

Mortgages - COVID-19 Support FAQs

How might my existing mortgage approval be impacted?

Your existing mortgage approval – which is known as an Approval in Principle – is not affected by Covid-19. However, as you move to the next stages – a formal Letter of Offer followed by drawdown of the mortgage – you will likely be asked to confirm that your employment and income situation has not materially changed since you got your approval.

If your circumstances have changed, a review undertaken with your lender will help to determine whether or not you can still afford to make agreed regular mortgage repayments. This review is in your own interests.

Moreover, the Central Bank of Ireland's Consumer Protection Code requires lenders to ensure that borrowers can afford the loans they take out. Which is why your lender may ask you to provide additional documentation to demonstrate that you can afford the mortgage.

Can I get a time extension to my existing mortgage approval if needed?

Your lender may extend the period of your mortgage 'Approval in Principle' where your circumstances have not materially changed as a result of Covid-19. This will likely be for 3-6 months, but it may vary depending on the lender's assessment of an individual's circumstances.

However, if your circumstances have materially changed as a result of Covid-19, your lender may keep your application open on its system for a period of time; but this again may vary depending on the lender's assessment of an individual's circumstances.

After this period of time, the lender will undertake with you a review of your application which will likely include a request for you to provide an update on your employment and income situation.

If your Letter of Offer expires during the Covid-19 crisis and you are not seeking to progress your home purchase at this time, you can apply to your lender for a refresh of your approval when you require it. You will be asked at that point for an update on your employment and income situation.

Can I expect a delay to drawing down my approved mortgage?

Your lender will facilitate drawdown of your mortgage within its normal timeframe where all the standard requirements have been fulfilled and up-to-date documentation provided. However, some delay may occur due to factors beyond the lender's control: for example, the

ability of valuers to conduct a full inspection of a property or of legal practitioners to access everything that is required for them to complete all steps.

Is my existing mortgage approval at risk due to cessation of house building activity?

No. Your mortgage approval is ordinarily valid for 6 months – possibly longer with some lenders. Should you need more time due to a delay in house completion, your lender will work with you to facilitate this as much as possible.

If you have any concerns over a deposit you may have paid on a property, or any other aspects of the purchase contract, you should contact your solicitor.

Is there any impact on stage payments?

Lenders are continuing to process stage payments. However, if your circumstances have changed due to Covid-19 and you are seeking to progress a stage payment, you should contact your lender to see what can be done.

Can I apply for a new mortgage today?

Yes, all lenders remain open for applications for new mortgages for First Time Buyers, Mover Purchasers and those wishing to switch their existing mortgage.

Will I need to provide more information than usual because of Covid-19?

Lenders will continue to apply the usual credit and affordability assessments to help ensure that borrowers can afford the payments on the mortgage being sought. So, you will be asked to provide information in support of this, including evidence of your employment and income situation.

How long before I know if I have mortgage approval?

All lenders continue to operate the mortgage application and approval process as efficiently and effectively as current circumstances allow. On receipt of a fully-completed application and supporting documentation, a decision will be provided in a timely manner.

Will I lose the deposit that I've paid?

While lenders understand the frustrations that some borrowers may be experiencing because of COVID-19, it should be noted that how a deposit is dealt with in a property transaction is a matter for the solicitors involved.

The Law Society recommends (since June 2009) that a contract includes a special condition that the loan approval of the lender is in place at the date of completion of the contract and for an amount that will allow a purchaser to complete the purchase. If a contract includes this special condition, the purchaser can rely on it to ensure that he/she can proceed to complete the purchase. If the loan approval changes, a purchaser is entitled to a refund of the deposit, if this special condition had been included in the contract.