

MORTGAGE ALLOWANCE SCHEME

1. What is the Mortgage Allowance Scheme?

The allowance assists Tenants and Tenant Purchasers of Local Authority dwellings and certain Tenants provided by Voluntary Housing Bodies under the Rental Subsidy Scheme who wish to return their dwelling to the Local Authority or Voluntary Body and purchase or build a private dwelling for their own occupation by reducing their mortgage repayments over the first five years of the mortgage.

2. Amount of Allowance

For mortgages created on or after June 2000, the amount of the allowance is €11,450 payable over 5 years as follows:

Year 1	€3,560
Year2	€2,800
Year 3	€2,040
Year4	€1,780
Year 5	€1,270

The allowance or the allowance plus income tax relief on mortgage interest cannot, in any year, exceed the amount of the loan charges due.

3. Who qualifies for Mortgage Allowance?

The allowance is payable to persons who -

- Are tenants or tenant purchasers of Local Authority dwellings or are tenants whose tenancies are of not less than one year's duration, of houses provided by an approved Voluntary Body under the Rental Subsidy Scheme and
- Return their existing dwelling to the Local Authority or Voluntary Body as applicable, in a fit and tenable condition (having regard to reasonable wear and tear and any repairs for which the tenant is not responsible) and free of arrears of rent and tenant purchase annuities and
- Purchase or build a private dwelling for their own occupation and
- Provide the private dwelling by way of a mortgage loan of not less than €38,092.14.

The spouse of a tenant or tenant purchaser or a person who has been bona fide resident with the tenant or tenant purchaser may qualify for the allowance if he/she otherwise complies with the conditions of the Scheme and the dwelling is returned to the Local Authority or the Voluntary Body as applicable.

The allowance is not available to occupants of demountable dwellings provided by Local Authorities or to persons providing a dwelling under the Shared Ownership Scheme.

Tenant Purchasers to whom the allowance is given will not be compensated in respect of any annuity payments made in respect of the dwelling being returned to the Local Authority.

A person availing of the allowance may purchase or build a new dwelling or purchase an existing dwelling in the private sector (including dwellings formerly owned by a Local Authority).

4. How is the Allowance paid?

The allowance will be paid by the Department of Housing, Local Government & Heritage on behalf of persons qualifying for it to the lending agency, i.e. the bank, building society, Local Authority, etc. The lending agency will calculate the borrowers monthly mortgage payment in the normal manner and then deduct the appropriate instalment of the mortgage allowance. The amount as so reduced will be the monthly amount due by the borrower to the agency.

5. To whom should the application for Mortgage Allowance be made?

Application should be made to the Local Authority for the area in which the private dwelling is being purchased or built.

6. Suitability of Private Dwellings

The Local Authority must be satisfied that the dwelling being purchased or built is free from structural defects and is of suitable size and standard to cater for the applicant's household needs. In the case of a previously occupied dwelling, it must have hot and cold water systems, a fixed shower or bath and an indoor toilet. If it is a new dwelling, it must meet the requirements for the new house grants set out in the Department of the Environment's Memorandum HA1 (paragraph 9).

7. Occupancy of the private dwelling

The applicant must continue to occupy the private dwelling as his/her normal place of residence throughout the five year period to which the allowance relates.

8. How does the Scheme operate?

The Local Authority will issue a Letter of Intent to an eligible applicant indicating that he/she will qualify for the Mortgage Allowance subject to the return of the existing dwelling and compliance with the terms of the scheme. It is in the

applicant's own interest to obtain this Letter of Intent before entering into any commitment in relation to the private dwelling.

The Letter of Intent should be presented in support of an application to a lending agency for a mortgage loan. It is however, a matter entirely for the lending agency to take a decision on individual loan applications. The agency will advance the loan to the applicant in the normal manner.

When the applicant has returned the existing dwelling or has given an irrevocable undertaking to return it within a period agreed with the Local Authority, and the Local Authority is satisfied that the terms of the Scheme will otherwise be complied with, the Local Authority will issue a certificate of approval to the applicant certifying his/her entitlement to the allowance. This certificate should be given to the lending agency to enable them to claim the allowance from the Department of Housing, Local Government & Heritage.

As long as the applicant, having returned the dwelling, continues to meet the reduced mortgage repayments and to occupy the private dwelling as his/her normal place of residence, the allowance will be paid to the lending agency by the Department without the need for further action by the applicant.

The allowance will cease to be payable by the Department from the date on which:

- Application for a Court Order for repossession of the dwelling is made by the lending agency, or
- The dwelling ceases to be occupied as the applicant's normal place of residence

9. Information on Loans

Loans for the purchase or building of dwellings may be obtained from the commercial lending agencies (e.g. building societies, banks etc.) subject to meeting the conditions they lay down. Enquiries concerning the qualifying conditions for a loan from a commercial lending agency should be made directly to them.

If any applicant is unable to obtain a loan suitable to his/her requirements from a commercial lending agency, he/she may apply to the Local Authority for a loan. Evidence must be produced to the Local Authority of two genuine refusals of a loan from a bank or building society. Details of the Local Authority Home Loan Scheme may be obtained from the Local Authority or www.localauthorityhomeloan.ie

10. Documents required for Mortgage Allowance Scheme Applications

An applicant should provide the Local Authority with such information as the Authority may require in regard to the location, layout, etc. of the dwelling being purchased or built.

Applicant's should note :

The payment of a mortgage allowance involves no warranty on the part of the Minister for Housing, Local Government & Heritage or the Local Authority as to the work carried out or the structural soundness of a dwelling.