



STATUTORY INSTRUMENTS.

S.I. No. 25 of 2018



HOUSING (REBUILDING IRELAND HOME LOANS) REGULATIONS
2018

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I, EOGHAN MURPHY, Minister for Housing, Planning and Local Government, in exercise of the powers conferred on me by section 11 of the Housing (Miscellaneous Provisions) Act 1992 (No. 18 of 1992) and section 3 of the Housing (Miscellaneous Provisions) Act 2009 (No. 22 of 2009), as adapted by the Housing, Planning, Community and Local Government (Alteration of Name of Department and Title of Minister) Order 2017 (S.I. No. 358 of 2017) and with the consent of the Minister for Public Expenditure and Reform (pursuant to the Finance (Transfer of Departmental Administration and Ministerial Functions) Order 2011 (S.I. No. 418 of 2011)), hereby make the following regulations:

Citation and commencement.

1. (1) These Regulations may be cited as the Housing (Rebuilding Ireland Home Loans) Regulations 2018.

(2) These Regulations come into operation on 1 February 2018.

Interpretation.

2. (1) In these Regulations, any reference to a regulation which is not otherwise identified is a reference to a regulation of these Regulations.

(2) In these Regulations—

“the Act” means the Housing (Miscellaneous Provisions) Act 1992;

“borrower” means a person to whom a loan is made and includes a person applying for a loan and includes, in relevant cases, joint borrowers;

“credit policy” means written guidelines for housing authorities setting out the terms and conditions for making of home loans under these Regulations;

“first time buyer” has the meaning assigned to it under section 92B of the Stamp Duties Consolidation Act 1999 (as amended);

“home loan” means the amounts advanced, or the total sum of amounts advanced, by a housing authority to a borrower which are or are to be secured by way of a legal charge on a property;

“the Minister” means the Minister for Housing, Planning and Local Government;

“market value” is the estimated amount for which the house should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s

*Notice of the making of this Statutory Instrument was published in
“Iris Oifigiúil” of 2nd February, 2018.*

length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion;

“purchase price” in relation to a house to which Regulation 3(2)(b) applies, means the price of the house determined by a housing authority;

“value” means—

- (a) in the case of an existing or new house, the market value of the house, or
- (b) in the case of a house being constructed, the amount, which in the opinion of the housing authority represents the reasonable cost (including all reasonable incidental expenses) of building the house and the value of the interest of the borrower in the site thereof,

and “valuation” shall be construed accordingly.

Application

3. (1) These Regulations apply to the provision of loan finance by housing authorities to first time buyers for the acquisition of houses, or for the construction of houses, including—

- (a) the purchase of a house under section 90 of the Housing Act 1966 (No. 21 of 1966);
- (b) the purchase of a dwelling under Part 3 of the Housing (Miscellaneous Provisions) Act 2009 (No. 22 of 2009);
- (c) the purchase of an apartment under Part 4 of the Housing (Miscellaneous Provisions) Act 2009 (No. 22 of 2009);
- (d) the sale of a house under Part 3 of the Housing (Miscellaneous Provisions) Act 2014 (No. 21 of 2014).

(2) (a) These Regulations do not apply to the purchase of a house with a market value in excess of—

- (i) €320,000 where the house is situated in Counties Cork, Dublin, Galway, Kildare, Louth, Meath or Wicklow; and
- (ii) €250,000 in all other areas.

(b) Regulation 3(2)(a) does not apply to—

- (i) the purchase of a house under section 90 of the Housing Act 1966 (No. 21 of 1966),
- (ii) the purchase of a dwelling under Part 3 of the Housing (Miscellaneous Provisions) Act 2009 (No. 22 of 2009),

- (iii) the purchase of an apartment under Part 4 of the Housing (Miscellaneous Provisions) Act 2009 (No. 22 of 2009), or
- (iv) the sale of a house under Part 3 of the Housing (Miscellaneous Provisions) Act 2014 (No. 21 of 2014),

where the purchase price is lower than:

- (I) €320,000 where the house is situated in Counties Cork, Dublin, Galway, Kildare, Louth, Meath or Wicklow; and
- (II) €250,000 in all other areas.

Amount of loans

4. The amount of a home loan shall not exceed—

- (a) €288,000 where the house is situated in Counties Cork, Dublin, Galway, Kildare, Louth, Meath or Wicklow and €225,000 in all other areas, or
- (b) 90% of the value of the house, whichever is the lesser.

Eligibility Criteria

5. Subject to this Regulation, a home loan shall not be available—

- (a) unless the borrower occupies the house on completion as his or her normal place of residence;
- (b) in the case of a single borrower, where the borrower's annual gross income is more than €50,000;
- (c) in the case of a joint application, where the combined annual gross income of the borrowers is more than €75,000;
- (d) to borrowers under the age of 18 years;
- (e) to borrowers over the age of 70 years;
- (f) where the house is situated outside the Republic of Ireland;
- (g) where the house has a gross internal floor area of 175 square metres or more.

Credit Policy

6. (1) The Minister shall issue to housing authorities a credit policy which is in compliance with Regulation 5.

(2) The credit policy shall set out, *inter alia*—

- (a) detailed requirements in relation to the financial standing of borrowers;

- (b) proof of source of equity contribution;
- (c) proportion of net monthly income of borrowers allowable to make home loan repayments;
- (d) employment conditions of borrowers;
- (e) valuation requirements;
- (f) other borrowing conditions (including insurance requirements); and
- (g) prohibited categories of borrowers.

(3) Decisions on all home loan applications shall be made by housing authorities in accordance with the credit policy.

Repayment period

7. Unless otherwise agreed by the housing authority, a home loan shall be repaid within such period not exceeding 30 years from the date of the making of the home loan or, in the case of home loans for the construction of new houses where the home loan is made by instalments, from such date not later than the date of the payment of the final instalment as may be determined by the housing authority.

Manner of repayment

8. Home loans shall be repaid by an annuity of principal and interest combined and all payments shall be made at monthly intervals.

Interest rates

9. The rate of interest on a home loan shall be such rate as may be fixed from time to time by the housing authority providing the home loan, provided that the rate shall not be less than the rate at which money is lent to housing authorities by the Housing Finance Agency for the purpose of making such home loans.

Duties of Housing Authorities

10. (1) Before making a home loan a housing authority shall be satisfied that—

- (a) the borrower intends to occupy the house as his or her normal place of residence,
- (b) the value of the ownership of the house is sufficient to provide adequate security for the home loan,
- (c) the title to the ownership is one which an ordinary mortgagee would be willing to accept,
- (d) the borrower is not a borrower in respect of any other home loan made to them under the Act,

- (e) the Consumer Credit Act 1995 requirements and all other relevant statutory requirements have been met, and
 - (f) it is in receipt of an undertaking from the borrower's solicitor to—
 - (i) give effect to the execution of an instrument referred to under this Regulation,
 - (ii) furnish good marketable title to ownership to the housing authority,
 - (iii) attend to stamping and registration of all title deeds, and
 - (iv) hold all title documents in trust for the housing authority until the requirements of Regulation 10(1)(f)(iii) have been met, following which all title deeds must be lodged with the housing authority together with a certificate of title in the form of the Law Society of Ireland approved standard form.
- (2) On providing the home loan a housing authority shall be satisfied that the repayment of the loan to the housing authority is secured either by—
- (a) an instrument vesting the ownership (including any interest already held by the borrower) in the housing authority subject to the right of redemption by the borrower, or
 - (b) in a case where the ownership of the borrower consists of a leasehold interest, by an instrument of mortgage by sub-demise subject to a nominal reversion, vesting the term of the sub-demise in the housing authority subject to a right of redemption by the borrower, or
 - (c) where the title to the ownership is registered under the provisions of the Registration of Title Act 1964, by an instrument charging the ownership with payment to the housing authority of the amount of the loan together with the interest thereon.

Duties of Borrowers

11. (1) A house in respect of which a home loan has been advanced, until the home loan with interest thereon is fully paid, or until the housing authority shall have recovered possession of the house in accordance with the provisions of section 11(5) of the Act, shall be held subject to the following conditions—

- (a) every sum for the time being due in respect of principal or interest shall be punctually paid,
- (b) the borrower shall use the house as his or her normal place of residence, and
- (c) the borrower shall keep the house adequately insured to the satisfaction of the housing authority.

(2) The insurance of a house in respect of which a home loan is made shall be effected by the borrower, and a receipt for the payment of each premium in respect of such insurance shall be produced by the borrower to the housing authority on request by them.

(3) Any addition to an instalment or other periodical payment, payable under sub-paragraph (a) of paragraph (1) of this Regulation, shall not be included in the amount of a home loan secured in accordance with Regulation 10.

Liabilities of Borrowers

12. The borrower shall be personally liable for the repayment of any sum due in respect of a home loan advanced under these Regulations.

Defaults

13. A housing authority shall, before proceeding under sub-section (5) of section 11 of the Act in respect of a breach of any of the conditions of Regulation 11 other than condition (1)(a) of that Regulation, serve a notice in writing on the borrower requiring him or her to comply with the condition and if the borrower undertakes in writing, within fourteen days of the service of the notice, to comply with the condition and complies with the condition within two months of the date of such undertaking, the housing authority shall not take possession of the house.

Records

14. A housing authority shall keep a record of home loans advanced by them under these Regulations and shall enter therein in regard to each home loan—

- (a) a description of the house in respect of which the home loan is advanced;
- (b) the amount of the home loan;
- (c) the amount of the home loan for the time being remaining unpaid;
- (d) the name of the borrower for the time being;
- (e) payments received;
- (f) interest rates applied; and
- (g) such other particulars as the housing authorities think fit to enter.

Revocations and saver

15. (1) The Regulations specified in the Schedule are hereby revoked to the extent specified.

(2) Notwithstanding paragraph (1), the Regulations specified in the Schedule shall continue to apply and have effect for the purposes of—

- (a) any loan, loan agreement or mortgage contract entered into by a housing authority before the coming into operation of these Regulations;

- (b) any application for a loan or loan agreement made to a housing authority before the coming into operation of these Regulations; and
- (c) any loan or loan agreement entered into by a housing authority either before or after the coming into operation of these Regulations where subsequent to an application referred to in paragraph (b).

SCHEDULE
REVOCATIONS

1. Housing (Transfer of Functions) Order 2008 (S.I. No. 582 of 2008)
2. Housing (Home Choice Loan) Regulations 2009 (S.I. No. 544 of 2009)
3. Housing (Local Authority Loans) Regulations 2012 (S.I. No. 408 of 2012)

The Minister for Public Expenditure and Reform consents to the making of the foregoing Regulations.



GIVEN under the Official Seal of the Minister for Public Expenditure and Reform,
31 January 2018.

PASCHAL DONOHOE,
Minister for Public Expenditure and Reform.

EOGHAN MURPHY,
Minister for Housing, Planning and Local Government.

EXPLANATORY NOTE

(This note is not part of the Instrument and does not purport to be a legal interpretation)

These Regulations, which come into operation on 1 February 2018, provide for the provision of loan finance by local authorities to eligible first time buyers for the acquisition of new or existing houses, or for the construction of houses.

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nó trí aon díoltóir leabhar.

DUBLIN
PUBLISHED BY THE STATIONERY OFFICE
To be purchased from
GOVERNMENT PUBLICATIONS,
52 ST. STEPHEN'S GREEN, DUBLIN 2.
(Tel: 01 - 6476834 or 1890 213434; Fax: 01 - 6476843)
or through any bookseller.

€3.05

