Local Authority

Purchase and

Renovation Loan

An Easy-to-Read Guide

to the Local Authority Purchase and Renovation Loan

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Renovation Loan



For more information: https://purchaseandrenovationloan.ie/



This is an easy-to-read guide to the Local Authority Purchase and Renovation Loan.



What is in this guide?

1. What is the Local Authority Purchase and Renovation Loan?



2. Who can apply for the Local Authority Purchase and Renovation Loan?



3. Rules when applying for the Local Authority Purchase and Renovation Loan.



4. How to apply for the Local Authority Purchase and Renovation Loan?

5. Are there rules for the home you want to buy?



6. How much money can you borrow from the Local Authority Purchase and Renovation Loan?



7. What kind of work does the Local Authority Purchase and Renovation Loan pay for?



8. Reasons your application might be refused.



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1. What is the Local Authority Purchase and Renovation Loan?



It is a type of mortgage that is available through local authorities.

Local authorities are also known as county councils or city councils.



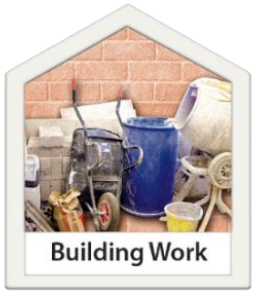
A mortgage is an amount of money that you borrow from a bank to help you buy a home, like a house or an apartment.



You pay the money back over a number of years.



The Local Authority Purchase and Renovation Loan can be used to buy and renovate your new home.



Renovate means to repair and improve a building to a good condition.



The home you want to renovate needs to qualify for the Vacant Property Refurbishment Grant.

This grant is for vacant, non-habitable and derelict properties.



Vacant means that a property is empty and there is nobody living or using it



Non-habitable means it would not be possible for someone to live there at the moment.



Derelict means that a property is abandoned and is in very bad shape, the property may be falling apart.



You can get more information on the Vacant Property Refurbishment Grant at this link: https://www.gov.ie/en/department-of-housing-local-government-and-heritage/services/vacant-property-refurbishment-grant/



There are two parts to this loan:

1. A fixed-rate mortgage loan which means that the interest on the loan stays the same for the length of time you have it,

and

2. Variable rate bridging loan, which is a short-term loan.

The bridging loan amount will not be larger than the Vacant Property Refurbishment Grant you are approved for.



The local authority will use your vacant property grant to pay off your bridging loan.



A bridging loan is an amount of money you are given for a short amount of time until you are given the grant.



A variable rate means that the interest you pay back on a loan can change over time, the amount you pay each month can go up and down.



You must use the money you get for the grant to pay off your variable rate bridging loan.



2. Who can apply for the Local Authority Purchase and Renovation Loan?



You can apply for this loan if you are a First Time Buyer or a Fresh Start applicant.

You must use the loan to buy and renovate a property that qualifies for the Vacant Property Refurbishment Grant.



You can apply for the Local Authority Purchase and Renovation Loan through your local authority.



First Time Buyer:

This means that you have never bought or built a home:

- in Ireland



- in another country
- on your own or,
- with someone else

Fresh Start Applicants:



You could apply for the loan under the Fresh Start Principle if you:

- Owned a home in the past with someone, **and**
- you have divorced or separated, and you no longer have an interest in the home.
- Or you owned a home but no longer have a financial interest in this home because you went bankrupt.



Bankrupt means that you could not pay back money you owed in the past and the bank may have had to take back your home to sell it.



If you get the Fresh Start Principle you will be treated like a First Time Buyer because you do not own any properties.



3. Rules when applying for the Local Authority Purchase and Renovation Loan.



You must know the address of the home you want to buy.

You must be going to live in the home.

You must be between 18 years old and 70 years old.



You must currently have the right to reside in the Republic of Ireland.



If you are applying on your own, you must earn less than €70,000 before taxes for the year before you apply for the loan.



If you are applying with another person, your total income must be less than €85,000 before taxes for the year before you apply.



You must apply together if you are married, in a civil partnership, or in a long-term relationship.



You must prove you have saved the deposit for the loan.



A deposit is the amount of money you pay upfront when buying a home.



You must show 2 letters that you were unable to get a mortgage from two lenders because:



- They were not going to give you more money than the Local Authority Purchase and Renovation Loan you are applying for.



- They would not give you money for you to renovate your home.

An example of a lender could be a bank.



You must pass a creditworthiness check.



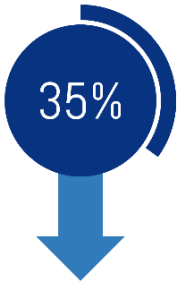
A creditworthiness check means that you have always paid back money that you owed on time.



You must show that you have been in the same job for at least:

- 2 years if you are the main applicant.
- 1 year for other applicants.

You must be able to pay back your loan repayments.



These repayments must be less than 35% of your household income.

The amount you pay back is based on the amount of money you earn each year.



You must prove that the work can be done for a reasonable cost.



Insurance

You must get insurance for

- the loan.

And



- the home you want to buy.

You can get this through insurance providers.



All applicants must have Mortgage Protection Insurance for the full amount of the loan.



You must continue to pay this insurance so that if anything happens, your family can continue to live in the home, and the mortgage may be paid by the insurance.



You also must get building insurance for the home.



Building insurance covers the costs of fixing damage to the building itself; this means it covers:

- The walls
- The roof
- Floors and ceilings
- Windows and doors
- Kitchens and bathrooms
- Pipes and wiring
- Garages and built sheds



If these are damaged, building insurance will cover the costs to rebuild them.



It protects against things like flooding, fires, or storms.



4. How to apply for the Local Authority Purchase and Renovation Loan?

You can apply for the loan through your local authority.



You will need to fill out an application form, you can find it here: https://purchaseandrenovationloan.ie/uploads/files/LA%20Purchase%20%26%20Renovation%20Loan%20App%20Form%20v4.pdf





You should have checked to make sure that the property is able to get the Vacant Property Refurbishment Grant.



The form also has a checklist of all of the other documents you will need to apply for this loan on page 4.



Make sure that you fill out the whole form.



It is a long form so you should take your time filling it out.

All applicants will need to sign the forms.



You will need to put your name and the date that you filled the form out.



After you have sent in all your documents and the application, the local authority will check them.



They will send you a letter to let you know if you will be given the loan.



5. Are there rules for the home you want to buy?

The home you want to buy must be in the Republic of Ireland.



It must qualify for the Vacant Property Refurbishment Grant, meaning it must be:

- Vacant.
- Non-habitable or
- Derelict.



You will need to hire a builder to visit the building, and they will give you documents.

The documents will give details about:

- The building.
- What work will need to be done.
- How much it will cost.



This is to make sure that the building is safe for you to live.



The Local Authority will tell you how much your grant could be, based on this cost.



6. How much money can you borrow from the Local Authority Purchase and Renovation Loan?



The amount of money you can borrow will be based on the type of work needed and how much the property will cost when it is finished.

How much money you can borrow through the loan will also depend on:



- if you can afford the mortgage repayments.
- the loan to value of the home you are buying.
- the Vacant Property Refurbishment Grant amount of money you have been approved for.



- the amount of work you will need done to the home, and
- the estimated value of the home when the renovation is finished.



The highest estimated value a home can have depends on which county it is in.



You can find a list of the highest amount a home can be at: https://purchaseandrenovationloan.ie/borrowing/



Each month, you will make 2 payments:

1. A mortgage payment.
2. An interest-only loan payment.



Interest rates

When you take out a mortgage or a loan there is a cost for borrowing it and you will need to pay this back.

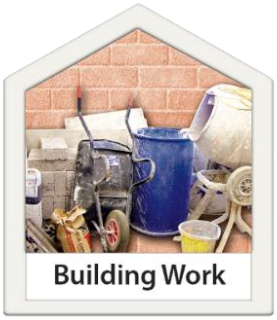


The interest rate is a percentage of the amount you borrow.

A percentage is a part of a whole thing.



If you want more information on how much you will pay and how it is worked out, you can contact your local authority.



7. What kind of work does the Local Authority Purchase and Renovation Loan pay for?

The money can be used to buy the house and pay for the work that needs to be done.



The local authority will decide how much work the property needs.

The amount of money you are given will be based on this.



The Local Authority Purchase and Renovation Loan can help you buy the property and pay for some work to be done to the property.



Once the work is finished the grant can pay back the bridging loan portion.

The work that the grant pays for must not cost more than the maximum amount that you will be given in the grant.

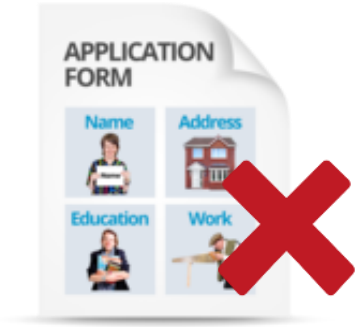


The type of work and a list of these costs can be found at this link: https://purchaseandrenovationloan.ie/faq/#category-5



If you need more information, you can talk to your local authority.

Local authorities are also known as county councils or city councils.



8. Reasons your application might be refused.

- You have not paid back money you have owed in the past.



- You do not have enough income each month for the repayments on the loan.

- You have not saved enough money for a deposit.



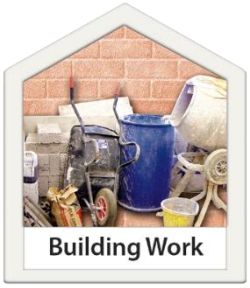
- You are currently paying back too many loans.



- Your income is not shown in the information you gave with your application.



- Your bank statements show that you have missed loan payments.
- You did not give in all of your supporting documentation.
- The local authority thinks that you may not be able to finish all of the work needed on the home.



- The building costs more than the amount you can get from the loan.



9. More information.

For more information on anything in this guide contact your local authority.



Some useful websites:

Local Authority Purchase and Renovation Loan Website:

https://purchaseandrenovationloan.ie/

Citizens Information:

https://www.citizensinformation.ie/en/

Housing Agency: www.housingagency.ie

An Ghníomhaireacht Tithíochta
The Housing Agency

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