



Credit Policy Updates August 2025

The Mortgage Store is delighted to announce enhancements to its credit policy. These changes demonstrate our commitment to you and your customers. It will further enable you to secure homes for your customers whilst also protecting them in an ever changing macroeconomic environment.

Please see the below policy changes which have been included in this Broker News:

1. Civil Servants pay – 2 points up salary scale now permitted
2. Debt Service Ratio (DSR) decreased where there is a reliance on term post standard retirement age
3. DRA @ 85% – now permitted up to 4 times income for First Time Buyers (from 3.5 times)
4. Amendment to Studio apartment lending policy
5. Increase in Minimum Property Thresholds for 1 bed apartment
6. New stress test for Foreign Currency Lending
7. Equity Release Allowable Purposes
8. Increased LTV permitted for Owner Occupier apartments for essential Public Servants

1. Civil Servants pay – 2 points up salary scale now permitted

The Mortgage Store's current policy is to allow for income to be assessed at 1 point up the salary scale for civil servants. This has been amended to now allow 2 points up the scale.

Government Employees two up pay scale Criteria as follows;

- The increased salary must be evidenced to occur within 24 months of the assessment, confirmed via salary cert or employer letter.
- The pay scale criteria applies to general Civil/Public Servants (i.e. employed by "Department of", no government funded agencies or semi state bodies.
- Please note, 100% demonstrated repayment ability (DRA) is required to evidence the affordability of the applicant based on current income.
- Applies to permanent employees only regardless of length of service and any probationary period must be complete.

If in doubt over the status of an employer and whether the borrower is classed as a civil or public servant, refer to the Register of Lobbying which maintains a record of all bodies which have been confirmed as public service bodies for the purposes of the Regulation of Lobbying Act 2015 at [List of Public Service Bodies](#)

We acknowledge that The Mortgage Store and BPFI salary certs have a field to confirm the next point on the scale. This can be amended to include a 2nd point up and included in free form on the salary cert or confirmed via a separate letter.



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2. Debt Service Ratio (DSR) decreased where there is a reliance on term post standard retirement age

Where we are reliant on pension income due to the loan maturity exceeding the likely retirement date of your customer based on their employment,;

- DSR is capped at 35% based on the expected pension income.
- The application will be assessed as standard based on their future pension income (or current pension income if the borrower is already retired). The DSR on the calculator cannot exceed 35%.

The rationale for this is that pension income is typically more likely to be fixed, whereas employment income may rise during career progression.

3. DRA @ 85% – now permitted up to 4 times income for First Time Buyers (from 3.5 times)

Under the current guidance where a mortgage is $\leq 3.5x$ LTI the customer can have a shortfall of up to 15% in Demonstrated Repayment Capacity (DRA) subject to surplus Net Disposable Income (NDI) above the threshold equivalent of double the NDI shortfall.

For example, if DRA is short €200 the NDI must be surplus €400 above the threshold.

The NDI surplus provides evidence of the customers' ability to adjust their lifestyle to prioritise their mortgage.

The Mortgage Store now confirm a change to this approach to allow this 15% shortfall to apply up to an LTI of 4 times for FTBs subject to surplus NDI being equivalent to double the shortfall.

NDI thresholds for $LTI > 3.5x$ still apply in these cases.

100% DRA is still required for non-FTBs with $LTI > 3.5$, and for FTBs with $LTI > 4$.

4. Amendment to Studio apartment lending policy

'Studio' apartments have now been included in the list of allowable security properties.

This is subject to the following criteria:

- Owner Occupier Only
- Dublin City & Cork City locations only
- Minimum property values (\geq €250k Dublin City / \geq €200k Cork City)
- Minimum size 30 sqm
- Max LTV 80%
- Apartment Developments built from 2025 onwards
- These applications **must be input as "maisonette"** property type on Rome. The system will be updated in due course to include Studio as an option under property type listing.



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5. Increase in Minimum Property Thresholds for 1 bed apartments

Where >80% LTV sought in Dublin City; we've increased the threshold from €225k to €250k

Where >70% LTV sought in Co. Dublin, Dublin Commuter Counties and Regional Cities; we've increased the threshold from €175k to €200k

6. New stress test for Foreign Currency Lending

In light of ongoing global economic uncertainty and the potential for increased exchange rate volatility, we are introducing an additional affordability stress test for foreign currency income.

Please note the following key points;

- A new 5% stress test will be applied on top of the existing foreign currency income assessment (20% discount) to ensure customers can still meet affordability requirements.
- The following process is now in place for brokers when initially assessing affordability for cases;
 - Convert the foreign currency income to euro at point of assessment.
 - Apply a 25% discount to account for currency risk
 - Use the resulting figure in your broker assessment calculator to establish the affordability and confirm this in your credit memo.
 - Refer to previous communications and/or the broker guide to credit policy for further guidance on the process.
- If the application passes this check, the proposal can proceed. If this application does not pass this check with the 25% discount, please refer the case to your Relationship Manager prior to submission on ROME.
- Where a 25% discount is applied, this income assessment is valid for 6 months. There is no need to recalculate the income within this 6 month period as the additional 5% applied will mitigate any currency changes within this 6 month period.
- Please note, The validity period for House Hunter applications will remain 12 months however if a change in proposal is received after 6 months for foreign currency applications, a new assessment will be required which may result in a lower mortgage amount approved.

7. Equity Release Allowable Purposes

Equity Release (ER) "Allowable Purpose" now includes a buyout of co-owner and repayment of First Home Scheme (FHS) equity stake – these will continue to be input under "other" purpose .

8. Increased LTV permitted on Owner Occupier apartments for essential Public Servants

The LTV threshold for essential Public Servants has been increased from 80% and 85% to 90% on owner occupier apartments; subject to min value threshold. An essential Public Servant is a Nurse, Doctor, Garda or Teacher with stable and enduring employment. Please refer to credit policy for more information.