



Mortgages

A mortgage guide for first-time buyers



Best Mortgage Provider
as awarded by MoneyMate
and The Investor Magazine

Taking your first steps

At **permanent tsb** our vision is to offer real value, excellent customer service and products that are second to none. By understanding and responding to your needs, we will help to make sure that you get the very best return from your finances.

You are now in the hands of a bank committed to the highest standards of excellence and personal service.

permanent tsb

Irish Life & Permanent plc. (trading as **permanent tsb**) is regulated by the Financial Regulator.

Life options are underwritten by Irish Life Assurance plc. Irish Life & Permanent plc. is a tied insurance agent for Irish Life Assurance plc.

Insurance options are underwritten by Allianz Ireland plc.

We follow the European Voluntary Code of Conduct on Home Loans. You can get a copy of the code from any branch of **permanent tsb**.

If you have had a problem with any product or facility we provide, please let us know. We want to put it right as quickly as we can.

Simply contact your **permanent tsb** branch or the area concerned.

Or, you can write to our Customer Relations Department at:
Customer Relations Department,
permanent tsb, Churchyard Lane,
Douglas, Cork.

To help improve our service to you, we may monitor or record calls.

All information in this booklet was correct on 21 December 2006 but may change.

Buying a home is one of the biggest and most exciting adventures you'll ever have. It can be disruptive and a bit daunting too. But, you've already taken a positive first step by contacting us.

We're Ireland's leading mortgage provider and we know how to make getting your home a reality. We've designed this mortgage guide with you in mind. It outlines the 12 essential steps that you need to take to buy your first home. It also provides tips to make the process easier and to make sure that you avoid making expensive mistakes along the way.

Once you've read through the guide, come and talk to us. Drop in to any branch or, if you prefer, call us direct on **1890 500 141**. Our lines are open Monday to Friday from 8am to 8pm, but not bank holidays.

You can also fill in your mortgage application on line at www.permanentsb.ie 24 hours a day.

We look forward to welcoming you soon!



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Step 1

Making contact

One of the first questions you're likely to ask is 'how much can I borrow?'

The good news is that we can give you an answer very quickly as we offer same-day approval in principle. What's more, we can offer first-time buyers up to 100% mortgages. As your first step towards buying your home, and to find out more about our 100% mortgages, make an appointment today with one of our mortgage advisors.

Your first meeting needn't take long, you want quick answers to your questions and we are happy to answer them. Allow yourself half an hour. In the meantime, you can get a 'quick quote' on **1890 500 141** or on line at www.permanentsb.ie.

This will give you a rough idea of how much you can borrow.

10 questions to ask your mortgage advisor

To reassure yourself that you have covered the main issues about your mortgage, ask your mortgage advisor the following questions.

- How much can I borrow?
- How large a deposit do I need?
- How much will my repayments be a month over 25, 30 or 35 years?
- How much will the interest cost be after 25, 30 or 35 years?
- How much is mortgage protection a month?
- How much is home insurance a month?
- Is the rate worked out on a daily or monthly basis?
- Is it possible to make lump-sum repayments?
- Is it possible to take a break from repayments?
- What are the advantages and disadvantages of a fixed, variable, split rate or tracker mortgage?

Tip

Don't forget to ask about our 100% mortgages for first-time buyers!



Mortgage interest-rate options

Most homebuyers choose a repayment (annuity) mortgage, as it's the most straightforward. It means that your repayments depend on the actual amount you borrow (capital) and the interest that will be charged on this capital.

At **permanent tsb** you have a choice of interest rates.

Fixed interest rate

A fixed interest rate means your mortgage repayments will stay the same for your fixed-rate term. We offer a choice of fixed-rate terms from one to 10 years. You may have to pay an early repayment fee if you repay your mortgage or switch to another rate before the fixed-rate term has ended.

Variable interest rate

A variable interest rate means that the rate, and as a result your repayments, can go down or up. This usually happens as a result of interest rate changes by the European Central Bank (ECB).

Tracker mortgage

A tracker mortgage is a variable-rate mortgage which tracks the European Central Bank (ECB) rate. We guarantee that your mortgage rate will never be more than a set amount above the ECB rate, giving you peace of mind on your mortgage interest rate.

Split interest rate

A split interest rate allows you to place some of your mortgage (for example, 50%) at a fixed interest rate and the rest at a variable interest rate. With a split interest rate you benefit from the advantages of both fixed and variable interest rates.

Making it easier to meet your repayments

Here are a few tips to help you meet your repayments in the first few years;

35-year mortgage

Spread your repayments over a 35-year period to reduce the amount of your monthly repayments. If your financial circumstances improve over the coming years, you can then reduce the term of your mortgage by increasing your monthly repayments or by adding lump sums. The longer the term, the higher the amount of interest you pay.

Rate discounts

We have special discounted rates for new customers. You can choose from both fixed and tracker variable-rate options.

Delay your mortgage repayments for your first six months

With our Big Freeze Mortgage, you can take up to six months' break from your mortgage repayments at the very start of your mortgage. A great idea for first-time buyers or anyone who wants to free up cash when settling into their new home.

The Big Freeze Mortgage is only available from the start of your mortgage so you must apply for it before you draw down your mortgage. When you choose this option, the most you can borrow is 98% of the value of your property. We will work out your repayments over the term of the mortgage. Remember that you will still pay the insurance costs during this period.

Interest-only repayments

We offer you the chance to make interest repayments only for the first three months of your mortgage. We work out your repayments again at the end of the period so that you still pay off your mortgage in the original agreed timeframe.

Discount on home insurance cover

You can benefit from a 15% discount in year one and a 10% discount in year two on your home insurance cover if you take it out with us.

Mortgage interest relief

You are entitled to tax relief on your mortgage interest payments. We will send the appropriate application form to your solicitor who should pass it to you. Make sure that you receive this as you must fill it in to claim your entitlement.

The Revenue Commissioners will let us know your entitlements to tax relief.

You benefit from tax relief at source which means that your monthly mortgage repayment is reduced by the amount of tax relief that you are entitled to.

Rent a room relief

If repayments prove to be a bit difficult, you may want to consider renting out a spare room. Under the 'rent a room scheme' you are allowed to rent out a room and earn up to €7,620 a year tax-free. This will not affect your entitlement to mortgage interest relief. Contact the Revenue Commissioners on 1890 306 706 and ask for leaflet IT70.

Reduce your bank charges with our Switch Current Account

Save on the following current account charges:

- No overdraft fees
- No lodging fees
- No withdrawal fees (see note below)
- No laser fees
- No standing order fees
- No direct debit fees
- No quarterly fee
- Some charges may apply (see note below)

A refreshingly fair way to provide a current account, we think you'll agree.

We do charge for Cirrus (ATM) transactions on withdrawing Euro outside the EU. We also charge for withdrawing currencies other than euro. Overdraft interest applies. We will charge for any items that are returned unpaid (including direct debits and standing orders). For full details, see our Personal and business banking charges brochure.



Step 2

The costs associated with buying your home

There are significant costs involved in buying a home, over and above the price you pay to buy it. It's wise to take account of these costs when deciding how much you can afford to pay for your first home.

The costs are as follows.

Stamp duty

This is a tax the Government charge when you buy property. The good news for first-time buyers is that there is no stamp duty to pay for homes valued under €317,500.* (See the note below.)

Stamp duty for homes (not new build) above €317,500 is charged at the following rates for first-time buyers.

Up to €317,500	0	€317,501 to €381,000	3%
€381,001 to €635,000	6%	Over €635,000	9%

* There may be a floor space restriction of 125 square metres. If you are a first-time buyer, you should consult a solicitor to check that you qualify for stamp duty exemption.

Legal fees

You will need a solicitor to act for you when buying your property. There is no set fee for handling the purchase of a property. You should speak to your solicitor beforehand about any professional fee, property registration fees and so on.

Valuation

All mortgage providers need a professional valuation of the property to make sure that it is worth at least the amount that you hope to borrow. Please ask a member of staff for more details on valuer fees.

Surveyor's report

We recommend you have a more thorough structural survey carried out by an independent surveyor. This is always advisable if you are buying an old property as it will find any structural problems and gives you an estimate of work or renovation that may be needed.

Mortgage protection

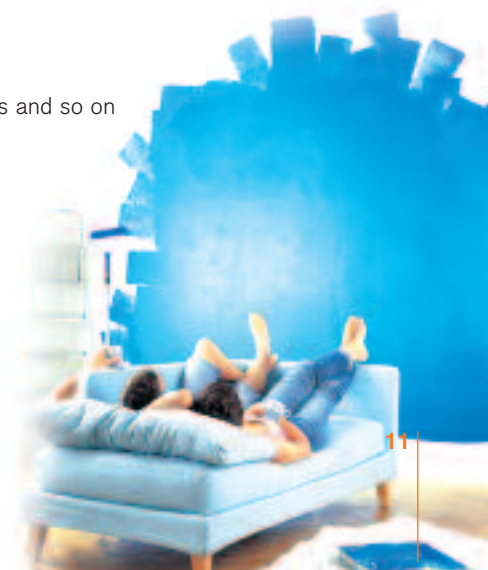
It is important that you take out an insurance policy that provides enough funds to pay off the mortgage if you die. Why not ask a member of staff about our mortgage protection plans?

Home insurance

You must insure what is probably your biggest asset. This insurance covers rebuilding costs and can also include replacing of home contents depending on the level of cover you have chosen. Our home and contents cover offers you a full range of insurance cover on your home and its contents. Ask us for more details.

Other costs

- Connection fees for electricity, gas, phone, TV or cable
- Removal expenses
- Decorating
- Furnishings, curtains and so on
- Appliances



Step 3

Home hunting

Once you know the amount you can afford to spend, you can really focus on finding the home that's best for you.

Write down the factors which you think are important – the essentials and the desirable. Put them in order of importance and compare each property you see against your list. No property is likely to meet all your needs but here are a few things to consider.

- The size of the property and number of bedrooms.
- Facilities you would like to have close at hand.
- Transport need for work, schools and so on.
- Gardens.
- Old or new.
- Price.
- How close you are to family and friends.
- Storage space and space in general.
- The cost and time needed to carry out any essential decoration and renovations.
- The quality of construction – can you hear the neighbours next door?
- Are neighbours friendly, tidy, noisy?
- Could you extend later on?
- How easy will it be to sell in the future?

Getting started

Properties are listed in the property sections of the daily newspapers, in all estate agents and on the internet.

When you find a possible home, visit the area at different times and take a walk around. Talk to locals and ask whether any areas (fields, parks and so on) will be developed. Visit the local-authority planning office or ask your solicitor to do it for you. Remember to ask exactly what you want to know, for example, has planning permission been granted or is it being applied for in the surrounding area, or have there been any extensions or alterations to the property?

If it's a new home, you will want to do a 'snag list'. This covers everything, including repainting, plastering, replacing damaged items and clearing the garden of any rubbish. **Make sure that each item on the list is completed to your satisfaction before you make the final payment.**



Step 4

Choose a solicitor

Buying a home is a big financial decision and making sure that everything is done properly gives you real peace of mind. To make sure that it's completed professionally, you need to employ a solicitor. Your solicitor will look after all the legal work involved in buying your home and will let you know the likely timeframe involved.

Step 5

Make an offer

Buying a new built home is pretty straightforward. You pay a deposit up front, then pay the rest when your house is finished.

Buying an older home is more complicated as you may be competing against other buyers. There are three accepted ways to buy a home; a verbal offer (private treaty), a sealed bid or an auction.

When you're making a **verbal offer**, either to the estate agent or owner (private treaty), the highest bid usually wins.

In a **sealed bid**, anyone who is interested sends the price they are willing to pay to the estate agent. All offers are opened together, with the highest bid winning.

Tip

If you are bidding on a property, make sure your offer is an uneven number as an offer of €200,001 will beat an offer of €200,000.

For both verbal and sealed bids, once your offer has been accepted, you must pay a deposit to seal the deal. However, until formal contracts are exchanged between solicitors, you are not legally bound to go ahead.

In contrast, if you are **bidding at auction** and your offer on a property is accepted, you are legally bound to go ahead and must provide a 10% deposit there and then. As a result, it is a good idea to have a property survey carried out beforehand. It is also very important that you have received your letter of offer (formal loan approval) from us, see step 8 on page 17.

In the case of auctions you should have completed steps 6, 7 and 8 before making your bid. Agree your absolute upper limit on the amount that you can afford and stick to it!



Step 6

Finalise your mortgage application

Now that you are seriously interested in buying a property, you must concentrate on the finer details of your mortgage options. Make another appointment to see your **permanent tsb** mortgage advisor to agree your repayment options and to finalise details.

When you first contact us to find out how much you can borrow, we will give you an estimated figure. Now's the time to put it down on paper. We need the following documents before we can give you a formal loan offer;

If you are an employee

- Your P60 or two of your last three payslips
- A salary certificate (ask us for the certificate for your employer to fill in)
- Your personal bank account statements for the past three months

If you are self-employed, borrowing less than €1 million

- An accountant's certificate
- Three months' bank statements

If you are self-employed, borrowing more than €1 million

- Three years' up-to-date audited or certified accounts
- Confirmation that your tax affairs are up to date
- Three months' bank statements

To meet legal requirements, if you want to open a new account with us, you should provide:

- a current valid passport (from any country) or an Irish/UK driving licence (full or provisional); and
- two recent, original household bills, containing your name and address, such as electricity, gas or phone.

This will allow us to deal with your application quickly and with as little fuss as possible.

Step 7

Property valuation

Once you've decided to go ahead, and before you do anything else, we will need a property valuation. This makes sure that the property is worth at least the amount that you hope to borrow. You can get more details on valuations from any **permanent tsb** branch or by calling us on **1890 500 141** (lines are open Monday to Friday 8am to 8pm, not bank holidays).

Tip

We can arrange your property valuation for you if you want.

Step 8

Letter of offer

If you meet all our lending conditions and we receive a satisfactory property valuation, we will send you a letter of offer. You and your solicitor need to read through this written offer, sign your acceptance and return it to us.



Step 9

Exchange of contracts

Once your offer on the property has been accepted, you can breathe a huge sigh of relief. Your solicitor will make the relevant legal searches to confirm the property details, such as deeds of ownership. The seller's solicitor will draw up a contract which your solicitor will examine.

Once the contract has been agreed, you sign it and give it to your solicitor with a deposit (normally 8 to 10% of the purchase price). Your solicitor completes the legal work and tells you the likely timeframes involved. You are now committed to buying the property.

Any questions?

Call our first-time buyer advice line on **1890 500 141**.

Step 10

Home insurance and life assurance

You need to take out mortgage protection and building insurance. We offer a range of home and contents insurance and life-assurance products to suit your needs, so why not ask us for more details. You can easily arrange these when you go to finalise your mortgage details.

If you want, we can also organise a policy to protect your mortgage repayments if you become unemployed or sick.



Step 1 1

Make your move

The financial part of buying your first home is only one part of the process – even if it is the biggest. The 'Moving in' itself can be a daunting task, so here are some tips to help you get started.

You should arrange the following a month before you move

- If you are in rented accommodation, you will need to give your landlord notice that you are leaving.
- If you are moving yourself, hire a large vehicle. Or, contact a removals company and tell them the date you are moving.
- Check that your building and contents insurance is in place. This is important in case of loss or damage while moving.
- Collect large boxes if you are moving yourself and label them as you pack. Make sure you pack the boxes well, and use paper or bubblewrap to protect glass or precious items.
- Now is a good chance to get rid of anything you do not want to take with you.
- Make sure that your valuables and important documents are in a safe place.
- Let the ESB know (phone 1850 372 372) and arrange for them to disconnect your current supply and connect you in your new home. If you are moving into an older home, make sure you read the meter the day before the owners move out so that you don't get left with a bill for their electricity.
- Contact your phone company (eircom's number is 1901) and let them know about your move. Ask about the possibility of using your 'old' phone number

at your new address. It can take up to three to nine weeks to get a new phone installed. However, reconnecting a phone only takes about seven days.

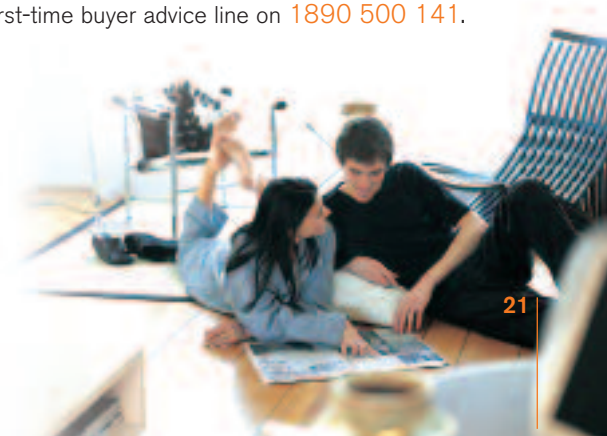
- Send friends, relatives and clubs your new address. Let your bank and building society and credit-card and hire-purchase companies know your change of address (quote your account number) and don't forget to tell your employer.
- Ask An Post to re-route your post. Let the TV or cable company, tax office, driving licence and car tax authorities, and your insurance company know about your change of address.

Coming up to a week before you move

- Organise parking for the van at your current home and at your new home.
- Make a plan of where things should go.
- If you have young children or pets, make arrangements for somebody to mind them for the day.
- Label all your keys (old and new).

Any questions?

Call our first-time buyer advice line on [1890 500 141](tel:1890500141).



Step 12

Step over the threshold

You're almost there! The next step is to arrange a date and time for completion. This is when your solicitor pays the rest of the money you owe to the seller with a cheque from us.

Once payment takes place, your solicitor will arrange a time for you to collect the keys.

Congratulations, you now own your first home.

Glossary

Technical terms you may come across when buying your home

Advance - the amount of your mortgage.

Annuity mortgage - a mortgage where you repay interest and part of the loan each month.

APR - an abbreviation for annual percentage rate. An APR is an interest rate calculation designed to reflect the total cost of the credit over the whole term of your mortgage.

Collateral - the title deeds of your new property given as security against you repaying the mortgage.

Completion - the final legal transfer of the property, where you pay the rest of what you owe to the seller and you receive the keys of the property.

Contract - the written legal agreement between you and the seller for the property.

Conveyancing - the legal work involved between you (the buyer) and the seller.

Deeds - legal documents showing who owns the legal entitlement to the property.

Deposit - the amount of money you must pay when the contracts are exchanged.

Endowment mortgage - with an endowment mortgage you take out an assurance policy designed to repay the mortgage either when you die or at some other time in the future. In the meantime, you only pay the interest part of the mortgage. You pay nothing off the main amount you borrowed until the policy matures.

Equity - The difference between the value of the property and the amount of any loans secured against it.



Glossary continued

Exchange of contracts - when both you, the buyer, and the seller are legally bound to the transaction.

Freehold - owning the property and the land it stands on.

Ground rent - annual rent (usually low) you pay each year on a leasehold property.

Indemnity bond - an insurance bond taken out by a mortgage provider as extra security to cover loan amounts of over 80% of the property value. We pay the associated fee for you.

Land Registry fee - a fee you pay to register your ownership of the property.

Leasehold - a form of property ownership, where the property is leased by the owner to a leaseholder or tenant for a fixed number of years.

Lessee - the person to whom a lease is granted.

Lessor - the person who grants a lease.

Mortgage - a loan made using property as security.

Mortgagee - a bank, building society or other lender who lends the money for the mortgage.

Mortgagor - the person who borrows money and who uses the property as security for the loan.

Mortgage protection - life assurance cover designed to pay off what you have borrowed if you die.

Principal - the amount of the mortgage on which we work out interest.

Redemption - paying off the mortgage loan in full.

Search - a legal investigation to see if there are any legal rights over a property and to see if it is affected by planning applications and so on.

Stamp duty - a government tax.

Subject to contract - This happens when the sale of the property has been provisionally agreed. It allows you or the seller to withdraw without paying any penalty.

Structural survey - a detailed inspection of a property to check that it is structurally sound.

Term - the period of time (years) over which you repay a mortgage.

Title - who owns the property.

Transfer - a deed which transfers ownership of a property.

Valuation - an inspection of a property to decide its market value.

Vendor - the person selling the property.

Important numbers

Your contact name and phone number with permanent tsb	
Mortgage account number	
New home phone number (if available)	
Solicitor's name and phone number	
Estate agent's name and phone number	
Valuer's name and phone number	
Surveyor's name and phone number	
Home insurance phone number	
Life assurance phone number	
Builder	
ESB	
Bord Gais	
eircom or electricity supplier	
TV or cable company	
Others	
Others	
Others	

Important notices

The Plain English Campaign Crystal Mark does not apply to this section, as the information is legally prescribed.

Warning: Variable Rates Loans: The cost of your monthly repayment may increase. If you do not keep up your repayments you may lose your home. Fixed Rate Loans: You may have to pay charges if you pay off a fixed rate loan early.

Lending terms, conditions and other restrictions apply. Security and insurance are required. Normally subject to other lending criteria and assessment the maximum loan to value for a home loan is 100% for First Time Buyers (98% for The Big Freeze option and 92% for Second Time Buyers) and lending levels are subject to a total monthly repayment commitment not exceeding 35% of disposable income. 100% home loans are not available on 1 year discounted rates/1 bed or studio apartments/site purchase/self builds. The monthly commitment on a 20-year tracker variable-rate mortgage of €100,000 is €646.22 (€671.79 with The Big Freeze Mortgage) per month (APR 4.9%). If interest rates increase by 1% an additional €55.86 (€60.46 with The Big Freeze Mortgage based on an average 30.4 day month) would be payable per month. The Big Freeze Mortgage: This option is not available on RIP/ Commercial, Secured Personal Loans, Endowment or Interest Only Mortgages and cannot be exercised in conjunction with the skip payment and the low start option. The interest portion on the monthly repayments, which the Applicant has elected not to make, will be added to the principal at the end of the month, or each month of the holiday period (if for more than one month) and will be repayable over the remaining term of the loan. Please note that all insurance premiums will be payable during the payment holiday period. Deposit up front: Typical cost per thousand for a personal loan is €12.72 per month over 10 years (variable rate, APR 9.5%).

Fixed rate loans

Whenever repayment of a loan, in full or in part, is made before the expiration of the Fixed Rate Period the applicant shall, in addition to all other sums payable, as a condition of and at the time of such repayment, pay whichever is the lesser of the following two sums:

- (a) a sum equal to one half of the amount of interest (calculated on a reducing balance basis) which would have been payable on the principal sum desired to be repaid, for the remainder of the Fixed Rate Period, or
- (b) a sum equal to **permanent tsb's** estimate of the loss (if any) occasioned by such early repayment, calculated as the difference between on the one hand the total amount of interest (calculated on a reducing balance basis) which the applicant would have paid on the principal sum being repaid to the end of the Fixed Rate Period at the fixed rate of interest, and on the other hand the sum (if lower) which **permanent tsb** could earn on a similar principal sum to that being repaid if **permanent tsb** loaned such sum to a Borrower at its then current New Business Fixed Rate with a maturity date next nearest to the end of the Fixed Rate Period of the loan, or part thereof, being repaid.

Endowment loans

Warning: THERE IS NO GUARANTEE THAT THE PROCEEDS OF THE INSURANCE POLICY WILL BE SUFFICIENT TO REPAY THE LOAN IN FULL WHEN IT BECOMES DUE FOR REPAYMENT.

The early surrender of the Insurance Policy in respect of your Endowment Loan may result in a return to you which would be less than you have paid in premia and other charges.

Arrears

Interest may be applied to any arrears balance at the interest rate applicable to the account. This balance includes any element of unpaid interest and charges which will accrue interest and be capitalised to the account.

Notes



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