

14th August 2023



Vacant Home Scheme – Croí Cónaithe

Vacant Home Scheme/Croí Cónaithe

We are pleased to inform you that we can now accept applications for mortgages to purchase properties that qualify for grant funding under this scheme.

The scheme provides for grant funding up to a maximum of €50,000 (€70,000 for properties that are structurally unsound and deemed to be derelict) for the refurbishment of vacant properties for occupation as a principal private residence, including conversion of prior commercial properties for residential use.

Properties considered for inclusion must be vacant for two years or more **and** built before 2007. Acceptance to the scheme is managed by the Local Authority with proof of both vacancy and property ownership will be required to support the grant payment.

The local authority will take a second charge over the property which will be captured in a priorities agreement similar to those used for the Affordable Housing and First Home Schemes. Full clawback of the grant funding will be sought if the property is sold within 5 years of purchase, 75% is repayable between 5-10 years, no clawback after 10 years.

Switching between lenders and Equity Release applications are permitted as the Bank's charge ranks in priority regardless of the order of registration. (Please note – The Mortgage Store does not currently accept standalone Equity Release applications).

Process Overview – Property Purchase

Applications will follow the BAU mortgage process in line with usual purchase to renovate applications. ROME has been updated to include bespoke placeholders for participants of this scheme, the local authority approval document should be uploaded to this placeholder.

In order to adopt a consistent approach with early applications for mortgages, we are requesting that prior to submission, all applications are reviewed by your Broker Relationship Manager. Standard Bank of Ireland credit policy and Macro Prudential lending limits apply. In addition to the standard valuation report, a Structural Survey is required in all cases to confirm the current condition of the property. The survey should detail essential works and whether the property is habitable. Retention will apply to all cases.

Prior to submission, we need to review the proposal including the current condition of the property, determine if the outlay and funding is sufficient to renovate the property and recommend drawdown control and the retention amount to the credit underwriting team.

As the grant does not pay out until the works approved under the grant are completed, ensure there is sufficient funding for cashflow to pay for works pending receipt of funding.

Process Overview – Switchers

As per BAU – ensure that the credit memo includes a reference to any second charge registered against the property. Credit will set up a condition for a new priorities agreement between the new lender and the local authority.



Homebond Guidance

Bank of Ireland policy requires all new properties to be covered by Homebond or a similar industry accepted warranty (Buildzone, Global Home, CRL, QAssure) and final certification is required to be provided by the borrowers solicitor as a condition of all loan offers for new properties.

We recognise that in some cases a newly occupied property may not have current homebond cover. There are very limited circumstances where the bank can lend on new properties not covered by HomeBond and the following should be considered when you receive a request.

In the main there are 2 different types of request to progress without homebond

1. A new build in a very small development (Max 8 houses) or a one off build in an already established estate
2. Properties in former ghost estates

What is a Ghost Estate

- The term “ghost estate” is commonly used to describe a housing development that has not been fully completed
- Not all estates falling under this description are empty estates with properties that are boarded up
- Typically they include properties that have been occupied for a number of years before the original builder got into financial difficulties with remaining properties recently been taken over by a new builder to be finished and sold

These Ghost Estate properties fall into two further scenarios

Scenario 1: Where the property was left unsealed and open to the elements for a period of time and recently completed. In this scenario it is considered there is a high risk that issues could emerge in the structure post occupation. These properties are outside of risk appetite and should be declined to progress

Scenario 2: Where the property was sealed – the risk of structural issues emerging reduces but this is dependent on how well the property was sealed and whether there was potential for water ingress and or deterioration in wiring /piping etc .

Where there is evidence that HomeBond (or equivalent) final certification issued at the time of construction but has now expired, this provides comfort that the property was fully sealed. This reduces the risk of structural issues.

Please refer to your Broker Relationship Manager for further guidance.



Reminders – Rate change and Third party documentation

Rate change reminder

- **Any drawdown that occurs after 24 August 2023 will draw down on the new rates.** In order to draw down by 24 August 2023, **all required documents must be submitted and must be satisfactory to us by 17 August 2023.** No exceptions can be made to these dates.
- **The rate applied to staged drawdowns is determined when the first drawdown happens;** all subsequent drawdowns on the same account will be at the same rate as the initial drawdown (~ if the first drawdown is on or before 24 August 2023 the previous rates will apply. See FAQ document for treatment of self build split mortgage accounts).
- Please refer to Broker News, issued on the 26th July 2023 for FAQ's.

Key dates

All required Documents in:
17th August 2023

Drawdown on or before: 24th
August 2023

Third Party Documentation

- There have been a number of 3rd party documents uploaded to ROME. Documents uploaded in a name other than the Mortgage Applicants is considered a Data Breach for you the broker.

Example of 3rd party documents:

- Credit union statement uploaded (child savings account, child is not named on the application).
- Loan statement uploaded in 3rd party name. If you need to provide us with any documents pertaining to the case that are not in the name of the applicants on ROME, please contact your Relationship Manager or call our Broker Specialist team to discuss. Do not upload them to ROME without prior consent.