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First Home Scheme Frequently Asked Questions

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First Home Scheme Frequently Asked Questions

About The First Home Scheme

1. ***What is the First Home Scheme?*** The First Home Scheme (FHS) was launched as part of the “Housing for all Strategy” announced by the Government in September 2021. The Scheme is being developed in partnership between the State and three of the retail banks in Ireland represented by the Banking and Payments Federation Ireland (BPMFI), PTSB, AIB, and Bank of Ireland. The aim of the Scheme is to bridge the funding gap for eligible first time buyers between their deposit and mortgage, and the price of the new home (within price ceilings established across the country). The First Home Scheme is not a loan as principal repayments are required and it is not a regulated product. The First Home scheme Equity share does not report to CCR.
2. ***Who can avail of the scheme?*** The scheme will be available to first-time buyer(s) seeking to purchase a newly built Principle Private Residence (PPR) in a private development anywhere in the country. The Scheme will be available to eligible First Time Buyers, there will be a limited number of exceptions for non-first time buyers, in accordance with the ‘Fresh Start’ principle announced in ‘Housing for All’ (refer to point 3 for further details). As of the 17th of April 2023, the scheme is now also available to customers availing of The Tenant Home Purchase scheme (THPS). The THPS scheme is available to customers current renting and have been issued a notice of termination from their landlord and they wish to purchase the existing property.
3. ***Who are considered First Time buyers under the scheme?*** The following Definition of First Time Buyer is for the purpose of the scheme only. This does not change the First Time Buyer rules the Bank currently have in place for mortgage applicants.
 - (i) A person who has not previously purchased or built a dwelling in the state for his or her occupation
 - (ii) Does not own or is not beneficially entitled to an estate or interest in, any dwelling in the state or elsewhere and,
 - (iii) Has a right to reside in the state

Not being a FTB shall not render the applicant ineligible as follows;

Relationship Breakdown:

Where any of the persons making the application previously purchased or built a dwelling in the State, for his or her occupation, together with a spouse, a civil partner or a person with whom he or she was in an intimate and committed relationship, the marriage, civil partnership or relationship concerned has ended, and the person is now applying to purchase a dwelling on his or her own or with a different person, the previous purchase or building of the dwelling concerned shall not render the applicant ineligible for the FHS. A marriage is deemed to have ended when it is the subject of a decree of judicial separation, divorce or nullity and a civil partnership is deemed to have ended when it is the subject of a decree of dissolution or nullity.

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Insolvency:

- (iv) Where any of the persons making an application previously purchased or built a dwelling in the State for his or her occupation but that person demonstrates, in such manner as the State may prescribe, that he or she has sold, or has been divested of, that dwelling as part of a personal insolvency or bankruptcy arrangement or proceedings or other legal process consequent upon insolvency, then the previous purchase or building of the dwelling concerned shall not render the applicant ineligible for the FHS.

4. ***Can future property price changes affect a customer's Equity Share?***

Yes. Property Prices can go up and down. As the equity facility is linked to the market value of the customer's home, any change in property prices will affect any partial or final redemption amount. If property prices increase/decrease over time, the percentage equity the customer has to redeem will remain the same but the **€ amount** will increase/decrease.

Example of a price increase:

- Customer purchases a property for €350,000, availing of €52,500 from the shared equity scheme which equates to 15%.
- Sometime in the future, customer redeems FHS share. The home is now valued at €420,000. As the FHS share is unchanged at 15%, the customer will now need €63,000 to redeem the FHS equity in their home.

5. ***What interest rate does the scheme offer?*** There will not be an interest rate applied to The First Home Equity share however there will be a Service charge that comes into effect after year 5 as per the below table.

Year	Percentage
0-5	0%
6-15	1.75%
16-29	2.15%
Year 30 onwards	2.85%

6. ***Will availing of the First Home Scheme affect the current amount I am approved for on my AIP with the Bank?***

Yes as The Bank will take into account the service charge that will be applied to the First Home Scheme equity at the start of year 6. Please refer to Question 17 for further details.



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7. **Can a customer building their own property avail of the Scheme?** No. Self Builds are excluded from the FHS at this time.
8. **Who will be providing Equity to Customers under The First Home Scheme?**

The scheme will be administered by a nominated third-party operator (TPO) BCM Global and Homeowners will contract directly with BCM.
9. **Who will provide the customer information regarding the scheme and confirm if they are eligible or not?** The 3rd party operator BCM will provide the customer with all information required in relation to the scheme and whether the customer is eligible or not. Customer can find out this information on the FHS website www.firsthomescheme.ie
10. **How does the Equity Share work?** The support provided will take the form of a percentage equity share in the home equal to the funding gap between the maximum mortgage available to the customer under the CBI rules and the cost of a new home. The customer will be permitted to redeem or 'buy-out' this equity stake at any time, but they will not be required to do so unless a trigger event occurs (Property sale, Bereavement, switch to Residential Investment etc.).
11. **Can a customer pay lump sums off their equity share?** Yes. Up to two separate redemption payments against the equity can be made in any 12 month period. These payments must be at least 5% of the original Equity stake amount provided by the FHS.
12. **Can a customer avail of the Help to Buy Scheme and First Home Scheme at the same time?** The customer can avail of up to 30% equity support to purchase these homes. Where a customer wishes to avail of the Help to Buy Scheme at the same time they can avail of 20% from the First Home Scheme and 10% from Help to Buy (or max 30% if Help To Buy is not utilised).
13. **Does a customer have to have their 10% deposit in all cases?** Yes. The customer must have their 10% deposit and then can avail of up to 30% from FHS which would reduce their LTV with the Bank to 60%. For second time buyers classed as First time buyers under the scheme, they must have a 20% deposit under Bank rules.
14. **Can the customer avail of an exception from the Bank & also apply for the First Home Scheme?** No. The customer cannot be approved for more than 3.5 times Loan to Income (LTI) to avail of the scheme. This is a scheme rule, not a Bank rule to ensure those most in need of funds are being prioritised by the scheme.
15. **If the customer has been approved for an exception, can they decline this to avail of the scheme?** Yes. A customer can decline their exception and move back to 3.5 times LTI so that they can still obtain equity from the First home Scheme. The customer's mortgage amount will decrease by taking this option, however their First Home Equity stake will increase. The customer is not required to make monthly capital repayments on the equity stake as they are on their mortgage and as a result this may result in a high lump sum of equity to be paid at the end



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of the customer's mortgage rather than if they retained the higher mortgage amount and did not avail of the FHS.

16. ***Will the customer's affordability be re-assessed once the Bank are made aware the customer is participating in the scheme?*** Yes. The Bank will take into account the service charge that will be applied to the First Home Scheme equity at the start of year 6. The Service charge comes into effect after year 5 with a percentage of 1.75% applicable for years 6-15, 2.15% from years 16-29 and 2.85% from year 30 onwards. The Service charge will be taken into account on all mortgages where a customer is availing of the scheme and as it is tiered over different terms, we will use an average annual service charge rate of 1.7% on the equity share and factor in as monthly repayment over the term of the mortgage.
17. ***As the customer is being re-assessed, can their approved mortgage amount change with The Bank?*** Yes. Please ensure that the customer is advised that their affordability will need to be re-assessed to take into account the service charge applicable on The First Home Scheme and as a result their approved mortgage amount may change.
18. ***Can the customer change their mind and not accept equity from the First Home Scheme?*** Yes the customer can change their mind at any time. If they wish to purchase a cheaper Home or if they can bridge their funding gap in a different way then they may not wish to avail of The First Home scheme. In this instance we will remove The First Home flag from SMART and a new Loan offer will issue
19. ***Can the customer amend the amount of equity they require from The First Home scheme?*** Yes. If the customer opts to purchase a cheaper Home or if they can bridge their funding gap in a different way then they may wish to reduce the equity stake they require. Additionally they may wish to purchase a more expensive house and require a higher equity stake. The customer can increase their equity stake once the property they are purchasing is within the price caps set out by the First Home Scheme and the equity portion is within the min and max approved for the customer. Where the equity amount changes, The Bank will issue an amended loan offer that the customer will need to share with the 3rd party BCM.
20. ***Is the customer required to use all savings they have to ensure that they request the lowest amount of equity from the First Home Scheme?*** No. to be eligible for the First Home Scheme the customer needs to have been approved for a max mortgage amount of 3.5 times LTI and also have their required deposit saved (10% for first time buyers and 20% for fresh start customers). It is then the customer's option whether to use savings they have towards the purchase of their home or to use this to furnish their property etc. once the customers required equity is within the minimum and maximum amount approved by the scheme they can decide to utilise a higher First home equity stake or use their savings.



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21. ***Can the customer apply for a Top Up on their main mortgage which is flagged as First Home Scheme?*** Yes once the customer has been given consent to apply for a Top Up by the FHS. Customers who participate in the FHS are permitted to apply for a top-up on their mortgage subject to obtaining consent from the FHS and additionally the pertaining criteria and processes of the Participating Lender. This will include top ups to enable a customer to buy-out the FHS Equity Facility.
22. ***Can a customer switch their mortgage from another lender to PTSB and keep their FHS Equity portion?*** Yes if the new lender is also a member of the scheme. Customer switching between mortgage providers is permitted if the new lender is a Participating Lender in The First Home Scheme. There is no requirement for a customer to redeem the Equity Facility where they are switching their mortgage to another Participating Lender. If a customer wants to switch their mortgage to a Non-Participating Lender, they must notify the TPO that they intend to move lender, before they can do this, they need to redeem the equity in full including any accrued Service Charges.
23. ***Can a customer switch their mortgage from another lender to PTSB and keep their FHS Equity portion?*** Yes if the new lender is also a member of the scheme. Customer switching between mortgage providers is permitted if the new lender is a Participating Lender in The First Home Scheme. There is no requirement for a customer to redeem the Equity Facility where they are switching their mortgage to another Participating Lender. If a customer wants to switch their mortgage to a Non-Participating Lender, they must notify the TPO that they intend to move lender, before they can do this, they need to redeem the equity in full including any accrued Service Charges.
24. ***A customer wants to log a complaint in regard to Their Equity portion provided by The First Home Scheme. How do they do this?*** The customer will need to contact the FHS directly. As this is not a regulated product the FHS have their own complaints process which can be outlined to them by the FHS. The customer does not have the option to refer FHS complaints to the FSPO as part of the FHS complaints process.

The following are the FHS contact points:

Website - www.firsthomescheme.ie

Call centre – 0818 275 662

25. ***A customer wants to log a complaint in regard to their main mortgage with PTSB. How do they do this?*** Customer complaints on a customer's mortgage with The Bank are raised and processed in the same way as all other non- FHS mortgage