documentation required to complete a LAHL application. Further documentation may be requested at the discretion of the Local Authority as part of the Local Authority Home Loan application process at any time up to the drawdown of a loan.

### **Proof of Identity, address and PPSN**

All parties to LAHL applications will need to provide proof of name, their address and proof of PPSN or TRN. Local Authorities are required to collect and verify your Personal Public Service Number (PPSN) or Tax Reference Number (TRN). This is required by the Central Bank of Ireland's Central Credit Register for Customer Identification.

<b>Proof of Name</b>	
Original of:	Current valid passport Current valid Irish, UK or European driving licence
<b>Proof of Address</b>	
Original of:	A utility bill (dated within the last 3 months) A bank/ building society/credit union statement issued in the last 6 months Determination of tax credits for the current year Original household/health or motor insurance documents (less than 12 months old)
<b>Proof of PPSN</b>	
Original of:	Correspondence from the Department of Social Protection or the Revenue Commissioners showing your PPSN Payslip, Employment Detail Summary (P60)/P45, Statement of Liability (P21), Tax Assessment or Notice of Tax Credits Medical Card/Drug Payment Scheme (DPS) Card
<b>Financial Documentation</b>	
Originals or where E-statements printed from online banking certified by regulated financial provider	<b>12 months</b> most recent current account bank statements showing salary lodgements <b>12 months</b> most recent savings account statements (including credit union) <b>12 months</b> most recent loan account statements (including credit union) <b>6 months</b> most recent credit card statements <b>Note:</b> Self-employed applicants must submit business and personal account statements.
<b>Renting</b>	
Local Authority/ Approved Housing Bodies(AHB) Tenants	Most recent 12 months evidence of rent payments. Tenants of a local authority or tenants under the RAS/HAP 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 before applying for a LAHL.
Private Renting	If an applicant is in private rental, and there is no regular standing order or direct debit evidencing 12 months rent being paid out of their current account, a copy of the lease or rental agreement will be required.

### Proof of Insufficient Loan Offers

#### Applicant must provide proof as set out below

The value of the mortgage the applicant(s) were refused from two regulated financial providers must be equal to or less than the Local Authority Home Loan amount sought. A regulated financial provider is a company, or mortgage broker on behalf of a mortgage lender, 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. Acceptable evidence of this are:

- A letter of insufficient mortgage offer from two regulated financial providers showing the amount requested,  
or
- A letter stating that the application is outside the lending criteria of the regulated financial provider,  
or
- A lender calculator output sheet from a regulated financial provider, showing insufficient borrowing capacity for the amount sought under the LAHL application.

In all instances, the evidence must be dated within 12 months of submitting a Local Authority Home Loan application. Original copies of all documentation are required as part of the application process.

#### 10% deposit

The 10% deposit required for purchasing a residential property can be made up of:

- Cash savings of no less than **3%** of the purchase price and evidenced when making a LAHL application. These savings must be accumulated over a period of at least 12 months.
- balance of funds from an unborrowed source (i.e., not a another loan) **minimum** 7% of the purchase price of the property **or**
- Help to Buy Scheme (Applicant(s) can claim a maximum of 10% of the property's value or €30,000 – whichever is lower.) Evidence of Approval of HTB.

#### Evidence of Savings/Contribution Required

- The applicant(s) must provide certified or original bank or similar statements (post office, credit union, etc.) for 12 months immediately before making an application clearly showing a credible and consistent track record of savings. The cash savings should be no less than **3%** of the value of the property.
- The balance of the purchase price and applicant(s) financial contribution (from unborrowed sources) must be in place and evidenced in the applicant(s) bank account before loan drawdown.
- Developer discounts (purchase price) will be discounted

#### Income Confirmation

Employed (PAYE)	<p><b>3</b> of the most recent payslips if paid monthly <b>6</b> of the most recent payslips if paid fortnightly <b>12</b> of the most recent payslips if paid weekly Waged/Salary payments must be visible on bank statements Date of leaving provided by employer on last payslip where required LAHL salary certificate completed and stamped by the employer. Employment detail summary for the year ending December 31 prior to the LAHL application P21 for the year ending December 31 prior to the LAHL application Proof of remote working from employer for purposes of establishing primary principal residence being a long distance from place of work</p>
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<p>Employed (PAYE) Contract</p>	<p><b>3</b> of the most recent payslips if paid monthly <b>6</b> of the most recent payslips if paid fortnightly <b>12</b> of the most recent payslips if paid weekly Waged/Salary payments must be visible on bank statements Copy of contract where required P21 (tax balancing statement) for the year ending December 31 prior to the LAHL application Employment detail summary for the <b>two years</b> ending December 31 prior to the LAHL application (formerly P60)</p>
<p>Self Employed</p>	<p>Minimum of two years certified accounts, Revenue Form 11 and an Accountant's or Auditor's Report (a qualified report is not acceptable) from a suitably qualified practitioner in the State (such as ACCA/FCA/CPA/IPA), confirming; that all taxes, both personal and business, are up to date and in order and that there are no arrangements in place with Revenue and there are no outstanding tax liabilities.</p>
<p>Company Directors</p>	<p>Letter from Accountant confirming that all personal and business taxes are up to date and in order. Where a director of a company is being paid via PAYE and has a shareholding <b>equal to or greater than 25%</b>, they must submit 2 years of company accounts in addition to the PAYE requirements. Where a director of a company is being paid via PAYE and has a shareholding of <b>less than 25%</b>, they must submit the PAYE requirements and a P21 for the year ending December 31 prior to their LAHL application.</p>
<p>If in receipt of Department of Social Protection benefits</p>	<p>Completed Appendix 2 from Local Authority Home Loan application form. Benefit payments received in the previous 12 months must be verified by the Department of Social Protection</p>
<p>Maintenance Payments</p>	<p>Where the applicant is <b>responsible for paying maintenance</b> to a third party, and there is a maintenance order in place, a copy of the maintenance order will be required. The extent of this maintenance will be included as a fixed outgoing in the net income calculation. Where the applicant <b>receives</b> maintenance payments, which are the subject of a maintenance order, these payments must be evidenced (through bank statements or, if not, a copy of the maintenance order must be provided for at least the previous 12 months. Maintenance payments for children will not be included in net income calculations.</p>

## Appendix 2

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### **Reasons why an application may receive a Recommendation to Decline**

- **Unsatisfactory Credit History**

Details outlined in the applicant's Central Credit Register enquiry or registered judgement check indicates that the applicant(s) has a related issue.

- **Net Income Ratio Outside of Policy**

The proposed monthly repayment as a percentage of the applicant's net monthly income exceeds the percentage as permitted in the Local Authority Home Loan Credit Policy.

- **Repayment Capacity Not Demonstrated/Evident**

Applicant's capacity to service the proposed monthly loan and MPI repayments is not proven from documentation provided.

- **Unsatisfactory Savings Record / Source of Financial Contribution**

Applicants have insufficient savings to cover the 3% cash deposit requirement, or their savings record is not credible and consistent.

- **Sufficiently Committed**

Applicant's current financial commitments i.e. monthly loan repayments, credit card commitments, etc. do not leave sufficient funds to cover the proposed monthly loan and MPI repayments.

- **Income Sustainability Not Evident**

Applicant's employment/income sustainability is not proven from documentation provided.

- **Unsatisfactory Financial Management**

Applicant's financial information i.e. banks current account statements, credit union statements, rent statement or credit card statements indicate unsatisfactory operation of these accounts by way of arrears, unpaid standing orders/direct debits, bank referral fees and missed credit card payments.

## Appendix 3

### Valuation Report

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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 repair. For self-build properties, the Valuation Report will be based on the property being completed to the specifications outlined in the most recent planning permission granted by the Local Authority and should be the market value of the property on day of completion. 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. For self-build properties, essential services do not have to be connected at the time of the valuation report but proof will be required that access to the essential services has been granted by the relevant bodies. 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 saleability

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

Yes  No

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  Semi-Detached  Detached

10. Is the property a self-build? (Select one)

Yes  No

If the answer to question 10 is yes, proceed to question 13. If the answer to question 10 is no, proceed to question 11.

11. 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

12. 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

13. 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

14. Accommodation – State number of each

Living Room  Bedroom  Kitchen  Utility Room  Bathroom

Shower Room  Private WC  Attic Conversion  Conservatory  Garage

15. Dimensions and Construction

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

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

*If Yes', Provide Details*

17. General Observations

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

€

Give separate figure for out buildings

€

19. 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.1. Location**

A.1. State if the location is urban or rural. If rural give the distance from nearest town/village, civic amenities, transport links etc.

### **Q.2. Give details of any other information which may affect future saleability**

A.2. 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.3. Is there any visual evidence of subsidence, settlement, land slip or ground heave?**

A.3. 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.4. Do you recommend a specialist report?**

A.4. If the Valuer is unable to determine the cause of a defect which could have relevance to the future condition/resale 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.5. Are there any Rights of Way, easements or Way Leaves required/provided by the subject property?**

A.5. If there is evidence of any of the above on or over the Property please give details and advise on the likely impact on resale.

### **Q.6. If the Property forms part of a development, please advise:**

A.6. All parts of this question must be answered to enable the Local Authority to form an overall view of the status of the development.