

Mortgage application requirements

The following supporting documents are required in order for McCarney Financial Services to apply for mortgage 'approval in principle' on your behalf;

- Completed & signed application forms;
- Photo ID and address verification;
- If you are recently married a marriage cert is required;
- 6 months personal original current account statements – please note statements must include full name, address and account number. Same should also be satisfactory to the lender i.e. in credit, no unpaid fees, referrals or overdraft where possible;
- 12 months original statements on any loans including mortgage & credit union if you have one (these statements should also be satisfactory to the lender with all monthly repayments being paid on time)
- If you pay rent we need proof of this - ideally being paid by standing order but if not a copy of your lease agreement and receipts from your landlord are required;
- 6 months up to date credit card original statements, again statements must include your full name, address and account number;
- 12 months original statements of any savings held (including credit union accounts);
- Source of balance of funds to purchase your home (this can be made up of savings/equity/gift and must be evident at application stage);
- If you are separated or divorced a copy of this agreement is required;
- Finally, any other documents or information that you feel are relevant to your application.

In addition the following income documents are required;

For employed applicants;

Salary certificate completed by your Employer;

Your most recent original P60;

3 months up to date original payslips;

For Self Employed applicants;

3 years Audited Accounts;

3 years Notice of Assessment to Revenue (including Chapter 4 & Form 11 calculations) & Tax clearance certificate;

12 months original business current account statements;

**** Please note we are unable to make an application on your behalf until all relevant paperwork is received. You must provide original documents fully up to date, all of which will be returned to you as soon as possible. A lender will not review a case with any supporting documents missing ****

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looking after your future and investments

Central Bank Criteria

Loan to Value regulations (LTV)

At present we can obtain up to 90% funding for First time buyers and up to 80% funding for 2nd time buyers subject to lenders normal criteria and underwriting.

The balance of funds may be accumulated from various sources e.g. savings, shares purchased from income or a partial gift.

In the case of a 2nd time buyer the balance of funds can come from the sale of your existing home along with additional savings if required. The maximum LTV available to 2nd time buyers under the new Central Bank criteria is 80% of the purchase price.

Please note that exemption to the LTV rules are available with each lender but must be limited to 15% of their total lending at any one time. Only where a case is extremely strong can we apply for an exemption and this is subject to case by case assessment.

Loan to Income regulations (LTI)

Under the new Central Bank regulations applicants should not borrow more than 3.5 times combined income.

For example

Single applicant earning €30,000 per annum qualifies for a loan up to €105,000 (subject to banks own lending criteria)

Joint applicants earning €30,000 & €50,000 i.e. total earnings €80,000 per annum will qualify for a loan up to €280,000 (subject to banks own lending criteria)

Balance of funds/deposit.

If savings make up part of your deposit they must be *saved regularly over time* and we must explain any large 'bullet' lodgements if they appear on your account.

Gifts.

If you are in receipt of a gift then a letter is required from the donor confirming their name and address, the amount of the gift, confirmation the donor has no interest in the property and that is not expected to be repaid.

It should be noted that when a gift is offered towards a property purchase then the applicant themselves must also have a good savings record. It is unlikely that a mortgage can be approved on a gift alone and a new customer must prove their own ability to save and in turn repay their new mortgage.

You should also talk to a tax advisor or your Solicitor regarding any gifts received as this may incur a tax liability.

Affordability tips

Affordability is key to your mortgage application and this is an extremely important part of the assessment carried out by the lenders at present.

Currently when a mortgage is being underwritten it is stress tested by up to 6% (depending on the lender). This is to ensure that in the event of rate increases that customers can still afford their new mortgage repayment and we must prove to a lender that you can afford to repay the mortgage at this level.

For example someone applying for a €200,000 loan over 30 years would expect to pay a repayment in the region of €954 per month (based on an interest rate of 4.00%). However, during the underwriting assessment the bank will stress this loan up to 6% resulting in a higher repayment of €1199 per month, this is the amount you will need to save in order to prove affordability for the stressed amount.

Affordability can be proven in many ways and is different for each case.

For example a *First Time Buyer* will usually prove affordability by saving the required amount over 6 months prior to applying for their loan.

In order to prove repayment capacity to the bank you need to save in excess of the stressed repayment amount every month, ideally to a separate savings or credit union account with a rising balance i.e. no withdrawals. This also compliments savings for your deposit and proves to the bank that you can comfortably put this amount away each month and still live within your means on remainder of your salary in your current account. This is a comfort for the bank that the repayments can be met and of course all other aspects of the case must be underwritten also.

A First Time Buyer may also be renting prior to purchasing a new home, this will also be taken into account. For example you are renting for €1100 per month and regular built up savings of €300 per month then overall you meet the affordability requirements as you have proven affordability to repay up to €1400 per month.

A house mover or second time buyer might prove their affordability as follows;

Current mortgage repayment €1,000

Additional savings by standing order to another account and built up regularly over time €300 per month

Current loan repayment that will finish before moving into the new house €250 per month.

Over all this means that this customer has historically paid a total of €1,550 between their existing mortgage, savings and a loan due to finish.

Once this amount is more than their new stressed mortgage repayment e.g. the €200,000 loan mentioned above @ €1199 per month then they have also passed the affordability assessment for the bank. All other aspect of the case must then be underwritten and comply with the lenders credit criteria.

For every application affordability must be proven for a minimum of 6 months prior to application.

Supporting paperwork - unfavourable transactions/activities that may negatively affect your application:

Irregular large cash withdrawals/lodgements with no explanation;
Unusual withdrawals/lodgements to current accounts;
Cash/ATM withdrawals from your credit card;
Missed payments or late fees on credit card statements;
Regular online gaming transactions;
Referral fees or un-paid items in current accounts;
Unsatisfactory Irish Credit Bureau rating.

Fees:

Please be aware of the following fees that may be incurred during the application process. You must have funds available to meet these fees along with your deposit.

- ✓ McCarney Financial Services application and approval fee €500;
- ✓ McCarney Financial Services professional fee (if applicable);
- ✓ Auctioneers fees (if selling a property only);
- ✓ Solicitors'/legal fees;
- ✓ Bank valuation fee approx. €150 & €65 for revaluation every 4 months as per Central Bank regulations;
- ✓ Structural survey fee if applicable;
- ✓ Stamp duty of 1% of the value of the property.

Note – this documents if for guidance and discussion purposes only, all mortgage applications are subject to the banks credit policy and lending criteria.

****Unless stated repayments are based on current interest rates over a 30 year term which are subject to change***

WARNING - YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON YOUR MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

The LPI Awards 
Mortgage Broker of the Year 2015.

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