



STATUTORY INSTRUMENTS.

**S.I. No. 408 of 2012**



HOUSING (LOCAL AUTHORITY LOANS) REGULATIONS 2012

## HOUSING (LOCAL AUTHORITY LOANS) REGULATIONS 2012

I, JAN O’SULLIVAN, Minister of State in exercise of the powers conferred on the Minister for the Environment, Community and Local Government by section 11 of the Housing (Miscellaneous Provisions) Act 1992 (No. 18 of 1992) (as adapted by the Environment, Heritage and Local Government (Alteration of Name of Department and Title of Minister) Order 2011 (S.I. No. 193 of 2011), which powers are delegated to me by the Environment, Community and Local Government (Delegation of Ministerial Functions) Order 2012 (S.I. No. 148 of 2012), at the Department of the Environment, Community and Local Government, and with the consent of the Minister for Public Expenditure and Reform (pursuant to the Finance (Transfer of Departmental Administration and Ministerial Functions) Order 2011 (S.I. No. 418 of 2011)), hereby make the following regulations:--

*Citation and commencement.*

1. (1) These Regulations may be cited as the Housing (Local Authority Loans) Regulations 2012.

(2) These Regulations shall come into operation on 31 July 2012.

*Interpretation.*

2. (1) In these Regulations, any reference to an article which is not otherwise identified is a reference to an article of these Regulations.

(2) In these Regulations—

“the Act” means the Housing (Miscellaneous Provisions) Act 1992;

“the Agency” means the Housing Finance Agency;

“borrower” means a person to whom a loan is made and includes a person applying for a loan;

“credit policy” means written guidelines for housing authorities setting out the terms and conditions for making of loans under these regulations;

“first time buyer” has the meaning assigned to it under section 92B of the Stamp Duties Consolidation Act 1999 (as amended);

“the Minister” means the Minister for the Environment, Community and Local Government;

“value” means;

*Notice of the making of this Statutory Instrument was published in  
“Iris Oifigiúil” of 30th October, 2012.*

- (a) In the case of an existing or new house, the market value of the house as determined by the housing authority;
- (b) In the case of a house being constructed, the amount, which in the opinion of the housing authority represents the reasonable cost (including all reasonable incidental expenses) of building the house and the value of the interest of the borrower in the site thereof;

and “valuation” shall be construed accordingly.

*Application*

3. These regulations shall apply to the provision of loan finance by housing authorities to first time buyers for the acquisition of houses, or for the construction of new houses, including—

- (a) the purchase of a house under section 90 of the Principal Act;
- (b) the purchase of a dwelling under Part 3 of the Housing (Miscellaneous Provisions) Act 2009 (No.22 of 2009);
- (c) the purchase of an apartment under Part 4 of the Housing (Miscellaneous Provisions) Act 2009;
- (d) the purchase of an affordable house within the meaning of Part 2 of the Housing (Miscellaneous Provisions) Act 2002 (No. 9 of 2002), or Part V of the Planning and Development Acts 2000 to 2010; and
- (e) the grant of a shared ownership lease under section 2 of the Act.

*Amount of loans*

4. The amount of a loan shall not exceed—

- (a) €200,000; or
- (b) 97% of the value of the house, whichever is the lesser.

*Eligibility Criteria*

5. Subject to the following provisions of this article, loans shall not be available—

- (a) unless the borrower occupies the house on completion as his or her normal place of residence;
- (b) in the case of a single borrower, where the borrower’s annual gross income is more than €50,000;
- (c) in the case of a joint application, where the combined income of the borrowers is more than €75,000;
- (d) to borrowers under the age of 18 years;
- (e) to borrowers over the age of 70 years;

- (f) where the property is situated outside the Republic of Ireland or has a gross internal floor area of 175 square metres or more.

*Credit Policy*

6. (1) The Minister shall issue to housing authorities a credit policy which is in compliance with the provisions of article 5.

(2) The credit policy shall set out, *inter alia*—

- (a) detailed requirements in relation to the financial standing of borrowers;
- (b) proof of source of equity contribution;
- (c) proportion of net monthly income of borrowers allowable to make loan repayments;
- (d) employment conditions of borrowers;
- (e) valuation requirements;
- (f) other borrowing conditions (including insurance requirements); and,
- (g) prohibited categories of borrowers.

(3) Decisions on all loan applications shall be made by housing authorities in accordance with the credit policy.

*Repayment period*

7. Unless otherwise agreed by the housing authority, a loan shall be repaid within such period not exceeding 30 years from the date of the making of the loan or, in the case of loans for the construction of new houses where the loan is made by instalments, from such date not later than the date of the payment of the final instalment as may be determined by the housing authority.

*Manner of repayment*

8. Loans shall be repaid by an annuity of principal and interest combined and all payments shall be made at monthly intervals.

*Interest rates.*

9. The rate of interest on a loan shall be such rate as may be charged from time to time by the housing authority making the loan provided that the rate shall not be less than the rate at which money is lent to housing authorities by the Agency, for the purpose of making such loans, and shall not exceed 1.25 per cent more than such rate.

*Duties of Housing Authorities*

10. (1) Before making a loan a housing authority shall be satisfied that—

- (a) the borrower intends to occupy the house as his or her normal place of residence;

- (b) the value of the ownership of the house is sufficient to provide adequate security for the loan;
- (c) the title to the ownership is one which an ordinary mortgagee would be willing to accept;
- (d) the borrower is not a borrower in respect of any other loan made to them under the Act; and
- (e) the Consumer Credit Act 1995 requirements and all other relevant statutory requirements have been met.

(2) For the purposes of carrying out its duties under article 10(1), a housing authority may accept receipt of an undertaking from the borrower's solicitor to—

- (a) give effect to the execution of an instrument referred to under this article,
- (b) furnish good marketable title to ownership to the housing authority,
- (c) attend to stamping and registration of all title deeds, and
- (d) hold all title documents in trust for the housing authority until the requirements of article 10(2)(iii) have been met, following which all title deeds must be lodged with the housing authority together with a certificate of title in the form of the Law Society of Ireland approved standard form.

(3) On making the loan a housing authority shall be satisfied that the repayment of the loan to the housing authority is secured either by—

- (a) an instrument vesting the ownership (including any interest already held by the borrower) in the housing authority subject to the right of redemption by the borrower, or
- (b) in a case where the ownership of a borrower consists of a leasehold interest, by an instrument of mortgage by subdemise subject to a nominal reversion, vesting the term of the subdemise in the authority subject to a right of redemption by the borrower; or
- (c) where the title to the ownership is registered under the provisions of the Registration of Title Act 1964, by an instrument charging the ownership with payment to the housing authority of the amount of the loan together with the interest thereon.

*Duties of borrowers.*

11. (1) A house in respect of which a loan has been made shall, until the loan with interest thereon is fully paid, or until the housing authority shall have

recovered possession of the house in accordance with the provisions of section 11(5) of the Act, be held subject to the following conditions—

- (a) every sum for the time being due in respect of principal or interest shall be punctually paid;
- (b) the borrower shall use the house as his or her normal place of residence;
- (c) the borrower shall keep the house adequately insured to the satisfaction of the housing authority

(2) The insurance of a house in respect of which a loan is made shall be effected by the borrower, and a receipt for the payment of each premium in respect of such insurance shall be produced by the borrower to the housing authority on request by them.

(3) Any addition to an instalment or other periodical payment, payable under sub-paragraph (a) of paragraph (1) of this article, shall not be included in the amount of a loan secured in accordance with the provisions of article 10 of these Regulations.

*Liabilities of borrowers*

12. The borrower shall be personally liable for the repayment of any sum due in respect of a loan made under these Regulations.

*Defaults*

13. A housing authority shall, before proceeding under sub-section (5) of section 11 of the Act in respect of a breach of any of the conditions of article 11 of these Regulations other than condition (1)(a) of that article, serve a notice in writing on the borrower requiring him to comply with the condition and if the borrower undertakes in writing, within fourteen days of the service of the notice, to comply with the condition, and complies with the condition within two months of the date of such undertaking, the housing authority shall not take possession of the house.

*Records.*

14. A housing authority shall keep a record of loans made by them under these Regulations and shall enter therein in regard to each loan—

- (a) a description of the house in respect of which the loan is made;
- (b) the amount of the loan;
- (c) the amount of the loan for the time being remaining unpaid;
- (d) the name of the borrower for the time being;
- (e) payments received;
- (f) interest rates applied; and

(g) such other particulars as the housing authorities think fit to enter.

*Amendment of Housing Regulations 1980*

The Housing Regulations 1980 (S.I. 296 of 1980) are amended by substituting for Article 39 (as amended by Article 5 of the Housing Regulations 1980 (Amendment) Regulations 2005 (S.I. 913 of 2005)), the following:

“39. (1) The rate of interest on a loan shall—

- (a) in the case of loans made before 1 July 1986 be such rate as may be fixed by the housing authority making the loan, provided that the rate shall not be less than the rate at which money from the Local Loans Funds is lent to housing authorities at that time for the purpose of making such loans and shall not exceed 0.5 per cent more than such rate;
- (b) in the case of loans made on or after 1 July 1986 and before 1 December 1987, be such rate as may be fixed by the housing authority making the loan, provided that the rate shall not be less than the rate at which money from the Local Loans Fund or the Agency is lent to housing authorities at that time for the purpose of making such loans and shall not exceed 1.25 per cent more than such rate; and
- (c) in the case of loans made on or after 1 December 1987 and before 20 April 2009, be such rate as may be charged from time to time by the housing authority making the loan, provided that the rate shall not be less than the rate at which money from the Local Loans Fund or the Agency is lent to housing authorities, from time to time, for the purpose of making such loans and shall not exceed 1.25 per cent more than such rate.

(2) Where the making of a loan has been approved by a housing authority on or before 28 October 1987 and full payment of the loan has not been made before 1 December 1987, the rate of interest on the loan may be the rate applicable to loans made on or after 1 July 1986 and before 1 December 1987.”

*Revocations and saver.*

(1) The Regulations specified in the Schedule are hereby revoked to the extent specified.

(2) Notwithstanding paragraph (1), the Regulations specified in the Schedule shall continue to apply and have effect for the purposes of—

- (a) any loan, loan agreement or mortgage contract entered into by a housing authority before the coming into operation of these Regulations;
- (b) any application for a loan or loan agreement made to a housing authority before the coming into operation of these Regulations; and

- (c) any loan or loan agreement entered into by a housing authority either before or after the coming into operation of these Regulations where subsequent to an application referred to in paragraph (b).

## **SCHEDULE**

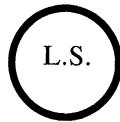
### **REVOCATIONS**

1. Housing (Local Authority Loans) Regulations 2009 (S.I. 145 of 2009)
2. Housing (Local Authority Loans) Amendment Regulations 2011 (S.I. 678 of 2011)

GIVEN under my Hand,  
31 July 2012.

JAN O'SULLIVAN,  
Minister for State at the Department of the Environment,  
Community and Local Government.

The Minister for Public Expenditure and Reform consents to the making of the foregoing Regulations.



GIVEN under the Official Seal of the Minister for Public Expenditure and Reform  
31 August 2012.

BRENDAN HOWLIN,  
Minister for Public Expenditure and Reform.



BAILE ÁTHA CLIATH  
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR  
Le ceannach díreach ón  
OIFIG DHÍOLTA FOILSEACHÁN RIALTAIS,  
TEACH SUN ALLIANCE, SRÁID THEACH LAIGHEAN, BAILE ÁTHA CLIATH 2,  
nó tríd an bpost ó  
FOILSEACHÁIN RIALTAIS, AN RANNÓG POST-TRÁCHTA,  
AONAD 20 PÁIRC MIONDÍOLA COIS LOCHA, CLÁR CHLAINNE MHUIRIS,  
CONTAE MHAIGH EO,  
(Teil: 01 - 6476834 nó 1890 213434; Fax: 094 - 9378964 nó 01 - 6476843)  
nó trí aon díoltóir leabhar.

---

DUBLIN  
PUBLISHED BY THE STATIONERY OFFICE  
To be purchased directly from the  
GOVERNMENT PUBLICATIONS SALE OFFICE  
SUN ALLIANCE HOUSE, MOLESWORTH STREET, DUBLIN 2,  
or by mail order from  
GOVERNMENT PUBLICATIONS, POSTAL TRADE SECTION,  
UNIT 20 LAKESIDE RETAIL PARK, CLAREMORRIS, CO. MAYO,  
(Tel: 01 - 6476834 or 1890 213434; Fax: 094 - 9378964 or 01 - 6476843)  
or through any bookseller.

---

€3.05



Wt. (B29504). 285. 10/12. Clondalkin. Gr 30-15.