First Time Buyer Mortgage Information

If you're thinking about a Mortgage for your first home talk to us today

A good time to talk to us?
We're here to listen and help you whenever you need to talk to us.

You might be ready to buy today or may be planning to buy in the future. Whatever your particular situation, we may be able to offer solutions that will help. We can discuss the options most suitable for you, and we can help you through the process from getting yourself ready to buy, to working out how much you can afford to borrow, to guiding you through the Mortgage application itself.

Like all lending, certain lending criteria apply to a Mortgage and there are terms and conditions. You must be over 18 and security and insurance are also required. We'll make sure all of this is clear to you up front.

Warning: Your home is at risk if you do not keep up payments on a mortgage or any other loan secured on it.

Contents

How much can you borrow ?

The amount you can borrow is based on a number of factors, including:

- The level of regular and sustainable income you have
- How many applicants there are for the Mortgage – i.e. are you buying on your own or with someone else
- Any existing financial commitments
- How much of a deposit you have saved
- The cost or type of property you want to buy

The maximum Mortgage is normally 90% of the property value, which means you will need to have saved at least 10% of the purchase price of your new home.

As a general rule, Mortgage amounts up to 4.75 times the applicant's gross annual income are considered, and will vary according to individual circumstances. This table will give you a rough indication of how much you could borrow based on your income:

Single Applicant	Example 1	Example 2
Annual salary	€40,000	€50,000
Maximum Loan Amount	€190,000	€237,500
Joint Application	**Example 3**	**Example 4**
Annual salary – Applicant 1	€40,000	€50,000
Annual salary – Applicant 2	€25,000	€35,000
Maximum Loan Amount	€308,750	€403,750

Rate and Repayment options

Rate options
Generally speaking, you can choose a fixed or variable loan rate, or a combination of the two.

- Variable: This means your repayments are influenced by market interest rates which can go up or down during the life of your mortgage. A variable rate gives you the flexibility to make early repayments or lump sum repayments and so reduce the overall cost of your Mortgage.

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- Fixed: A fixed rate Mortgage guarantees a specific rate for a period of your loan (for example for 1, 2, 3, 5 or even 10 years). This ensures your monthly repayments remain the same every month during the fixed rate period. There may be a charge if you change to another rate or pay off your loan early during a fixed rate period - see warning below. At the end of the fixed rate period you will move to a variable rate, or you can opt for a new fixed rate for another period.
- Split rate: With a split rate Mortgage you get the comfort of a fixed rate and the flexibility of a variable rate combined. You can split your Mortgage whichever way you like, for example you can fix 20% and leave the rest variable, or split 50/50, 70/30, etc.

Our Mortgage rates vary depending on the amount you are borrowing compared to the value of the property, called the Loan to Value (LTV) and whether you opt for a variable or fixed rate.

Warning: You may have to pay charges if you pay off a fixed –rate loan early.

Term options
Mortgage terms of up to 35 years are available to First Time Buyers. The longer the term, the less you will pay each month, but a longer term also means paying more interest over the duration of the loan. It's a matter of balancing the value you get against what you can afford to repay on a regular basis.

Repayment options
There are additional flexible payment options to make your Mortgage a little easier to manage
- Flexible month: At certain times of the year, like Christmas or holidays, you may need a little extra cash. Our Flexible month option lets you pay a slightly higher amount over 10 or 11 months of the year and gives you a month or two where you have no repayments at all.

Cost of a Mortgage
It's important to understand the financial commitment you're entering into when taking out a Mortgage. You'll want to be comfortable that you can afford to meet your Mortgage repayments, and have even catered for possible increases in your repayments as time goes by.

Your monthly repayments will depend on the amount you borrow, the term of the loan and the rate of interest.
Here are some repayment examples based on a fixed rate of 4.6% APR for the first year and assuming the current applicable variable rate will apply for the remainder of the term (actual variable rates are subject to change):

	Fixed monthly repayments for Year 1		
Mortgage amount	35 years	30 years	25 years
€150,000	€689.10	€ 740.08	€ 814.68
€200,000	€ 918.80	€986.77	€1086.24
€250,000	€1148.50	€1233.46	€ 1357.80

Another way to look at this is to calculate your repayments for each €100,000 borrowed. For example, a typical variable rate Mortgage of €100,000 over 20 years costs €623.20 per month based on APR 4.4%.

It's important to 'stress-test' your repayments to make sure you can still afford repayments if rates change. For example, the rate in the above example is variable which means the cost of your monthly repayments may increase. A 1% interest rate rise will increase this repayment to €677.55 (APR 5.4%), which is an increase of €54.35 per month.
For a better indication of how much a Mortgage can cost, have a look at our Mortgage calculator at www.bankofireland.com.

The 10 steps to a Mortgage Application

Step 1
Talk to us: Chat through what you're looking for with a Bank of Ireland Mortgage Adviser.

Step 2
The Mortgage application: Complete your Mortgage application with a Mortgage Adviser. Your Mortgage Adviser will be able to outline the types of documentation you will need, but initially, you should bring the following with you:

PAYE Employees
- Your most recent P60 (original)
- Last 3 months payslips

Self employed applicants
- Last two years' certified/audited accounts
- Management figures for current trading year
- Last 6 months business bank account statements (if business account is not with Bank of Ireland)

- Last 6 months Current / Savings/ Loans statements for accounts not with Bank of Ireland
- If you don't have a Bank of Ireland account, in order to comply with money laundering and terrorist financing legislation, you will need to provide Identification documents and address confirmation. This is usually a current valid Passport or Driving Licence and Recent utility bill.

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Step 3
Letter of Offer: If your application is approved, we will send a loan offer pack to you and to your solicitor in the post. This pack will contain your Letter of Offer with the terms & conditions of your loan, together with other Mortgage documentation that you will need to complete and return to your Mortgage Adviser.

Step 4
Booking deposit: You will need to pay a booking deposit to the estate agent or to the vendor's solicitor. This will usually secure the property for 21-28 days to allow you to complete your Mortgage application.

Step 5
Property valuation: Your Mortgage Adviser will give you the name of an approved valuer so that you can have a valuation completed on the property for us. In addition, we always recommend that you get a surveyor's report which can uncover faults that aren't easy to see. In some cases we may require that you get one, particularly if the house you're buying is older.

Step 6
Review and sign: Review your Letter of Offer and all documentation with your solicitor. Once you're sure you can meet the conditions of the loan, and are happy with the contents of the Letter offer, sign it and return it to your Mortgage Adviser along with all the supporting documentation.

Step 7
Protection: Arrange your Home Insurance and your Mortgage Protection (Life Assurance) cover. These will need to be in place before you can draw down your Mortgage.

Step 8
Non-Refundable Deposit: You pay your non-refundable deposit as contracts are exchanged. This commits both parties to the sale. (Your solicitor will guide you on this point).

Step 9
Closing: On closing the deal,we will draw down your Mortgage and issue the funds to your solicitor to complete the purchase.

Step 10
Pick up the keys to your new home.

Mortgage language made simple

Annual Percentage Rate (APR): The APR is a calculation of the overall cost of a loan expressed as an annual rate. It takes into account all costs involved over the term of the loan, such as any set-up charges and the interest rate. We calculate it to a standard set out in consumer protection legislation.

Annuity Mortgage: This is the standard mortgage type (see 'Mortgage' below) where part of the initial amount you borrow - the capital (see 'Capital' below) - is paid back every month along with interest. Once all the capital and interest is paid back the property is mortgage free.

Arrears: If you fall behind in your mortgage repayments it means your mortgage is in arrears. There may be additional charges associated with a mortgage in arrears.

Building Energy Rating (BER): A BER is the similar to the energy label for household appliances and tells you how energy efficient your new home will be. The label has a scale of A to G, with A-rated homes being the most energy efficient. A BER certificate is compulsory on homes being sold or rented.

Buy to Let: This is a mortgage to purchase a property for investment purposes, usually where you want to let or rent it to a tenant.

Capital: This is the original amount of money you borrow.

Contract / Contract for Sale: A contract is a legal agreement between two or more people. When you wish to buy a house, you first sign a Contract for Sale with the seller. The Contract for Sale should be in the form approved by the Law Society (the professional body for solicitors) and your solicitor will guide you on it. The Contract for Sale will set out the steps that need to be taken before you sign the Deed (see 'Deed' below). Usually you pay a deposit when signing the Contract for Sale (see 'Deposit' below).

Conveyancing: This is the legal process that includes researching, documenting and transferring ownership of a property. It also involves filing records in state registries, such as the Property Registration Authority (see 'Property Registration Authority' below) and paying government stamp duty on the sale. Generally a solicitor must look after this.

Deed: A legal document in a special form. The document used to transfer ownership of a property must be in the form of a deed – it is signed by both the vendor and the purchaser as evidence of transferring ownership.

Deposit: A sum of money paid by the purchaser when an offer to purchase is made. Two deposits may be payable – the first is a refundable booking deposit. You normally have 21 days after paying this deposit, generally referred to as the 'cooling off' period, before signing the Contract for Sale. On signing the Contract, a deposit is paid to secure the property purchase. In general this deposit is non-refundable.

Drawdown: Once all of the conditions of the mortgage have been fulfilled to the satisfaction of the Bank and the contracts have been exchanged, the Bank will 'draw down' the loan funds and send them to your solicitor so that the property purchase can be completed.

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Equity: This is the difference between the value of your property and what you owe under your mortgage loan (see 'Negative Equity' below).

Equity Release: If you have equity in your home, i.e. if the value of your home is greater than what you owe under your mortgage loan, then you may be able to release some of this equity by taking out an Equity Release, that is an additional mortgage loan secured on the property. Equity Release could be an ideal option to fund significant expenses like home improvements, a garden makeover, even education expenses.

First Time Buyer (FTB): A first-time buyer is a person who has never before, either on his or her own or with others, purchased a house, a site to build a house or an apartment in Ireland or abroad.

Guarantor: A person who guarantees (promises to us) to repay what a borrower owes us if the borrower does not meet his or her repayments or breaks the agreement made with us.

Interest rate: This is the cost to you of borrowing money. The rate is usually expressed as a percentage rate per annum (i.e. per year). Interest rates can be either fixed or variable.

Property Registration Authority: The state registry where dealings concerning land are filed (usually by solicitors) and registered. The Property Registry Authority runs two registration systems at present. The older system is the Registry of Deeds in which details of Deeds concerning land are filed. This older system is being phased out. The more modern system is the Land Registry which is map-based and which records who owns land, who holds a mortgage over land and other details.

Property Registration Authority Fee: A fee paid to the Property Registration Authority to register you as the new owner of the property after you buy your home. This fee will be included in the legal costs charged by your solicitor.

Letter of Offer: Once your application is approved, a Letter of Offer detailing your mortgage offer from the Bank is issued to you and to your solicitor. It will include the Interest Rate, how you are to repay your loan and the duration (see 'Term' below) of the mortgage loan. Full Terms and Conditions are included. It must be signed and returned to the Bank within 30 days of the date of the Offer Letter to remain valid. Once you sign and return it to us it is a Contract that binds you and us.

Loan to Value Ratio (LTV): LTV is the amount that you are borrowing compared to the value of the property you are buying. For example, if you buy a property valued at €300,000 and borrow €240,000, your LTV is 80%.

Mortgage: A Deed you sign to create security over a house or land and sometimes over other types of property. For example, security in the form of a mortgage is usually given to a bank or building society to enable it lend to a borrower to finance the purchase of a property. A loan secured by a mortgage can be called a mortgage loan.

Mover: If you already own a home (or have owned one before) and are moving to a new home you will be considered a Mover. You may be seeking a mortgage loan to allow you move home.

Negative Equity: This is where the market value of your property is less than what you owe under your mortgage loan.

Owner Occupier Mortgage: A mortgage given to a person(s) to purchase a house in which he or she intends to live.

Redeemed / Redemption: When a mortgage loan is fully repaid the mortgage is said to be "redeemed" and "redemption" of a mortgage is full repayment of the mortgage loan. We must release our mortgage once you redeem it.

Repayment: The amount you agree to pay us each month on your mortgage loan.

Searches: Searches are carried out by your solicitor in the Property Registration Authority and other state registries to ensure that the person selling the property has a legal right to sell it and that there is nothing on the title (such as a mortgage from the seller to a bank) which would affect you (see 'Title' below). Your solicitor should also carry out searches to ensure any house or building has full planning permission.

Stamp Duty: A government tax on the purchase of a property.

Switcher: Someone who moves a mortgage loan secured on a house from one financial institution to another without moving home.

Term: The term of the mortgage loan is the length of time over which you agree to pay off the loan. The longer the term the less you pay each month, but a longer term also means paying more interest over the duration of the loan.

Title: The right to ownership of property, especially land. Types of title include freehold (where the owner owns land outright) and leasehold (where the owner has a lease of the land). For technical legal reasons some apartment owners own their property under leases that last hundreds of years.

Underwriter: A professional employed by lenders or insurers to assess the level of risk in providing lending / insurance cover.

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Valuation: A report which describes a property and estimates its market value. It is prepared by a professional valuer. When we agree to lend a mortgage loan, we require such a report (called a Valuation Report). The valuer must be acceptable to the Bank. Remember, the Valuation Report is not a detailed structural survey or planning survey and we strongly recommend you have your own surveyor or valuer carry out a survey / valuation for your own peace of mind.

LEGAL NOTICES

We have a legal duty to include the notices below. They contain important and useful information. Please take the time to read them.

WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR CREDIT AGREEMENT, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT IN THE FUTURE.

If you are considering a variable rate mortgage:
WARNING: THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.

If your mortgage is an equity release mortgage and is being used for debt consolidation purposes:
WARNING: THIS NEW LOAN MAY TAKE LONGER TO PAY OFF THAN YOUR PREVIOUS LOANS. THIS MEANS YOU MAY PAY MORE THAN IF YOU PAID OVER A SHORTER TERM.

Fees and Costs

Valuation

The Bank requires that you arrange a valuation of the property (or properties) offered as security, carried out by a valuer acceptable to the Bank. You will need to pay the valuation fee direct to the valuer. You need to agree that fee with the valuer (you should expect to pay a fee of €150 to €250 plus VAT but this can vary). If we do not accept your application for a mortgage loan we may refund this fee. No responsibility is implied or accepted or warranty given by the Bank for the value or condition of the property as outlined in the valuation. The valuation report will remain the property of the Bank and you are entitled to your own copy of the report.

Legal fees

You will need to pay legal fees to your own solicitor, which you need to agree with him or her as part of your own arrangement. This does not include costs associated with the Bank's legal investigation of title for the purpose of the Mortgage.

Accountable trust receipt: €63. You will need to pay this fee to the Bank where your solicitor requests the Title Deeds on your behalf. The fee does not apply where a customer seeks additional funds on the same security.

Security Perfection Fee for Equity Release: €400. This fee covers the Bank's legal expenses where the Bank agrees to handle an Equity Release loan without the need for a customer to engage his/her own solicitor.

The following additional costs will be payable by the borrower for **buy to let properties and principal dwelling housing where the loan amount is €1.5 million or over.**

1. The borrower must reimburse the Bank for the legal costs incurred by the Lender in effecting the Lender's Security and related tasks (excluding costs associated with the Bank's legal investigation of title for the purpose of the mortgage);
2. The outlay and fees payable to state agencies for the registration of the Lender's Security, which must be remitted to the borrower's solicitor.

The Lender's legal costs to be reimbursed by the borrower are the following:

a) the Lender's solicitor's professional fee of €950 plus Value Added Tax per property

b) Outlay and fees payable to state agencies for the registration of the Lender's Security which shall not exceed €350 per property.

The Lender's legal costs, once paid by the borrower, are not refundable. Typically these must be paid at the closing of the transaction.

You may be liable for legal, valuation and other costs incurred in perfecting the security or any other requirements even if the Mortgage loan is not advanced.

Arrears - Interest Surcharge

If you do not pay us a repayment instalment or other sum of money by the date you are due to pay it, we may charge you a default interest rate of 0.5% per month or part of a month (which is 6% per year) on the unpaid sum. This default interest is added to normal interest.

We do not charge borrowers default interest when they are in a Mortgage Arrears Resolution Process under the Central Bank's Code of Conduct on Mortgage Arrears and are co-operating reasonably and honestly with us.

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Repaying your Mortgage early

If you repay your Mortgage early when you are on a variable rate of interest, we charge no redemption fee.

If you repay your Mortgage early when you are on a fixed rate of interest, or change to another rate within your fixed rate period, you may have to pay an additional funding fee. This funding fee is compensation for the additional interest expense that the bank may incur as a result of a customer breaking their fixed rate contract. If there is no additional interest expense incurred by the Bank no compensation will be required.

This is how the funding fee compensation is calculated - it is equal to "C" where:

$$C = \frac{A \times (R\% - R1\%) \times D}{365}$$ and

"A" = the amount repaid early (or the amount which is changed from the fixed rate to a new rate) averaged from the date of early repayment (or rate change) to the end of the fixed rate period to allow for scheduled repayments (if there are any) and interest charges.

"R%"= the annual percentage interest rate which was the cost to us of funding an amount equal to "A" for the originally intended fixed rate period.

"R1%"= the annual percentage interest rate available to us for a deposit of an amount equal to "A" for a period equal to "D".

"D" = the number of days from the date of early repayment (or rate change) to the end of the fixed period.

Here is a worked example:-

"Amount" = €250,000, "R" = 5 %, "R1" = 3%, "D" = 2 years or 730 days

$$C = \frac{250{,}000 \times (5\% - 3\%) \times 730}{365}$$

So, $$C = \frac{250{,}000 \times 2\% \times 730}{365}$$

C= €10,000

Information correct as at 1st February 2013.

Bank of Ireland Mortgage Bank is a member of Bank of Ireland Group.

Bank of Ireland Mortgage Bank, trading as Bank of Ireland Mortgages, is regulated by the Central Bank of Ireland.

Bank of Ireland is regulated by the Central Bank of Ireland.