




permanent tsb
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FIRST-TIME
buyer

THE ESSENTIAL GUIDE

A woman with long dark hair is sitting in a grey lounge chair, smiling and looking towards the camera. She is wearing a white lace-trimmed top and dark pants. Her hands are resting on the chair's armrests. The background is a plain, light-colored wall.

“So, you’re thinking of buying your first home. There’s a lot to take in, from finding the ideal property to choosing the right mortgage. But, by following a number of clear steps you’ll make your way through. The secret is building up your knowledge and seeking good advice. You can do it!

With this First Time Buyer’s Guide we want to provide you with a no-nonsense, succinct roadmap to get you going on your quest to be a home-owner. There are so many ways you can make the process easier for yourself and we can help you every step of the way.”

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Finding your home

Follow our step-by-step guide to buying the house or apartment that is right for you

Once you have worked out with your mortgage advisor how much you can borrow, you can start looking for your home.

1 – ESTABLISH YOUR PRIORITIES

Write down the factors you think are important. Consider things such as: the size of the property and number of bedrooms; facilities nearby; and transport to work and schools.

2 – DO A SEARCH

Properties are listed in daily newspapers, estate agent

windows and on websites such as www.myhome.ie and www.daft.ie.

3 – CHECK OUT THE AREA
Once you have selected a property, visit the area at different times in order to get a feel for it. Talk to locals and the local authority planning office about possible future developments such as planning permission being granted in the vicinity.

4 – CHOOSE A SOLICITOR
To make sure the purchase is completed professionally, you need to employ a solicitor. He or she will look after all the legal work involved in buying your home.

Tip: If you're bidding on a property, make sure your offer is an uneven number, as an offer of €200,001 will beat an offer of €200,000.

5 – MAKE AN OFFER

Buying a new home is pretty straightforward. You pay a deposit up front (usually 10% of the value of the property), then pay the rest when your house is finished.

Buying an older home is more complicated as you may be competing against other buyers.

There are three accepted ways to buy a home — a verbal offer (private treaty), a sealed bid or an auction.

6 – DO A SNAG LIST

If it's a new home, you will want to do a snag list. This covers everything, including repainting, plastering, replacing damaged items and clearing the garden of rubbish.

Make sure every item on the list is completed to your satisfaction before you make the final payment. In the case of auctions, you should have completed steps 7, 8 and 9 before bidding.

Tip: We can arrange your property valuation for you if you wish.

7 – FINALISE YOUR APPLICATION

Now that you are seriously interested in buying,

concentrate on the finer details of your options. Make an appointment to see your mortgage advisor to agree your repayment options.

You also need to take out mortgage protection and building insurance. We offer a range of home, contents and life insurance products to suit your needs.

8 – PROPERTY VALUATION
Once you've decided to go ahead, we need a property valuation. This ensures the property is worth at least the amount you hope to borrow. You can get more details on valuations from any branch or by calling 1890 500 141.

9 – LETTER OF OFFER
If you meet our lending conditions and we receive a satisfactory property valuation, we will send you a letter of offer. You and your solicitor need to read, sign and return this.

10 – EXCHANGE OF CONTRACTS

Once your offer is accepted, your solicitor will confirm property details and examine the contract drawn up by the seller's solicitor. Once this is agreed, you sign it and give it to your solicitor with a deposit. You are now committed to buying the property.

ANY QUESTIONS?
Call the first-time buyer advice line on 1890 500 141.

Arranging your mortgage



Meet your mortgage advisor



Don't forget to ask us about our 100% mortgages for first-time buyers!

Just drop in for an informal chat with one of our mortgage advisors. You can ask us whatever you need to know about applying for your first mortgage — maybe, how you can spread your repayments or how to make a joint application with a friend or partner.

We can work out **how much you can borrow** and talk you through your options in terms of types of mortgages and repayments, life insurance and protection.

After this, you will need to allow up to an hour to make your full mortgage application. Your mortgage advisor will tell you what you need to bring along.

WHAT TO ASK?

- How much can I borrow?
- How much will my repayments be per month over 25, 30 or 40 years?
- How much will the interest cost be after 25, 30, 35 or even 40 years?
- How much are mortgage protection and home insurance per month?
- Is it possible to make lump-sum repayments?
- Is it possible to take a break from repayments?

Plan your budget

When planning your budget it's important to factor in possible interest rate increases that may come down the line. There have been a number of **interest rate changes** from the European Central Bank (ECB).

Financial institutions borrow based on the **ECB refinancing rate**. There has been a pattern of interest rates going up and down so be aware your monthly repayment could be affected in the future.

Because of these increases,

'stress testing' has become a normal part of the mortgage application process.

Currently, lenders are obliged to stress test borrowers to ensure they could afford an increase in the ECB rate. This is responsible and prudent lending practice aimed at **protecting you and your family**.

If any of this seems daunting, don't worry, we can help. Just pick up the phone and dial 1890 500 141

Question: We have a variable rate tracker mortgage of €300,000, paid over a 40-year term, with a loan to value of 90% and an APR of 5.2%. What difference do interest rate decreases make to our monthly repayments?

Answer: Your repayment on this basis is €1,466.52 per month. As a guide, the decrease would be €50.00 for each 0.25% rate decrease.



Options and repayments

The choice is yours

At **permanent tsb** we have a choice of interest rates.

FIXED INTEREST RATE

This means your mortgage repayments will stay the same for a fixed term, giving you some peace of mind. We offer a choice of fixed-rate terms from one to 10 years. Although your rate will not go up during the fixed period, it cannot come down during this period either.

At the end of the fixed term, you can choose another fixed-rate term or switch to a standard variable or tracker variable rate.

VARIABLE INTEREST RATE

In this case, the rate and your repayments can go up or down. This usually happens as a result of interest rate changes by the European Central Bank (ECB).

You have more flexibility with a variable interest rate and you can benefit by increasing your repayments or making lump-sum payments to your mortgage.

SPLIT INTEREST RATE

This allows you to set some of your mortgage (for example, 50%) at a fixed interest rate and the rest at a

variable interest rate. With a split interest rate you benefit from the advantages of both a fixed and variable interest rate.

Loan to Value (LTV) tracker rates

Our LTV tracker rate mortgage is a variable rate mortgage that is calculated on the basis of the LTV ratio of the home you buy. LTV means the size of your mortgage compared with the value of the house. The first year of your LTV tracker mortgage comes at a discounted rate if your LTV ratio is less than 95%.

All in good time

We have a variety of ways to **make things easier for you** as a first-time buyer.

UP TO 40-YEAR MORTGAGE

You can spread your repayments over a term of up to 40 years to reduce the monthly amount. If your financial circumstances improve, you can reduce the term of your mortgage by increasing your repayments or paying in lump sums.

100% HOME LOAN

As a first-time buyer, you can borrow up to 100% of

the value of your new home. We can arrange your deposit with a fast personal loan. For joint applications, only one person must be a first-time buyer.

DELAY FOR SIX MONTHS

With our Big Freeze mortgage, you can take up to six months' break from repayments at the start of your mortgage.

LOW START

Enjoy interest-only repayments for up to the first three months. With this

option and Big Freeze, the most you can borrow is 98% of the value of your property.

DISCOUNT ON HOME INSURANCE

Benefit from a 25% new business discount on buildings and contents insurance in year one and a loyalty discount after that.

You don't have to figure out all of your options alone. Our advisors can help you get to grips with everything. All you have to do is call 1890 500 141



Keeping tabs on expenses

There are extra costs involved in buying a home over and above the price you pay for it. The way fees are charged varies around the country and from firm to firm, so it's worth shopping around.

LEGAL FEES

You will need a solicitor to act for you when buying your property. There is no set fee for handling the purchase of a property — some solicitors charge a flat fee, others charge on the basis of the size of the loan.

VALUATION

All mortgage advisors will need a professional valuation of the property to

make sure it is worth at least the amount you hope to borrow. Please ask a member of staff for more details on valuer fees.

SURVEYOR'S REPORT

We recommend that you have a more thorough structural survey carried out by an independent surveyor. This is always advisable if you are buying an old property.

MORTGAGE PROTECTION

It is important to have an insurance policy that provides enough funds to pay off the mortgage if you die. Ask a member of staff about our mortgage protection plans.

HOME INSURANCE

You must insure what is probably your biggest asset. Our home and contents cover offers you a full range of insurance cover on your home and its contents.

Tax relief at source

Don't forget you can claim mortgage interest relief on your home loan. You can claim online at www.revenue.ie. You will need your PPSN and your mortgage account number. Revenue will work out the amount of your interest relief and your mortgage provider will deduct your tax relief from your mortgage repayment.

Planning for protection

A **Mortgage Repayment Protection Plan** is one of the most convenient ways to make sure you have peace of mind. If you are employed, but cannot work for more than 30 days as a result of an accident, illness or redundancy, your plan will pay your mortgage repayments for up to 12

months. So that you can cover all associated costs, like insurance premiums, mortgage protection premiums and so on, we recommend that you provide for the full mortgage repayment amount, plus another 20%.

The only time to take advantage of this cover is when you are arranging your mortgage, as you must apply within 28 days of its legal completion.



We can provide all the information you need on mortgage repayment protection and expenses — just call us on 1890 500 141

Say, what?



Jargon explained

ADVANCE — the amount of your mortgage

ANNUITY MORTGAGE — a mortgage where you repay interest and part of the loan each month

APR — annual percentage rate. APR is an interest rate calculation designed to reflect the total cost of the credit over the term of your mortgage

COLLATERAL — the title deeds of your new property given as security against your repaying the mortgage

COMPLETION — the final legal transfer of the property, where you pay what you owe and receive the keys

CONTRACT — the written agreement between you and the seller

CONVEYANCING — the legal work involved between you (the buyer) and the seller

DEEDS — legal documents showing who owns the legal entitlement to the property

DEPOSIT — the amount of money you must pay when the contracts are exchanged

ENDOWMENT MORTGAGE — with an endowment mortgage you take out an assurance policy designed to repay the mortgage either when you die or at some other time in the future. In the meantime, you only pay the interest part of the mortgage. You pay

nothing off the main amount you borrowed until the policy matures

EQUITY — the difference between the value of the property and the amount of any loans secured against it

EXCHANGE OF CONTRACTS — the point at which you (the buyer) and the seller are legally bound to the transaction

FREEHOLD — owning the property and the land it stands on

GROUND RENT — annual rent (usually low) that you pay each year on a leasehold property

INDEMNITY BOND — an insurance bond taken out

by a mortgage provider as extra security to cover loan amounts of over 80% of the property value. Your mortgage provider pays the associated fee for you.

LAND REGISTRY FEE — a fee you pay to register your ownership of the property

LEASEHOLD — a form of property ownership, where the property is leased by the owner to a leaseholder or tenant for a fixed number of years

LESSEE — the person to whom a lease is granted

LESSOR — the person who grants a lease

MORTGAGE — a loan made using property as security

MORTGAGOR — the person who borrows money and who uses the property as security for the loan

MORTGAGE PROTECTION — life assurance cover designed to pay off what you have borrowed if you die

PRINCIPAL — the amount of the mortgage on which we work out interest

REDEMPTION — paying off the mortgage loan in full

SEARCH — a legal investigation to see if there are any legal rights over a property and if it is affected by planning applications and so on

SUBJECT TO CONTRACT — when the sale has been

provisionally agreed. You or the seller can still withdraw without any penalty

STRUCTURAL SURVEY — a detailed inspection of a property to check that it's structurally sound

TERM — the time (years) over which you repay a mortgage

TITLE — who owns the property

TRANSFER — a deed that transfers ownership of a property

VALUATION — an inspection of a property to decide its market value

VENDOR — the person selling the property.



The happy day approaches

It's a good feeling. You've chosen your house, cottage or apartment. Give yourself a slap on the back! You're nearly there. At your meeting with your mortgage provider, remember to:

- Bring a P60, two of your last three payslips, a salary certificate and your personal bank account statements for the past three months — if you're self-employed you will need audited accounts. Don't forget photo ID, such as your passport or driving licence.

Now it's time to meet with a solicitor. Remember to shop around, as prices will vary. Once you've found a solicitor you are happy with, you need to:

- Get a valuation done on the property (we can help you with this)
- Get mortgage approval
- Agree a closing date for the sale through your solicitor
- Sign contracts and pay a deposit; this is usually 10% of the value of the property, is non-refundable and commits both parties to the sale

The property is just about yours now! At this stage, we can help you to arrange buildings insurance, life assurance (mortgage protection) and mortgage repayment protection (this is optional). On closing the deal, your mortgage lender will send a cheque to your solicitor. All you have to do now is pick up your keys and move in. Congratulations!

Tip: If the home you want to buy is for sale by 'private treaty' and your bid is accepted by the seller you will be asked to put down a booking deposit or an offer 'subject to contract'. In most cases, this means that either you or the seller can walk away without losing money. Always check that this is the case before paying a booking deposit.

Useful numbers and websites

permanent tsb first-time buyer advice line **1890 500 141**

Irish Revenue www.revenue.ie

Directory of solicitors www.lawsociety.ie

Houses for sale www.myhome.ie

Houses for sale www.daft.ie

Compare removal companies nationwide

www.removals-ireland.ie

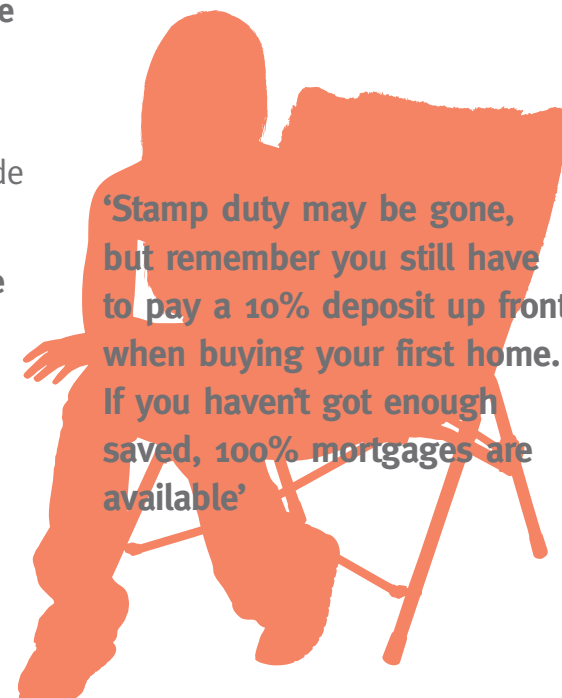
Change of address www.newaddress.ie

Eircom **1901**

ESB **1850 372 372**

Bord Gáis **1850 200 694**

Golden pages www.goldenpages.ie



'Stamp duty may be gone, but remember you still have to pay a 10% deposit up front when buying your first home. If you haven't got enough saved, 100% mortgages are available'

Terms & conditions

Lending terms, conditions and other restrictions apply. Security and insurance are required. Normally subject to other lending criteria and assessment the maximum loan to value for a home loan is 100% for First Time Buyers (98% for The Big Freeze option and 95% for Second Time Buyers) and lending levels are subject to a total monthly repayment commitment not exceeding 35% of disposable income. 100% home loans are not available on 1 year discounted rates/1 bed or studio apartments/site purchase/self builds. The monthly commitment repayment on a 20-year Loan to Value (LTV) tracker variable rate mortgage of €100,000 at or above 95% LTV is €665.49 (€692.60 with The Big Freeze Mortgage) per month (APR 5.2%). If interest rates increase by 1% an additional €56.72 (€61.54 with The Big Freeze Mortgage based on an average 30.4 day month) would be payable per month. The Big Freeze Mortgage: This option is not available on RIP/ Commercial, Secured Personal Loans, Endowment or Interest Only Mortgages and cannot be exercised in conjunction with the skip payment and the low start option. The interest portion on the monthly repayments, which the Applicant has elected not to make, will be added to the principal at the end of the month, or each month of the holiday period (if for more than one month) and will be repayable over the remaining term of the loan. Please note that all insurance premiums will be payable during the payment holiday period and with the low start option. Insurance options are underwritten by Allianz Corporate Ireland plc. Allianz Corporate Ireland plc (trading as Allianz) is regulated by the Financial Regulator. Deposit up front: Typical cost per thousand for a personal loan is €12.18 per month over 10 years (variable rate, APR 8.4%). Variable rates may be adjusted by **permanent tsb** from time to time. Life options are underwritten by Irish Life Assurance plc. Irish Life & Permanent plc (trading as **permanent tsb**) and Irish Life Assurance plc are regulated by the Financial Regulator. Irish Life & Permanent plc. is a tied insurance agent for Irish Life Assurance plc. All information is correct as at 10/9/2007.

Warning: The cost of your monthly repayment may increase — if you do not keep up your repayments you may lose your home. You may have to pay charges if you pay off a fixed rate loan early. **Interest Only:** The entire amount that you have borrowed will still be outstanding at the end of the interest-only period.



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