



Launch of “Foreign Currency lending” for brokers

We are delighted to announce that from November 14th, customers who earn in a foreign currency and who wish to repay a euro mortgage for the purposes of a principle dwelling home (PDH) in the Republic of Ireland will now be able to apply to The Mortgage Store.

Lending to these borrowers must also be on a ‘passive basis’ i.e. the mortgage is not actively sourced from the borrower, and any mortgage advice or marketing materials must only be provided to the borrower when they are in Ireland. Please refer to our mandatory document checklist that must be submitted on all applications to The Mortgage Store.

Background

Foreign Currency Loans (‘FCLs’) were introduced under the European Mortgage Credit Directive (‘MCD’) As all BOI mortgages are denominated in Euro, the mortgage will be deemed a Foreign Currency Loan if the customer:

- Earns in a currency other than Euro and the mortgage repayments will be made from that non-Euro currency (e.g. works in ROI and is paid in US dollars)
- MCD has particular requirements for the management of FCLs, including warnings to customers on foreign exchange rate risks, and measures to protect them from these risks. When advising a customer, please ensure you and your teams understand your requirements as a credit intermediary.
- It is therefore very important that you clearly call out in your credit memo whether the application is a Foreign currency loan and relevant details such as the currency the customer earns and whether they are “fixed return” or dual residence”.
- Refer to page two of this communication for further information on Fixed return and Dual residence requirements.
- The Mortgage Store will allow customers earning in US Dollars (USD) or sterling (STG) with other currencies (OTH) considered on a case-by-case basis.
- We are unable to consider customers who earn in multiple currencies i.e. applicant 1 STG and applicant 2 USD. We can only consider one foreign currency per application i.e. Applicant 1 STG Applicant 2 EUR or Applicant 1 STG Applicant 2 STG.
- The foreign currency income must be converted into Euro using a 20% discount for all currencies; the credit assessment must be completed using the discounted Euro income. You can use XE.com for the conversion and then apply a 20% discount. This is to allow for exchange rate fluctuations.
- Applications follow a BAU mortgage journey

Please ensure you refer to the mortgage intermediary credit policy guide which has been updated with Foreign Currency Lending risk appetite, you can also refer to your Relationship Manager for any training requirements or queries you may have. We have enclosed the most recent credit guide with this broker news.



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Credit criteria

Applications will be considered for borrowers who are;

- (i) not currently residing in Ireland but are relocating to Ireland as part of the new lending proposal (‘fixed return’);
- (ii) who are residing in Ireland but will commute to work abroad following the property purchase (‘dual residence’) and
- (iii) who are residing and working in Ireland but earning in a foreign currency e.g. GBP£.

Borrowers will typically be PAYE employees. We have limited credit risk appetite for self-employed customers and all applications of this nature must be referred to your relationship manager for further guidance.

For borrowers currently residing abroad, applications will only be considered if the borrower has returned to Ireland before their mortgage draws down.

Dual Residence applications

- minimum incomes apply (€75k sole/€125k joint)
- Applications must include information about additional personal expenses associated with commuting to the country of employment e.g., accommodation costs abroad, flights etc.
- The employer must confirm how often the applicant is expected to attend their place of employment and if any additional expenses such as flights, accommodation etc. and are expenses paid by the employer or at the employee’s expense. If the employee is responsible for commuting costs, you must include the expense as a financial commitment.
- LTV - Generally 75%
- Term - 10-35 years
- In general applications are restricted to 75% where :-
 - 1) The NDI is tight on the basis of two households
 - 2) The main earner may not be able to achieve current income levels in the event of a return to Ireland for employment (In this instance term is likely to be also curtailed)
- Requests for LTV >75% can be considered up to LTV 90%/ and 35 year term where the above concerns are not an issue (e.g. professionals with potential for high income on return /apps have the ability to primarily work from ROI home/significant surplus household NDI).

Please refer to your Relationship Manager for guidance prior to submitting the application.



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Fixed Return

This is when your customer has written confirmation from their employer on letterheaded that they will return to ROI with a fixed return date within 12 months and before mortgage draws down. Applications of this nature can be considered as follows;

- Standard Homeloan (HL) assessment
- Standard Homeloan criteria
- Standard Homeloan LTV and Term thresholds Assessment and structure takes into account i) present foreign earnings and financial commitments (including accommodation costs abroad) and ii) future earnings if changed to a euro contract or obtains new employment

| PDH | | | | |
|------------------|---------------------------------------|-----------------------------------|----------------------------------|-----|
| Earning Currency | Current Residency / National Currency | Returning to ROI within 12 months | Earning in Euro on return to ROI | FCL |
| Non Euro | Outside EEA | Yes | Yes | No |
| Non Euro | Outside EEA | Yes | No | Yes |
| Non Euro | Outside EEA | No (Dual Resident) | n/a | Yes |

FAQ’s

Can customers who earn in multiple currencies apply?

No, applicants cannot use multiple currencies to apply. Only one currency can be used for example sterling/euro or sterling/sterling. We do not allow multiple currencies such as STG/USD.

Can customers apply if no fixed return within a 12 month period?

No, customers can only apply if returning to ROI within a 12 month period and must have returned prior to drawdown.

Fixed return customers returning to Ireland on a euro contract, can they apply as a foreign currency loan? No, customers who have a fixed return and will be returning to ROI on a euro contract, the loan must be treated as being repaid in euro with conditions set for euro payslips prior to loan offer letter.

Can I submit an application for a customer who earns in another currency other than US dollars or STG (UK)?

Yes, in some circumstances, customers who earn in any other currency other than USD or STG (UK) may be considered, you must be refer to your relationship manager for further review/guidance prior to submitting any applications of this nature.

I have a customer who is returning to ROI within 12 months and will continue to earn in a foreign currency, what do I need to provide as proof of fixed return? Please provide a letter from the applicant’s employer confirming the date of their fixed return, confirmation of employment status and conditions to the fixed return. Note that customers cannot close their mortgage until they have returned to ROI.

Can self-employed customers apply to the mortgage store for approval?

All self-employed applications must be referred to your Relationship Manager for further consideration. The Mortgage store has limited credit risk appetite for self-employed customers.



BPFI Salary Cert Update, Credit Policy updates and Letter of Indemnity reminder

Banking Payments Federation Ireland (BPFI) updated Salary Certificate

Following extensive collaboration between BPFI and its member Banks - the introduction of a standardised salary cert for mortgage applications has been agreed. This new salary cert will enhance your customer's journey and allow for a streamlined documentation approach across the BPFI retail banking network.

This salary certificate does not replace standard Mortgage Store approved certs currently available for your customers. However, it will be added to our approved listing of non-standard salary certs accepted at application stage.

If you have any queries on the above, please do not hesitate to contact your Relationship Manager.

Credit Policy updates

We have enclosed to most recent credit intermediary guide to include the following additions;

- New Government Schemes Section
- Foreign Currency Lending -GBP£ and USD\$
- Addition of Non-Resident lending table
- Addition of Flood Insurance to Security requirements section – please refer to guide attached with this news.
- Clarification of Non-Boi Switcher definition – please refer to guide attached with this news.

Please ensure the guide is read and understood, If you have any queries on the above, please do not hesitate to contact your Relationship Manager.

Letter of Indemnity reminder

What we can accept:

Bank of Ireland or Governor and Company of Bank of Ireland
2 College Green, Dublin 2

What we can't accept

Documentation that refers to Bank of Ireland Mortgage Bank u.c.