The Foreign National's Guide to Irish Mortgages

Ireland offers attractive opportunities and scenery, so it's no surprise that individuals from all over the world come here with hopes of establishing roots and buying a home.

Navigating the mortgage market as a foreign national may seem difficult, that's why we have created this guide – to help foreign nationals understand the Irish mortgage market and navigate the mortgage application process.

1. Can foreign nationals get a mortgage in Ireland?

The simple answer is 'yes'. If you are legally resident in Ireland, subject to certain criteria, you are eligible to get a mortgage in Ireland. This applies to EU/EEA citizens, as well as non-EU/EEA citizens with a **Stamp 1, Stamp 1G or Stamp 4.**

Depending on the specific criteria of a lender, other than demonstrating affordability, you will generally be required to satisfy the lender than you have been residing and working in Ireland for a minimum period (e.g., 1 year).

2. Which mortgages are available in Ireland?

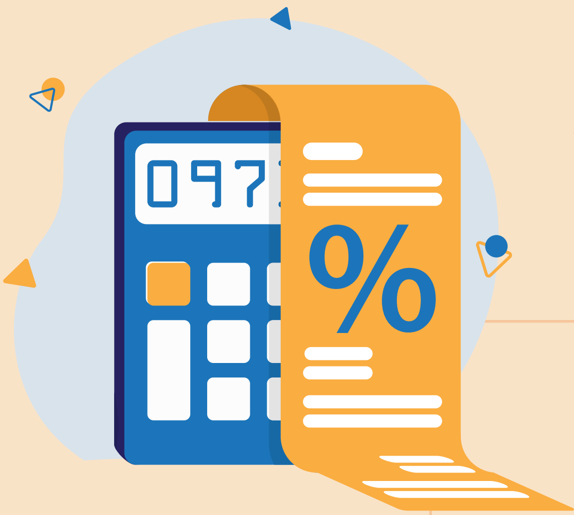
There are many mortgage products on offer so we recommend that you become familiar with the different types of mortgages available and how they work.

The mortgage products available differ for buyers depending on their specific property journey. For example, the products available to first-time buyers may differ from those available to a mover or someone who is purchasing an investment property.

The most common mortgage product is the repayment mortgage. Lenders work out how much you need to repay each month to pay off the mortgage by the end of the term. Your monthly repayments will be made up of:

- An interest payment on the loan, and
- A capital repayment paid off the balance.

Initially, most of your repayments will go towards paying the interest but as the capital amount reduces, the interest portion goes down and more goes towards paying off the capital amount.



3. Which interest rates apply?

When choosing a mortgage, the interest rate is a key factor as it plays a significant part in how much you pay to a lender each month, and in total, over the duration of the mortgage.
There are two main types of mortgage interest rates available, i.e., ***variable rates*** and ***fixed rates***.

Variable rates

- Can increase and decrease during the mortgage term.
- Offer flexibility and may allow you to pay extra off your mortgage, extend the term or top it up without having to pay a penalty.
- Unfortunately, when the interest rate increases (as it often does), so too do your repayment amounts.

Fixed rates

- Monthly repayments are fixed over a set period of time.
- Offer certainty because you know exactly how much your monthly repayments are and they will not increase with interest rates.
- Unfortunately, you will not benefit from a decrease in the interest rate throughout the duration of your mortgage. Further, if you want to break out of a fixed rate, e.g., if you decide to switch lenders during the fixed rate period, you may have to pay a penalty fee.
- There are flexible overpayment options available.

4. How much can you borrow?

The Central Bank of Ireland has mortgage measures in place, setting limits on the amount of money lenders can lend to you, using ***Loan-to-Value (LTV) limits*** and ***Loan to Income (LTI) limits***.

- ***LTV*** limits mean that you need to have a certain deposit amount before you can get a mortgage. These limits will depend on whether you're a first-time buyer e.g. 90%, a second and subsequent buyer e.g. 80%, or an investment property buyer e.g. 75%.

- ***LTI*** limits restrict the amount you can borrow on the basis of your gross income. This limit does not apply to borrowers in respect of investment properties or switching your mortgage.

We recommend that you get fluent in mortgage terminology so that you know what lenders are actually talking about. Our mortgage glossary guide simplifies mortgage jargon that you will encounter throughout your mortgage journey.

5. Entering the mortgage market

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a) Mortgage Calculators

When entering the mortgage market, the best starting point is a mortgage calculator. We have created a mortgage calculator especially for foreign nationals, giving you a clear understanding of what is available to you on the market.

The mortgage calculator is simple to use and requires certain information such as application type, stamp type, duration of residence in Ireland, visa end date.

Once you have input the required information, a summary of the products available to you will be provided and you will have the option of getting in touch with our team for assistance with your mortgage application.

b) Mortgage-readiness

An essential part of your mortgage journey is getting mortgage-ready before of applying for your mortgage. You should ensure that you can give the lender a clear understanding of who you are and what you can afford.

Mortgage-readiness is all about diligently organising your finances and ensuring that you have all the necessary paperwork ready for your application.

- ***Organise your finances***

It is important to organise your finances because your financial circumstances are a key factor in a lender's assessment to approve your application.

A good way of doing this is by working out a detailed budget to ascertain how much income you receive and how much your expenses are.

Once you have worked out your budget, you can start clearing debt and saving for your deposit! Our team can help you with an assessment of your finances and how to demonstrate to lenders that you have good financial habits.

- ***Get you paperwork ready***

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The paperwork required by lenders may differ, so our team will advise you of the exact documents you need to submit with your application.

As a rule of thumb, it is important to keep records proving your legal residence in Ireland, as well as diligent financial records.

Generally, the following will be requested:

• Copies of your identification documents (such as a national ID or passport)
• Proof of legal residence in Ireland (such as a copy of your stamp/permit)
• Documents to prove your creditworthiness (such as a credit check, bank statements, proof of income)
• Documents to prove your affordability (such as household cash flow statements, utility bills, bank statements indicating that you can afford mortgage repayments).

Once you get mortgage approval, you will have to provide further paperwork such as a property valuation and survey. These additional documents will be explained to you in detail by our mortgage specialists.

c) Mortgage fees

As you are going through the mortgage application process, you will realise how important healthy savings habits are. You will have to save regularly towards your deposit and the associated fees you will have to pay.

The following are some of the fees are what you should be factoring into your savings:

• ***Stamp Duty*** – type of tax that you pay on the property you purchase. This tax is applicable to first- and second-time buyers.

• ***Solicitor's Fees*** – you will need to appoint a solicitor to manage the legal side of your property purchase. The solicitor will ensure that ownership in the property is transferred to you. Finding a trustworthy solicitor is made simpler by our team because we can recommend one for you.

• ***Valuation Fee*** – lenders require that a valuation is done on the property you will be purchasing. Generally, lenders will have their own valuer that they work with and they will organise this process, the cost of which will be for your account.

• ***Building Survey Report Fees*** – lenders sometimes require a structural report to identify any problems of a structural nature that the property might have. These reports can usually be required when purchasing a second-hand property.

• ***Insurance Fees*** – lenders will generally insist that you get mortgage protection insurance, which is a type of insurance that pays out the outstanding balance on your mortgage in the event of death. Lenders will also require you to take out home insurance, which insures the property and its contents in the event of unforeseen damage such as a fire or storm damage.

• ***There are no fees payable to Which Mortgage. We are paid by the lenders***.

Our team can recommend the best value suppliers to help you find everything you need.

Which mortgage is right for you?

As you explore the mortgage market; you will hear about many lenders but not all of them will have the mortgage that suits your needs and circumstances. That's where Which Mortgage comes in. We have partnered with some of the biggest lenders in Ireland and can help you identify one that offers the product you are looking for and will give you the best rate.
The following lenders offer mortgage options for EU/EEA and non-EU/EEA nationals in Ireland:

- AIB
- Bank of Ireland
- Finance Ireland
- ICS Mortgages
- Permanent TSB

Each lender offers mortgage products subject to specific criteria relating to factors such as type of residency, duration of residency, duration of employment. It is, therefore, best to use our mortgage calculator and contact our team to get details on the specific criteria applicable.

Buying a home is a big milestone, and when you are buying in a different country, it can seem challenging. That is why when you partner with us, you get local expertise and access into the mortgage market that will lead to making your homeownership dreams a reality.

Contact us today for a confidential, no-obligation chat and see how we can help you.