Broker News

28th October 2022

The Mortgage

Powered by Bank of Ireland

Macro Prudential Regulation – Changes Announced for 2023

Last week, the Central Bank of Ireland announced the following amendments to the Macro Prudential Regulation measures for 2023:

MPR Category		Current Measures	Current Exceptions Allowance	2023 Measures	2023 Exceptions Allowance
FTB	LTI	3.5x	20%	4x	15%
SSB	LTI	3.5x	10%	3.5x	15%
	LTV	80%	20%	90%	

FTB Definition Changes

From a “fresh start” perspective, borrowers who are divorced or separated or have undergone bankruptcy or insolvency may be considered FTBs for the mortgage measures (where they no longer have an interest in the previous property).

We are currently working on guidance in respect of the FTB definition for “fresh start”. In the meantime, if you have a customer who appears to meet that definition, please contact your Relationship Manager for guidance on your individual case.

Shared Equity Scheme applications

While it is our expectation that the LTI will increase in line with the Macro Prudential Rules, until the operational impacts of have been considered and agreed across the industry, the maximum that can be applied for remains 3.5 times LTI for this scheme.

How will this impact on current / new applications?

- 2022 drawdowns are subject to the current rules
- 2023 drawdowns will be subject to the new rules

<u>If your customer is a new application and will be progressing drawdown in 2022</u>

For all owner occupier applications which are seeking LTI >3.5x or for SSB LTV >80% for drawdown in 2022, you are required to apply for an exception under the existing process through your Relationship Manager.

<u>If your customer is a new application and will definitely not be progressing their drawdown until 2023</u>

FTB where LTI is ≤ 4x income or a SSB where LTV is ≤ 90% (≤ means less than or equal to) you may progress your application without seeking an exception approval in advance, however, you must

- Note in your credit memo this is a 2023 drawdown
- We will add a 2023 condition to the application which will restrict drawdown until 2023 - if your customer seeks to draw in 2022 it will be subject to available exceptions capacity and you will be required to apply under the existing process as above

Pipeline Househunter Applications

If your customer is already approved as a Househunter and is now seeking a Change in Proposal for a revised Househunter approval level in line with 2023 MPR rules:

Please submit your Change in Proposal as per normal CIP process with a clear note at the start of your CIP request that case will be a 2023 drawdown.

Pipeline Property Specific Applications

If your customer is already approved and Property Specific and is now seeking a CIP for a revised Property Specific approval in line with 2023 MPR rules:

Please submit your Change in Proposal as per normal CIP process with a clear note at the start of your CIP request that case will be a 2023 drawdown.

Notes

1. Please remember, there has been no change to The Mortgage Store Credit Policy. Any exception requests submitted should be in line with same or clear mitigants provided to support the request e.g. FTB Sole Income <30K max LTI 3.5 / Mover >750K max LTV 80%

2. Separate to The Mortgage Store headline LTV and LTI limits there are many aspects to establishing mortgage affordability, including; Demonstrated Repayment Ability; Net Disposable Income; Debt Service Ratio; in addition to assessing the stability of employment and; the customer's financial track record to inform the assessment of borrowers repayment capacity now and in the future. Passing the CBI rules (existing or revised) is not a guarantee of an approval.

3. We are currently working through a number of operational changes that will be required to reflect the revised rules on our website and calculators.

4. We will prioritise property specific CIPs over requests to amend any existing HH approval. Please also ensure before submitting any CIP request – you review DRA, NDI, DSR, funding (an updated CCR will be required if the existing CCR Is >6 months) and where existing docs are not in date, an updated payslip/bank statements may be required.