

New Mortgage Rules

Searing Point

Wealth Management



Protection | Investments | Pensions | Savings | Mortgages | Deposits |

Searing Point Wealth Management Limited is regulated by the Central Bank of Ireland.

Searing Point Wealth Management Limited is a company registered in the Republic of Ireland, Company Number 489635. Registered Office: Beacon Hub, 96 Bracken Road, Sandyford, Dublin 18

New Mortgage Rules

How will it affect clients?

New Central Bank regulations came into effect from 9th February 2015 and have introduced new limits for loan to value (LTV) and loan to income (LTI) measures for First Time Buyers, Movers and Investors.

1. What are the new regulations?

The new Central Bank regulations introduce borrowing limits for mortgages based on loan to value (LTV) and loan to income (LTI). This is what it could mean for you...

If you are a First Time Buyer:

- You will be able to borrow up to 90% of the value of a property that is valued up to €220,000. If the property you are buying costs more than €220,000 a maximum 80% LTV limit will apply to the portion over €220,000.
- The amount you can borrow is also subject to an LTI multiple limit of 3.5 which means you will be able to borrow up to 3.5 times your gross annual income (3.5 times your combined annual income for joint applicants)

If you are moving home:

- You will be able to borrow up to 80% of the value of your new property
- The amount you can borrow is also subject to an LTI multiple limit of 3.5 which means you will be able to borrow up to 3.5 times your gross annual income (3.5 times your combined annual income for joint applicants)

If you are an Investor and are borrowing to let out a property (Buy to let):

- You will be able to borrow up to 70% of the value of the property.



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How much can you borrow?

Salary	New Rules 3.5 times Income
€25,000	€87,500
€40,000	€140,000
€60,000	€210,000
€80,000	€280,000
€100,000	€350,000
€150,000	€525,000

How much of a deposit is required?

Purchase Price	First Time Buyer	Trader-upper	Buy to Let
€100,000	€10,000	€20,000	€30,000
€150,000	€15,000	€30,000	€45,000
€200,000	€18,000	€40,000	€60,000
€250,000	€28,000	€50,000	€75,000
€300,000	€38,000	€60,000	€90,000
€400,000	€58,000	€80,000	€120,000
€500,000	€78,000	€100,000	€150,000
€800,000	€128,000	€160,000	€240,000

2. Can you be sure of borrowing up to these limits?

These are maximum limits and the Bank's normal lending criteria apply. The Banks are keen to see that you can afford to take on a mortgage and still have enough money left to enjoy your new home.

3. Are any mortgages excluded from the restrictions?

- Housing loans for borrowers in negative equity who wish to get a mortgage for a new property are not within the scope of the New LTV limits
- Switcher mortgages are not in the scope of the Regulations
- Housing loans to restructure mortgages in arrears or in difficulty are not in the scope of the Regulations.

4. When did the new Regulations coming into effect?

The new regulations are effective for all mortgage approvals from the start of business on 9th February 2015. If you have an offer letter dated before 9th February 2015 it is valid as your Letter of Offer was issued before the date the new regulations came in to effect.



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5. What happens if your Letter of Offer has expired?

As long as your circumstances have not changed, i.e. there have been no adverse changes to your financial circumstances, your property address and the amount of credit approved is the same, the banks can re-issue a new Letter of Offer under the same terms and conditions.

6. If you are a First Time Buyer and your partner is not, do the First Time Buyer limits apply to us when applying for a joint mortgage?

No, a First Time Buyer mortgage is for the purchase of residential property which is to be owner-occupied where none of the borrowers have ever been an owner occupier (or part owner occupier) of a residential property in Ireland or elsewhere.

7. What about equity release and top-up mortgages?

These will be covered. So if, for example, you want to extend your mortgage to put on an extension, then you will need to have a 20 per cent deposit.

WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

WARNING: IF YOU DO NOT KEEP UP YOUR REPAYMENTS YOU MAY LOSE YOUR HOME

WARNING: THE COST OF YOUR MONTHLY REPAYMENTS MAY INCREASE

WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED RATE LOAN EARLY



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When you have vital financial decisions to make it is important to find a mortgage that is right for you and that is why it is crucial to get help from a trusted Mortgage Adviser.

Searing Point Wealth Management are Mortgage Advisers and can arrange your mortgage with a wide choice of lenders. Our service costs you nothing extra - you get the same mortgage by coming to us as by approaching a lender directly. We get paid commission by the lenders. However, by coming to us you get a choice of lenders, rate types, mortgage products and our industry experience to explain the differences to you.

Our business grows from the recommendations we receive from our existing clients. We aim to deliver the perfect solution for your mortgage and protection needs. We manage the entire process updating you throughout, thereby taking all the stress out of getting the mortgage that best suits your requirements.

Who We Are



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Factsheet May 2015

➤ Property & Mortgage Facts

Estimated Monthly repayment per €1,000 borrowed.

Interest Rate Assumed	Mortgage Term				
	10yrs	15yrs	20yrs	25yrs	30yrs
4%	€10.12	€7.40	€6.06	€5.28	€4.77
5%	€10.61	€7.91	€6.60	€5.85	€5.37
6%	€11.10	€8.44	€7.16	€6.44	€6.00

Example: for a €250,000 mortgage over 20 years at 4% interest rate repayments would be €1,515 per month.
(250,000/1000 x €6.06)

Standard Variable Rates (Gross Rates)

KBC	AIB	Haven	EBS	Ulster Bank	Bank of Ireland	Permanent TSB
4.5% (4.59% APR)	4.15% (4.22% APR)	4.35% (4.5% APR)	4.33% (4.4% APR)	4.3% (4.4% APR)	4.5% (4.6% APR)	4.5% (4.59% APR)

These are the existing rates available however some banks have moved to loan to value (LTV) variable rates, these are currently ranging from 3.7%-4.5%, for example. KBC LTV 60%-80% rate is 3.89%(3.96% APR) APR is based on a typical mortgage of €100,000 over 20 years.

Stamp Duty Rates

	First €1 million	Balance
Residential	1%	2%
Commercial	2%	2%

Local Property Tax

Yearly rate is 0.18% of the market value up to €1 million and 0.25% on excess above €1 million

Variable rates and deposit rates correct as at May 2015.

All information, prices and rates quoted in this factsheet have been obtained from publically available sources.

Searing Point Wealth Management Ltd accept no responsibility or liability for this information.

➤ Deposits

Best Interest Rates on Euro Personal Deposit Accounts

Account Type	Instant Access	30 Day Notice	3 Month Fixed Term	6 Month Fixed Term	12 Month Fixed Term	12 Month Interest First
Rate	1.5% AER	1.5% AER	0.9% AER	1.1% AER	1.5% AER	1.55 % AER

➤ State Pension Benefits

The current age to qualify for benefits is age 66 this will rise to 67 in 2021 and 68 in 2028. So:

- If you were born on or after 1 January 1955 the minimum qualifying State pension age will be 67.
- If you were born on or after 1 January 1961 the minimum qualifying State pension age will be 68.

State Pension (contributory)	€230.30 per week
Personal + Adult Dependant (over 66)	€436.60 per week
Personal + Adult Dependant (under 66)	€383.80 per week

➤ Pension

Monthly cost of Annual Single Life Pension equivalent to €10,000 in today's terms

Retirement at Age 65			
If you start funding pension at age	Pension value at age 65	Initial Monthly Premium	
		Gross	Net of 40% tax relief
30	€28,145	€504	€302
35	€24,272	€598	€359
40	€20,938	€727	€436
45	€18,062	€923	€554
50	€15,580	€1,248	€749
55	€13,439	€1,905	€1,142

Figures assume: 3% inflation p.a., contributions increase at 3% p.a., 5.4% growth p.a. (not guaranteed), Standard PRSA charging structure.

Pension based on annuity rates available for individual single life pension, guaranteed for 5 years, increasing at 2% p.a. in retirement assuming 3%p.a. interest rate.