



MC Financial
Mortgage Specialists



Your guide to the **First Home Scheme**

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INTRODUCTION

Buying a property is a big step. While exciting, it can be stressful making sure that everything's in order. Sometimes, there's a shortfall in the money you can raise when purchasing your first home, and the First Home Scheme (FHS), may be able to help. Throughout this guide, you'll discover what the Scheme offers, and learn more about the eligibility criteria and application process.



PLEASE NOTE: This guide is for information only.

WARNING: We strongly recommend you seek independent financial and legal advice if applying for this product.

WARNING: Property prices can go up and down. As the equity facility is linked to the value of your home, any change in property prices will affect any partial or final redemption amounts. If property prices increase/decrease over time, the percentage equity you have to redeem will remain the same But the € amount will increase/decrease. See example in the case of a price increase below:

Customer purchases a property for €250,000, availing of €25,000 from the First Home Scheme (FHS) which means the FHS has a 10% FHS equity Share in your home. Sometime in the future you decide to buy out the FHS equity share. The home is now valued at €350,000. As the FHS equity share is unchanged at 10%, you will now need €35,000 plus any accrued service charges payable, to redeem the FHS equity share in the home.

WARNING: The First Home Scheme is not regulated by the Central Bank of Ireland and the equity product is not governed by the Central Bank and its statutory codes of conduct and/or other regulations to include the Consumer Protection Code. However, this does not affect your rights under Consumer law.



WHAT IS THE **FIRST HOME SCHEME**?

The First Home Scheme (FHS) is a shared equity scheme, designed to help bridge the gap for first-time buyers and eligible homebuyers between their deposit and mortgage, and the price of their new home.

It is available for newly built houses or apartments in a private development in the Republic of Ireland. The Scheme provides homebuyers with what is known as an equity facility. This means that homebuyers will enter into a contract with the FHS and receive funds from the Scheme in return for the FHS taking a percentage ownership in the property purchased. The percentage ownership that the FHS holds in your home is known as an equity share.

How it works in practice:

Salary	€70,000
Property purchase price	€350,000
Mortgage available from Participating Lender (up to 4x salary)	€280,000
Deposit (10% of purchase price)	€35,000
Shortfall	€35,000

OUTCOME: The FHS could help you meet the shortfall by taking a 10% share in your property.

The FHS can fund up to 20% of the purchase price of your new property if the Help to Buy Scheme (HTB) is being used, or 30% if the HTB is not being used. You can buy out all or part of the equity share at any time. There's no obligation to do so, though certain events will mean it must be paid back in full. Unlike a mortgage or personal loan, there will be no fees or charges applied to your equity facility for the first five years. At the start of your sixth year of ownership, if you have not fully redeemed the equity share, a service charge will begin to accrue against your account.

PLEASE NOTE:

By paying the service charge you won't reduce the equity share taken in your property. The equity share can only be reduced by redeeming part or all of the equity share.



WHO PROVIDES FIRST HOME SCHEME?

The First Home Scheme is funded and supported by the Government of Ireland (Department of Housing, Local Government and Heritage) in partnership with Participating Lenders*.

What is a Participating Lender?

A Participating Lender is an authorised mortgage lender that invests in the First Home Scheme and becomes a shareholder in the properties they help to fund. At the time of writing, the Participating Lenders are:

- ▶ Allied Irish Banks plc (including AIB, Haven Mortgages and EBS)
- ▶ Bank of Ireland Group plc
- ▶ Permanent TSB plc

Together with the Department of Housing, Local Government and Heritage, they make up the First Home Scheme Ireland Designated Activity Company (DAC).

In order to be eligible for the FHS, you must take out a mortgage with a Participating Lender.



Participating Lenders do not advise or consult with homebuyers on the Terms & Conditions of the FHS. The FHS independently and exclusively manages the administration of the Scheme, and all queries pertaining to the Scheme should be directed to the FHS.

* Other authorised mortgage lenders may join the Scheme at a later date. FHS Ireland DAC is not regulated by the Central Bank of Ireland.

ELIGIBILITY



To be eligible for the Scheme you must be:

- Over 18 years of age,
- A first-time buyer, who is defined as a person who:
 - Has not previously purchased or built a dwelling in the Republic of Ireland for his/her/their occupation, and
 - Does not own or is not beneficially entitled to an estate, or has interest in any dwelling in the Republic of Ireland or elsewhere, and
 - Has a right to reside in the Republic of Ireland

To be eligible for the Scheme, you must also:

- Have a Mortgage Approval with a Participating Lender, and
- Borrow the maximum mortgage amount available to you from one of the Participating Lenders (up to 4x your income), and
- Not be availing of a Macro Prudential Exception (MPE) with a Participating Lender, and
- Have a minimum deposit of 10% of the property purchase price

You may also be eligible if you have previously purchased or built a property in the Republic of Ireland:

- With a spouse, civil partner, or partner, and that relationship has ended. You must not retain a beneficial interest in the previous property, or
- If you have sold (or divested of) that property as part of a personal insolvency or bankruptcy arrangement, or other legal process as a consequence of insolvency

PLEASE NOTE: Your income is not assessed by First Home Scheme as part of the FHS eligibility criteria.



RULES

Property rules

- The FHS is available for newly built houses and apartments in a private development in the Republic of Ireland
- Where the property has been completed and made habitable within the last 3 years but never previously lived in, it qualifies as a 'new build' property under the Scheme
- No other building types are currently considered under the Scheme, including self-builds
- The FHS is only available for properties intended as the homebuyer's Principal Private Residence
- The FHS is subject to property purchase price ceilings based on the local authority area in which the property is located. Full details of these price ceilings can be found on our website

How much funding can the First Home Scheme provide?

- The FHS can fund up to 30% of the purchase price of your new property
- This amount is reduced to 20% if you are availing of the Help to Buy Scheme (HTB). Details of HTB can be found on [Revenue's website](#).
- The minimum equity share is 2.5% of the property purchase price, or €10,000, whichever is higher

EXAMPLE

Property Purchase Price	Minimum Equity Share (2.5% of purchase price)	Maximum Equity Share (30% of purchase price)
€450,000	€11,250	€135,000
€300,000	€10,000 (2.5% equals €7,500 so the €10,000 rule applies)	€90,000

WHAT PROPERTY CAN I PURCHASE?

The First Home Scheme allows you to purchase a newly built house or apartment in a private development. Property price ceilings per local authority area apply to both houses and apartments. For the purposes of the Scheme, duplexes fall within house price ceilings.

This means that you cannot avail of the FHS if the cost of your property is above this amount. In some local authority areas, the price ceiling for houses and apartments is different. Please refer to our website for details of property price ceilings by local authority area.



EXAMPLES OF HOW THE FHS WORKS

When you are NOT using **Help To Buy**, the **First Home Scheme** can fund up to 30% of the purchase price of your new property.

Example: Joint application, first time buyers

Joint salary	€70,000
Property purchase price	€350,000
Mortgage available from Participating Lender (up to 4x salary)	€280,000
Deposit (10% of purchase price)	€35,000
Shortfall	€35,000

OUTCOME:

Eligible for the FHS, as the shortfall is €35,000 (10% of the property purchase price)

When you are using **Help To Buy**, the **First Home Scheme** can fund up to 20% of the purchase price of your new property.

Example: Joint application, first time buyers, using Help To Buy

Joint salary	€90,000
Property purchase price	€450,000
Mortgage available from Participating Lender (up to 4x salary, no MPE)	€360,000
Savings / Gift	€45,000
Help To Buy	€30,000

OUTCOME:

Eligible for the FHS, as the shortfall is €15,000 (3.3% of the property purchase price)

SWITCHING YOUR MORTGAGE

If you have an FHS equity facility you can switch between mortgage providers. Different rules apply depending on whether you are switching to a Participating or non-Participating Lender.

Switching mortgage provider is when you take out a new mortgage on a property you already own with a new lender to replace your existing mortgage.

You can switch your mortgage to another Participating Lender without having to redeem your FHS equity facility.

If you switch your mortgage to a non-Participating Lender, you must redeem the equity share in full including any accrued service charges.



Switching rules at a glance

- If switching to a Participating Lender, there is no requirement to buy back the equity share.
- If switching to a non-Participating Lender, there is a requirement to buy back the equity share in full including any accrued service charges.
- If you borrow more money against your property (this is known as a mortgage top up) as part of the switching process, you must retain at least 10% equity in your home post top up.



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