



FIRST  
HOME  
SCHEME

Supporting Home Ownership

# Your guide to the **New Build Product**



**PLEASE NOTE:** This guide is for information only.

**WARNING:** We strongly recommend you seek independent financial and legal advice if applying for a First Home Scheme product.

**WARNING:** Property prices can go up and down. As the equity facility is linked to the value of your home, any change in property prices will affect any partial or final redemption amounts. If property prices increase/decrease over time, the percentage equity you have to redeem will remain the same but the € amount will increase/decrease. See example in the case of a price increase below:

**Example: Home Purchase (private development)**

Customer purchases a property for €350,000, availing of €35,000 from the First Home Scheme (FHS) which means the FHS has a 10% FHS Equity Share in your home.

Sometime in the future you decide to buy out the FHS Equity Share. The home is now valued at €400,000. As the FHS Equity Share is unchanged at 10%, you will now need €40,000 plus any accrued service charges payable, to redeem the FHS Equity Share in the home.

**WARNING:** The First Home Scheme is not regulated by the Central Bank of Ireland and the equity product is not governed by the Central Bank and its statutory codes of conduct and/or other regulations to include the Consumer Protection Code. However, this does not affect your rights under consumer law.

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For more information relating to the general scheme rules, please see ‘Your Guide to the First Home Scheme’ on our website ([www.firsthomescheme.ie](http://www.firsthomescheme.ie)).



# INTRODUCTION

**The First Home Schemes (FHS) New Build product is designed to help first-time buyers and other eligible applicants to purchase their newly built home in a private development anywhere in the Republic of Ireland.**

**Where first-time buyers have insufficient funds to purchase their new home when they combine their mortgage and deposit, they may seek to bridge the funding gap by availing of the New Build product, subject to meeting the qualifying criteria for the Scheme.**

## **How does the New Build product work?**

- Use our eligibility calculator on our website ([www.firsthomescheme.ie](http://www.firsthomescheme.ie)) to see the minimum and maximum support you could potentially qualify for through the Scheme.
- You can then register and submit your application online through the Customer Portal on the First Home Scheme website.
- To submit an application online for the New Build product, documentation required will include a copy of your Mortgage Approval in Principle (AIP) from a Participating Lender.

For all eligibility criteria, please refer to the 'Eligibility' section of the website.

All applications are subject to additional screening processes including anti-money laundering, fraud and terrorist screening, criminal conviction data searches and adverse media searches. FHS may at its sole discretion reject an application if the FHS does not consider you as a suitable applicant.

## Can I use the Help to Buy Scheme with the First Home Scheme New Build product?

Yes, the Help to Buy Scheme (HTB) is a Government of Ireland incentive that helps eligible first-time buyers with the deposit required to purchase a newly built home for €500,000 or less. If you are availing of the HTB, the maximum amount you may be eligible for from the FHS will be 20% of the purchase price.

### For example:

| Using HTB:   |          |
|--|----------|
| Property purchase price  | €450,000 |
| Maximum funding of 20% available from the FHS if availing of HTB     | €90,000  |
| Not using HTB:   |          |
| Property purchase price  | €450,000 |
| Maximum funding of 30% available from the FHS if not availing of HTB | €135,000 |

## What type of new build property can I buy?

The First Home Scheme New Build product allows you to purchase a newly built house or apartment in a private development anywhere in the Republic of Ireland. Property price ceilings per local authority area apply to both houses and apartments. This means that you cannot avail of the FHS if the cost of your property is above this amount. In some local authority areas, the price ceiling for houses and apartments is different. Please refer to our website for details of property price ceilings by local authority area.

## What is a private development?

A private development consists of houses or apartments built by a third party for private purchase.

# EXAMPLES OF HOW THE NEW BUILD PRODUCT WORKS

All examples assume that the property rules have been met and the property purchase price is at or below the relevant property price ceilings detailed on our website.

## Example one (using HTB): single first-time buyer

|   |   |
|---|---|
| <b>Homebuyer</b>  | <b>Never owned a property</b>   |
| <b>Salary</b>   | <b>€55,000</b>  |
| <b>Property purchase price</b>  | <b>€350,000</b>   |
| <b>Mortgage available from Participating Lender (up to 4x salary)</b> | <b>€220,000</b>   |
| <b>Savings/gift (deposit)</b>   | <b>€35,000 (10% of purchase price)</b>  |
| <b>Help to buy</b>  | <b>€30,000</b>  |
| <b>Outcome</b>  | <b>Eligible for the FHS, as the shortfall is €65,000 (19% of the property purchase price)</b> |

## Example two (not using HTB): two homebuyers

|   |   |
|---|---|
| <b>Homebuyer one</b>  | <b>Never owned a property (first-time buyer)</b>  |
| <b>Homebuyer two</b>  | <b>Divorced, no longer retains a beneficial interest in the previous family home</b>  |
| <b>Joint salary</b>   | <b>€65,000</b>  |
| <b>Property purchase price</b>  | <b>€450,000</b>   |
| <b>Mortgage available from Participating Lender (up to 4x salary)</b> | <b>€260,000</b>   |
| <b>Deposit</b>  | <b>€45,000 (10% of purchase price)</b>  |
| <b>Outcome</b>  | <b>Not eligible for the FHS, as the shortfall is €145,000 (32% of the property purchase price)<br/>Maximum equity facility available is 30% if not availing of the Help to Buy scheme</b> |

# REDEEMING THE EQUITY SHARE

**You can redeem all or part of the equity share at any time, although there is no obligation to do so unless a mandatory redemption event occurs.**

The following are considered mandatory events and require you to redeem the full equity share, as well as service charges that have accrued against the equity facility:

- The property is sold
- The property is no longer your Principal Private Residence
- You move or switch your mortgage to a non-Participating Lender
- If you die (or, in the case of joint applications, the last applicant dies)

The events above will be referred to as 'realisation events' in your Customer Contract.

## Property Valuations

Because the equity share is linked to the market value of your property, for all redemptions you will need an up-to-date property valuation. This is performed by an independent, FHS Approved Valuer.

Redemption repayments can be made to the equity share within the first six months with no requirement for a new valuation.

For full or partial redemptions after 6 months of drawdown, an updated valuation is required for redemption calculations.

You will need to pay the fee for the valuation, which remains valid for 12 months from the date set out on the valuation.

## Partial Redemption Payments

If you choose to redeem part of the equity share, the partial redemption payment must be at least 5% of the original amount provided by the FHS.

Up to two separate redemption payments can be made against the equity share in any 12-month period.

Once you have made a partial redemption, your annual service charge will be calculated using the updated equity share percentage, thereby reducing the service charge amount you would otherwise need to pay.

## Full Redemption Payments

If you choose to make a full redemption, that is to buy back all of the equity share, you will also need to pay back any accrued service charges.

The following pages show redemption examples where property prices have increased or decreased.

# REDEMPTIONS

## WHERE PROPERTY VALUE HAS INCREASED

The impact of a full redemption on the equity facility when the property valuation has increased, and no partial redemptions have been made:

| Full Redemption where property value has increased       |          |
|--|----------|
| Original property Purchase Price                         | €400,000 |
| Original FHS Equity Share percentage                     | 20%      |
| Original FHS Equity Share amount                         | €80,000  |
| Updated property valuation                               | €500,000 |
| Updated value of FHS Equity Share                        | €100,000 |
| Accrued service charges (for illustrative purposes only) | €1,000   |
| Amount payable for full redemption                       | €101,000 |

### How we calculated this full redemption:

The updated value of the FHS Equity Share amount is based on the updated property valuation multiplied by the original (as no partial redemptions have been made) FHS Equity Share percentage ( $€500,000 \times 20\%$ ) = €100,000.

The amount payable for full redemption is the above €100,000 plus accrued service charges payable of €1,000, giving a total of €101,000.



## The impact of a partial redemption on the equity facility when the property valuation has increased:

| Partial redemption where property value has increased |                       |
|---|-----------------------|
| Original property Purchase Price                      | €400,000              |
| Original FHS Equity Share percentage                  | 10%                   |
| Original FHS Equity Share amount                      | €40,000               |
| Updated property valuation                            | €500,000              |
| Amount redeemed                                       | €10,000               |
| Redemption percentage                                 | 2% (€10,000/€500,000) |
| Updated FHS Equity Share percentage                   | 8%                    |

The updated FHS Equity Share percentage is the original FHS Equity Share percentage minus the redemption percentage i.e.  $10\% - 2\% = 8\%$ .

If you want to make a partial or full redemption payment in the first six months, you do not need a new valuation; the value used in the redemption calculation will equal the original amount drawn down from the FHS. After six months from the date of purchase, a new valuation will be required from an FHS Approved valuer.

# REDEMPTIONS

## WHERE PROPERTY VALUE HAS DECREASED

The impact of a full redemption on the equity facility when the property valuation has decreased, and no partial redemptions have been made:

| Full redemption where property value has decreased          |          |
|---|----------|
| Original property Purchase Price                            | €400,000 |
| Original FHS Equity Share percentage                        | 10%      |
| Original FHS Equity Share amount                            | €40,000  |
| Updated property valuation                                  | €390,000 |
| Updated value of FHS Equity Share                           | €39,000  |
| Accrued service charges<br>(for illustrative purposes only) | €1,000   |
| Amount payable for full redemption                          | €40,000  |

### How we calculated this full redemption:

The updated value of the FHS Equity Share amount is based on the updated property valuation multiplied by the original (as no partial redemptions have been made) FHS Equity Share percentage ( $€390,000 \times 10\% = €39,000$ ).

The amount payable for full redemption is the above €39,000 plus the accrued service charges payable of €1,000, giving a total of €40,000.

## The impact of a partial redemption on the equity facility when the property valuation has decreased:

| Partial redemption where property value has decreased |                          |
|---|--------------------------|
| Original property Purchase Price                      | €400,000                 |
| Original FHS Equity Share percentage                  | 10%                      |
| Original FHS Equity Share amount                      | €40,000                  |
| Updated property valuation                            | €390,000                 |
| Amount redeemed                                       | €10,000                  |
| Redemption percentage                                 | 2.56% (€10,000/€390,000) |
| Updated current FHS Equity Share percentage           | 7.44%                    |

The updated current FHS Equity Share percentage is the original FHS Equity Share percentage minus the redemption percentage ( $10\% - 2.56\% = 7.44\%$ ).



# MORTGAGE TOP-UP

A mortgage top up is a facility that allows you to borrow more money against the current value of your home to spend on things like home improvements.

It is managed by your Lender, but you must notify the FHS of your intention to top up.

See below example where the FHS would have no objection and can support your request.

| Example of Homeowner Equity Share greater than 10% post Top Up   |          |
|--|----------|
| Current property valuation   | €400,000 |
| Mortgage amount currently outstanding  | €260,000 |
| Top Up amount sought   | €20,000  |
| Total Debt (Outstanding Mortgage + Top Up Sought) as a percentage of the Property Valuation ( $(€260,000 + €20,000) / €400,000 \times 100$ ) | 70%      |
| Current First Home Scheme Equity Share   | 10%      |
| Your Equity Interest in the Property Post Top Up ( $100\% - (70\% + 10\%)$ )   | 20%      |

In the example above, the FHS has a 10% equity share in your home. The sum of your outstanding mortgage and the top up amount being requested represents 70% of the current value of your home.

This means that you will have an equity interest of 20% ( $100\% - (70\% + 10\%)$ ) of your home's estimated market value post top up. This is greater than the minimum 10% equity interest which the First Home Scheme requires that you have post top up and therefore the FHS can support your request.

# MORTGAGE TOP-UP

See below example where the FHS would have an objection and cannot support your request.

## Example of Homeowner Equity Share less than 10% post Top Up

|  |                 |
|--|-----------------|
| <b>Current property valuation</b>  | <b>€400,000</b> |
| <b>Mortgage amount currently outstanding</b>   | <b>€260,000</b> |
| <b>Top Up amount sought</b>  | <b>€40,000</b>  |
| <b>Total Debt (Outstanding Mortgage + Top Up Sought) as a percentage of the Property Valuation</b><br>$(€260,000 + €40,000) / €400,000 \times 100$ | <b>75%</b>      |
| <b>Current First Home Scheme Equity Share</b>  | <b>20%</b>      |
| <b>Your Equity Interest in the Property Post Top Up</b><br>$(100\% - (75\% + 20\%))$   | <b>5%</b>       |

In the example above, the FHS has a 20% equity share in your home. The sum of your outstanding mortgage and the top up amount being requested represents 75% of the estimated value of your home.

This means that you will have an equity interest of 5%  $(100\% - (75\% + 20\%))$  of your home's current market value post top up. This is less than the minimum 10% equity interest which the First Home Scheme requires that you have post top up and therefore the FHS cannot support your request.

Customers who have an equity facility with the FHS and want to switch and top up their mortgage, as part of the switching process, should refer to 'Your Guide to the First Home Scheme' (Switching your mortgage) for more information on the steps involved in the process.







To apply for the First Home Scheme,  
please visit **[www.firsthomescheme.ie](http://www.firsthomescheme.ie)**

If you have any questions or would like to speak to  
our team, please email us at [info@firsthomescheme.ie](mailto:info@firsthomescheme.ie)  
or call us on 0818 275 662\*

\*Lines are open Monday-Friday, 9am – 5:30pm,  
excluding bank holidays

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