

MORTGAGE ALLOWANCE SCHEME

EXPLANATORY MEMORANDUM

1. WHAT IS THE PURPOSE OF THE MORTGAGE ALLOWANCE?

The allowance assists tenants and tenant purchasers of local authority dwellings and certain tenants of houses provided by voluntary bodies under the Rental Subsidy Scheme who wish to return their dwelling to the authority or voluntary body and purchase or build a private dwelling for their own occupation by reducing their mortgage repayments over the first 5 years of the mortgage.

2. AMOUNT OF ALLOWANCE

For mortgages created on or after 15th June, 2002, the amount of the allowance is €1,450 payable over 5 years as follows:-

Year	Amount
1 st year	€3,560
2 nd year	€2,800
3 rd year	€2,040
4 th year	€1,780
5 th year	€1,270

The allowance or the allowance plus income tax relief on mortgage interest cannot, in any year, exceed the amount of the loan charges due.

3. WHO QUALIFIES FOR THE ALLOWANCE?

The allowance is payable to persons who:-

- Are tenants or tenant purchasers of local authority dwellings or are tenants, whose tenancies are of not less than one year's duration, of houses provided by an approved voluntary body under the Rental Subsidy Scheme, and
- Return their dwelling to the authority or the voluntary body, as applicable, in a fit and tenable condition (having regard to reasonable wear and tear and any repairs for which the tenant is not responsible) and free of arrears of rent or tenant purchase annuities, and
- Purchase or build a private dwelling for their own occupation, and
- Provide the private dwelling by way of a mortgage loan of not less than €38,100.00.

The spouse of a tenant or tenant purchase, or a person who has been a bona fide resident with a tenant/tenant purchaser may qualify for the allowance if he/she otherwise complies with the conditions of the scheme and the dwelling is returned to the local authority or the voluntary body, as applicable.

The allowance is not available to occupants of demountable dwellings provided by local authorities or to persons providing a dwelling under the Shared Ownership Scheme.

Tenant purchasers to whom the allowance is given will not be compensated in respect of any annuity payments made in respect of the dwelling being returned to the local authority.

A person availing of the allowance may purchase or build a new dwelling or purchase an existing dwelling in the private sector (including dwellings formerly owned by a local authority).¹

4. HOW THE ALLOWANCE IS PAID?

The allowance is paid by the Department of the Environment and Local Government, on behalf of the person qualifying for it, to the lending agency, i.e. building society, bank, local authority, etc. The lending agency will calculate the borrower's monthly mortgage payment in the normal manner and then deduct the appropriate instalment of the mortgage allowance (i.e. €296.67 per month in Year 1, €233.33 per month in Year 2, €170.00 per month in Year 3, €148.33 per month in Year 4, and €105.83 per month in Year 5). The amount as so reduced will be the monthly amount due by the borrower to the agency.

5. TO WHOM SHOULD APPLICATION FOR THE ALLOWANCE BE MADE?

Application should be made to the local authority for the area in which the private dwelling is being purchased or built. For this purpose the relevant local authorities are county councils, city councils, borough corporations and Athlone, Bray and Dundalk Urban District Councils. Application forms may also be obtained from the offices of urban district councils.

6. SUITABILITY OF PRIVATE DWELLING

The local authority must be satisfied that the dwelling being purchased or built is free from structural defects and is of suitable size and standard to cater for the applicant's household. In the case of a previously occupied dwelling it must have hot and cold water systems, a fixed shower or bath and an indoor toilet.

7. OCCUPANCY OF PRIVATE DWELLING

The applicant must continue to occupy the private dwelling as his/her normal place of residence throughout the 5 year period to which the allowance relates.

8. HOW DOES THE SCHEME OPERATE?

The local authority will issue to an eligible applicant a letter of intent indicating that he/she will qualify for the mortgage allowance subject to the return of the existing dwelling and compliance with the terms of the scheme. It is in the applicant's own interest to obtain this letter of intent before entering into any commitment in relation to the private dwelling.

The letter of intent should be presented in support of an application to a lending agency for a mortgage plan. It is, however, a matter entirely for the lending agency to take a decision on individual loan applications. The agency will advance the loan to the applicant in the normal manner.

When the applicant has returned the existing dwelling or has given an irrevocable undertaking to return it within a period agreed with the local authority, and the authority is satisfied that the terms of the scheme will otherwise be complied with, the

authority will issue a certificate of approval to the applicant certifying his/her entitlement to the allowance. This certificate should be given to the lending agency to enable them to claim the allowance from the Department of the Environment and Local Government.

As long as the applicant, having returned the dwelling, continues to meet the reduced mortgage repayments and to occupy the private dwelling as his/her normal place of residence, the allowance will be paid to the lending agency by the Department without the need for further action by the applicant.

The allowance will cease to be payable by the Department of the Environment and Local Government from the date on which:-

- (i) application for a Court Order for Repossession of the dwelling is made by the lending agency, or
- (ii) the dwelling ceases to be occupied as the applicant's normal place of residence.

9. ELIGIBILITY FOR THE FIRST TIME PURCHASER'S NEW HOUSE GRANT

The first time buyers grant was abolished by the Department of the Environment and Local Government on the 13th November, 2002.

10. INFORMATION ON LOANS

Loans for the purchase or building of dwellings may be obtained from the commercial lending agencies (e.g. building societies, banks, etc) subject to meeting the conditions they lay down. Enquiries concerning the qualifying conditions for a loan from a commercial agency should be made directly to them.

If an applicant is unable to obtain a loan suitable to his requirements from a commercial agency, he/she may apply to the local authority for a loan. Evidence must be produced to the authority of a genuine refusal of a loan from both a building society and a bank. Details of the local authority house purchase loan scheme may be obtained from the authority.

11. DOCUMENTS REQUIRED WITH MORTGAGE ALLOWANCE SCHEME APPLICATIONS

An applicant should provide the local authority with such information as the authority may require in regard to the location, layout, etc of the dwelling being purchased or built.

Applicants should note:-

The payment of a mortgage allowance involves no warranty on the part of the Minister for the Environment and Local Government or the Local Authority as to the work carried out or the structural soundness of a dwelling.

PRELIMINARY LIST OF ITEMS REQUIRED FOR THE MORTGAGE

ALLOWANCE SCHEME

1. *It is essential to give a minimum of one weeks notice in writing of your intention to return your Limerick City Council dwelling.*

2. *Letter from the Lending Agency confirming the amount of mortgage and the date that the mortgage was created.*

3. *Letter from your Solicitor confirming the date that the contract was signed to purchase your new dwelling and the purchase price of your new dwelling.*

4. *Income Details of applicant(s) i.e. if working, a P60 Certificate for the last tax year or if unemployed the total amount of assistance/benefit claimed in the last tax year.*

APPLICATION FOR MORTGAGE ALLOWANCE

- Please read all questions carefully and fill out the form in Block Capital Letters
- Complete the statutory declaration and then sign the form.
- The completed application form should be returned to the local authority for the area in which the private dwelling is being purchased or built.
- You must also have form MAT2B/95 certified by your Inspector of Taxes.

1. **Full Name(s)** of (a) Applicant(s) _____
(b) Spouse/Partner _____

Telephone No. _____

2. **Family**
- | | <i>Aged 16 or over</i> | <i>Under 16</i> |
|---------------------------------------|------------------------|-----------------|
| <i>Number of Males in household</i> | _____ | _____ |
| <i>Number of Females in household</i> | _____ | _____ |

3. **Income**
- Gross income of (a) Applicant(s) _____
for previous tax year (2002) (b) Spouse/Partner _____

4. **Details of the dwelling you are handing back to the local authority/voluntary body**
- (a) Address _____

- (b) Name of local authority/voluntary body to which you pay rent or purchase annuity _____

5. **Details of the dwelling you are purchasing or building**
- Address _____

- (a) Is the dwelling a house? A flat?
- (b) Is the dwelling new? Previously occupied?
- (c) If new, are you
Purchasing the dwelling Having it built on your own site

- (d) Give date you entered into a contract to purchase or building the dwelling _____
- (e) If building has started on your own site, give the date on which the foundations were poured _____
- (f) Name and Address of Lending Agency providing the mortgage

- (g) Amount of Loan _____
- (h) If mortgage executed, give date of execution _____
- (i) If you have already occupied dwelling, give date of occupation

- (j) Will the dwelling be your normal place of residence Yes/No

The following Statutory Declaration must be made by all applicants

STATUTORY DECLARATION

I/We declare that the information given by me/us for the purpose of obtaining the mortgage allowance is correct. I/We am/are aware of the conditions for payment of the allowance and I/We believe that these conditions are fulfilled.

I/We make this solemn declaration conscientiously believing that same is true and by virtue of the Statutory Declarations Act, 1938.

I/We authorise the local authority and the Minister for Environment and Local Government to make any queries from official sources as it or he/she may consider necessary to establish entitlement to the allowance.

Applicant(s) signature (A) _____
(B) _____

***Declared before me by** _____
who is/are personally known to me (or who is/are identified to me by
_____ **who is known to me) at** _____
this _____ **day of** _____, **2003.**

***To be completed by Commissioner of Oaths/Notary Public/Peace
Commissioner/Member of Clergy/Garda Siochana.**

Signature of Witness _____
Date _____

Occupation _____
Address: _____

WARNING: Any person who have given false or misleading information for the purposes of obtaining the subsidy renders himself liable to severe penalties.

MAT 2B/95 - PART I - APPLICANT A

INSPECTOR OF TAXES CERTIFICATE

(in respect of Mortgage Allowance Scheme)

- NOTES:**
- * Please read Explanatory Notes attached.
 - * This form must accompany the completed application for form mortgage allowance
 - * MAT 2B/95 - Part II – Applicant B should also be completed if applicant is married or a joint applications is being made.

SECTION 1 - TO BE COMPLETED IN FULL BY THE APPLICANT

The builder's details are available only from the builder and must be inserted before the form is sent to the Tax Office. The completion of Section 2 is necessary only where a new dwelling is being purchased or built.

Name _____ Income Tax _____
Reference No. _____
Address of _____ Income Tax _____
Dwelling being _____ District _____
Returned _____
Employer's _____
Registered No. _____
Is the dwelling New? Yes/No _____ Previously Occupied? Yes/No _____

**SECTION 2 -
NAME AND ADDRESS OF MAIN BUILDER** _____

Income Tax Reference No. _____ C2 Certificate No. _____
Vat Registration No. _____ or _____
Tax District _____ Tax Clearance Cert. _____
Expiry Date _____

SECTION 3

I confirm to the best of my knowledge that the information given above is correct and my tax affairs are in order

Signature _____ Date _____

(Incomplete forms will not be certified by the Inspector of Taxes)

SECTION 4: TO BE COMPLETED BY THE APPLICANT'S INSPECTOR OF TAXES

I hereby certify, in accordance with my records and to the best of my knowledge, that the applicant's Tax Reference Number quoted above is correct.

Signature _____ Date _____
(Inspector of Taxes)

OFFICIAL STAMP

MAT 2B/95 - PART II - APPLICANT B

SECTION 1 - TO BE COMPLETED IF APPLICANT IS MARRIED OR IF A JOINT APPLICATION IS BEING MADE.

The builder's details are available only from the builder and must be inserted before the form is sent to the Tax Office. The completion of Section 2 is necessary only where a new dwelling is being purchased or built.

Name _____ Income Tax _____
Reference No. _____

Address of _____ Income Tax _____
Dwelling being _____ District _____
Returned _____

Employer's
Registered No. _____

Is the dwelling New? Yes/No _____

Previously Occupied? Yes/No _____

SECTION 2 -

NAME AND ADDRESS OF MAIN BUILDER _____

Income Tax Reference No. _____

C2 Certificate No. _____

Vat Registration No. _____

or

Tax Clearance Cert. _____

Tax District _____

Expiry Date _____

SECTION 3

I confirm to the best of my knowledge that the information given above is correct and my tax affairs are in order

Signature _____ Date _____

(Incomplete forms will not be certified by the Inspector of Taxes)

SECTION 4: TO BE COMPLETED BY THE APPLICANT'S INSPECTOR OF TAXES

I hereby certify, in accordance with my records and to the best of my knowledge, that the applicant's Tax Reference Number quoted above is correct.

Signature _____
(Inspector of Taxes)

Date _____

OFFICIAL STAMP

EXPLANATORY NOTES

The Tax Certificate – MAT 2B/95 - Part I must be completed by all applicants for a Mortgage Allowance. Part II of the form must be completed if the applicant is married or if a joint application is being made. It is the applicants responsibility to have the form certified by the Inspect of Taxes before returning it to the Local Authority.

Income Tax Number

If your tax is dealt with under PAYE, please give your own Reference Number. These references can be obtained from the Notice of Tax Free Allowance issued to you by the Tax Office or from your Employer.

Inspector's Certificate

The MAT 2B/95 Certificate will be certified by the Inspector of Taxes to whom you normally send you return of income. If you are not liable for income tax or you have not yet paid income tax in this country, you should send the form to the Inspector of Taxes for the district in which you reside.

Married or Joint Applicants

If two Inspectors of Taxes are involved, the part relating to the spouse/joint applicant may be detached and forwarded separately to the appropriate Inspector of Taxes.