

**APPLICATION FEE: €30.00**

# **HOUSE PURCHASE LOANS**

## **EXPLANATORY MEMORANDUM**

### **WARNING**

**YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.**

**THE PAYMENTS RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.**

### **Steps necessary before applying for a Council Loan:**

The application form should be accompanied by confirmation that applicants have sought their mortgage from two lenders (banks or building societies) and have received inadequate funding offers or refusals from each before making an application for this House Purchase Loan.

### **Eligibility:**

To be eligible for a house purchase loan the applicant:

1. Must be a first time buyer (neither applicant can be a current owner of a property);
2. Must **not** be earning greater than €50,000 per annum in the case of a single applicant and €75,000 per annum in the case of joint applicants.
3. Must be in continuous employment for at least two years in the case of the primary earner and the second applicant must have at least one year continuous employment.
4. Must be aged between 18 and 70 years (i.e loan term must cease by the time the borrower reaches 70 years of age).

The applicant must occupy the property as his/her normal place of residence.

The property must be situated in the Republic of Ireland and must have a gross internal floor area of 175 square metres or less, be in good condition and have good marketable title.

### **Maximum Loan Available & Repayment:**

The maximum loan amount which may be advanced shall not exceed €200,000 or 97% of the value of the house.

### **Repayment Period:**

A loan shall be repaid within such period not exceeding 30 years from the date of the making of the loan or, in the case of loans for the construction of new houses where the loan is made by instalments, from such date not later than the date of the payment of the final instalment as may be determined by the housing authority.

### **Manner of Repayment:**

Loans shall be repaid by an annuity of principal and interest combined and all payments shall be made at monthly intervals by standing order/direct debit and shall be made punctually.

### **Interest Rates:**

The rate of interest on a loan shall be such rate as may be charged from time to time by the housing authority.

### **Credit & Judgement Checks:**

An Irish Credit Bureau search and a judgement check will be carried out on each applicant. Applicants must be of good credit standing with a satisfactory credit record.

### **Buildings Insurance:**

The borrower shall keep the house adequately insured to the satisfaction of the local authority. The local authority's interest should be notified to the insurer by the borrower and should be noted on the policy.

### **Central Credit Register**

Please be advised that Westmeath Co Co are legally obliged to report to the Central Credit Register (CCR), Data supplied will be shared with the CCR under the Credit Reporting Act 2013.

### **Mortgage Protection/Life Assurance/Payment Protection:**

It is a requirement that all applicants have approved local authority mortgage protection policy in place prior to cheque drawdown for the loan amount and the term of the loan. The cost of Local Authority Mortgage Protection is an additional 0.5505% on the interest rate applicable. Mortgage protection is available to new borrowers for joint life cover and disability cover only for earners. The cover is provided by means of an insurance policy so that eligible borrowers' loans are repaid in the event of death or permanent total disablement. The charge to meet the cost of the Plan is subject to periodic review.

### **Liabilities of Borrowers:**

The borrower shall be personally liable for the repayment of any sum due in respect of a loan made.

### **Valuation Report:**

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

The valuation report should be completed on the standard Valuation Report form attached to the application form.

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

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

Where the property is being sold as an affordable home or purchased under the tenant purchase scheme, the valuation will be carried out by a valuer on behalf of the local authority.

### **Compliance with Planning & Building Regulations:**

Certificates of compliance with planning and building regulations are required on completion for all properties mortgaged prior to drawdown, and must be provided by suitably qualified architects, engineers or building surveyors. The forms of compliance shall be those approved by R.I.A.I., E.I. and S.C.S.

## **Self Builds:**

### **1. Self Builds under Contract:**

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

- Be a fixed price contract.
- Be appropriately supervised.
- Have appropriate insurance.
- The construction should be covered by Homebond or Premier Guarantee.

### **2. Where a local authority decides, at its discretion, to provide loans for self builds by direct labour, it must meet the following criteria:**

- Be appropriately supervised.
- Have appropriate insurance.

### **3. Site:**

The applicant(s) solicitor must confirm the following:

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

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

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

### **4. Supervision of Construction:**

The construction must be supervised by a suitably qualified person as defined under the Law Society guidelines (hereinafter referred to as the "construction supervisor") and set out in the certificate of inspection for House Purchase Loans.

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

### **5. Stage Payments:**

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

### **6. Documents Required:**

The following documents must be provided with the loan application:

- a. A Certificate of Inspection completed by the construction supervisor confirming the following:
  - The person has been retained as the construction supervisor by the applicant(s) for the duration of the construction.
  - The site on which the construction is to occur has full planning permission.
  - The design is in substantial compliance with the Building Regulations.
  - The date on which the planning permission expires.
- b. Full detailed architects/engineers plans and specification.
- c. Certified site layout map showing site dimensions.

- d. Certified copy of grant of planning permission.
- e. Bill of Quantities prepared by Quantity Surveyor showing full costings of the proposed works.
- f. Building programme giving time scale of works from commencement to completion.
- g. A copy of the certificate of Professional Indemnity insurance for the construction supervisor.
- h. Certificate of Self Build insurance cover incorporating Public Liability, Employers Liability and Property cover.

On completion of the property the construction supervisor must provide:

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

### **Recovery of Possession:**

The Council in the event of a failure by the borrower to pay monthly repayments as they become due, has power to recover possession of the house through the District Court, and following securing vacant possession, the house may then be sold on the open market. All monies due to the Council on foot of the loan including interest, legal costs, auctioneers fees and all other appropriate outgoings in connection with the sale will first be deducted from the sale price and the balance (if any) remaining thereafter will be paid over to the borrower.

### **General Matters for the attention of the Borrower:**

The approval will expire after a period of six months if the loan is not taken up within that period and in the case of construction of new houses, the house must be started within three months from loan approval date – or such extended period as may be agreed to by the Council, in either case.

The borrower, at the date of loan approval, will have to be in good health and in gainful employment.

Every application for a loan will be considered entirely on its own merits and the Council reserves the right to refuse any application.

### **Application Fee:**

With each application for a loan a fee of €30 should be paid to the Council.