

Mortgage News

10th November 2022



Update – Mortgage Store rate announcement

Please see below update, effective today 10th Nov 2022

Bank of Ireland to raise interest rates by 0.25% for new business fixed-rate mortgages

- No changes are being made to fixed rates available to all existing mortgages
- No changes are being made to variable rate mortgages
- New mortgages drawn down by 9 December 2022 can still avail of the previous rates

Recently, the European Central Bank has announced a number of interest rate increases, increasing rates by 2% over the past number of months. In light of this, **Bank of Ireland will be increasing our fixed interest rates for new business by 0.25%.**

The **new rates will apply** to all new **Private Dwelling Home and Buy to Let** fixed rate-mortgages and will come into effect immediately on **10 November 2022**. All applications will be subject to the new fixed rates.

Customers who have already been approved for a new mortgage with Bank of Ireland, and who **draw down on or before 9 December 2022**, will be able to avail of the rate that is on their letter of offer or credit approval letter.

Any drawdown that occurs from December 10th onwards will draw down on the new rates.

There will be no change to the rates offered for existing mortgages.

For clarity, existing mortgages looking to fix, will be offered the same unchanged fixed rates. All existing mortgages can opt into a fixed rate (from either a fixed, variable or tracker rate), however customers that chose to break out of a fixed rate early may continue to have to reimburse the bank for any funding loss the bank may face.

Also note that existing customers that are buying a new property or completing an equity release will receive the new rates, as this is new business.

As is the case with all rate matters, this approach will continue to be kept under review. Any change in the future will be clearly communicated at that time.

FAQs

New Customers

1. Am I eligible to drawdown on the (lower) existing fixed rate if I have not drawn down my new mortgage?

If a customer has already been approved for a new mortgage **and** if they **draw down** on or before **9 December 2022**, they will be able to avail of the rate that is on their letter of offer or credit approval letter. For clarity, customers with a valid offer letter or credit approved House Hunter AIP or Property Specific AIP qualify for this cutover period - a customer who only has a first step AIP does not qualify.

2. Will we be communicating with your customers in your pipeline?

No, you will need to contact your customers in relation to the rate change. We have provided suggested wording for you to send to your customers with all the relevant information should you choose to use it.

3. I had all my paperwork submitted but my mortgage will not be drawn down before 9 December 2022 - can I still avail of the existing mortgage fixed rates?

No, to avail of the existing fixed rates the customer must draw down their mortgage on or before 9 December 2022. To give a customer the best chance to drawdown by 9 December 2022, customers should get all their documents submitted and all loan offer conditions fulfilled as soon as possible, to allow us to process the drawdown. Any drawdowns after 9 December will be on the new rates.

4. My loan can be drawn down in stages, is it enough if I make the first drawdown on or before 9 December 2022?

The (lower) existing fixed rate will apply if the first drawdown is made on or before 9 December – all subsequent drawdowns on the same account will be at the same rate as the initial drawdown.

5. Can I avail of the (lower) existing rates if I draw down after 9 December 2022?

No, to avail of the existing fixed rates you already have an approval and hold a valid letter of offer or credit approval **and** must draw down on or before 9 December 2022, even if you have an offer letter or AIP that quotes a previous (lower) fixed rate.

6. Can I complete a change in proposal (CIP)?

Customers can complete CIPs. However, asking for such a change **will delay** drawdown as the bank may need to send the customer a new offer letter and new documents may need to be provided. That means the customer **will risk missing the 9 December cut-off date for the drawdown, resulting in the mortgage being on the (higher) new fixed rate.**

If the bank send a customer a new offer letter after November 10th, the new offer letter will set out the (higher) new fixed rates listed on our website. However if the customer draws down their mortgage on or before 9 December, the (lower) existing fixed rate will be applied. A mortgage drawdown after 9 December will be on the new fixed rate set out in the offer letter.

If you complete a CIP and drawdown on or before 9 December, it is possible the bank may initially apply the higher new fixed rate (from the new offer letter) for a short time for administrative reasons. A 'Day 2' check will be in place for these customers, and the lower rate will be back dated from date of drawdown with no funding costs to the customer. The bank will phone the customer explaining that the old rate has been applied to their mortgage and a 'Day 2' letter will be sent to them documenting the same.

7. I have completed a CIP and I want the old rates detailed on my offer letter

After 10 November 2022 we cannot provide an offer letter with the old fixed rates. However, as outlined in the email sent on 10 November, if a customer draws down on or before 9 December 2022, the old rates will apply.

8. My offer letter sets out the lower fixed rate, how can BOI charge me a higher fixed rate if I draw down my mortgage later than 9 December 2022?

The customer's offer letter sets out the fixed rate that would apply if they drew down their mortgage on the date set out on page 1 of the offer letter. However, Clause 2.4 of this offer letter makes clear that we do not guarantee that this rate will be available on the actual date the customer draws down their mortgage. That rate may differ from the fixed interest rate shown on page 1 of the offer letter if BOI change the fixed rates before the customer draws down.

Existing mortgage customers

1. Are existing mortgages affected by this rate change?

No, Bank of Ireland's existing Fixed Rate mortgages are unaffected. If a customer is now on a fixed rate it will stay the same until the fixed rate period ends. There is (at present) no change to variable interest rates but we continue to keep those under review. Tracker interest rates will change to follow (or "track") changes made by the European Central Bank.

2. I have a mortgage that is already drawn down and wish to move to a new fixed rate - are the (lower) existing fixed rates available to me?

Yes. If you have an existing mortgage with the bank and choose a new fixed rate then we will offer you fixed rates at the (lower) existing rates (although these too can change in future).

- If a customer who has an existing mortgage with the bank chooses to re-fix, then the rates offered to this existing mortgage will not change. Note: customers that choose to break out of a fixed rate early may have to reimburse the bank for any funding loss the bank may face.
- Similarly, if a customer who has an existing variable or tracker mortgage with the bank and chooses to move to a fixed rate, the rates offered will not change. Please refer to rates table on our website for mortgage rates.

3. Will BOI keep the existing mortgage fixed rates unchanged in future?

BOI keeps all mortgage rates under continuous review, including those existing fixed rates. BOI cannot guarantee that the existing fixed rates will remain the same for the period of your mortgage. BOI may change the existing fixed rates in future (if so, BOI will publish the new rates).

4. I have an existing mortgage but I wish to move house in the future- will I be able to still avail of the existing mortgage rates?

No, to avail of the existing fixed rates you must draw down on or before 9 December 2022. Any new lending to existing customers is deemed new business and new business rates will be applied.

5. I have an existing mortgage and I am applying for an equity release - can I avail of existing mortgage rates for my new Equity Release loan?

No, to avail of the existing fixed rates you must draw down on or before 9 December 2022. Any new lending to existing customers is deemed new business and new business rates will be applied.

Key Messages

- The **new rates will apply** to all new Private Dwelling Home and Buy to Let fixed rate mortgages and will come into effect on **10 November 2022**. All new mortgage applications made on or after this date will be subject to the new fixed rates.
- For customers with **an existing mortgage** who want to fix their mortgage rate, they can do so on the existing suite of fixed interest rates (which are unchanged).
- For customers who have an **existing mortgage**, who are **movers**, or applying for an **equity release** after 10 November 2022, the new business fixed rates will apply.
- **No change** to Standard Variable Rate interest rates.
- You can contact your pipeline customers using our suggested wording enclosed. This document provides all the relevant information for your customers.

PLEASE NOTE : Your Relationship Manager will be available to answer any queries you may have relating to these changes.