

# Ulster Bank Ireland DAC Reference to Mortgage Guidelines for Residential and Investment Lending

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**Please note: This document is a guide only. Compliance with these guidelines does not constitute an Approval/Agreement to Lend.**

**Ulster Bank Ireland DAC is regulated by the Central Bank of Ireland**

## 1. General points to note

Clients must be a minimum of 18 years of age

The facility must be redeemed on or before the Client's 70th birthday

Minimum mortgage term of 5 years (maximum age for application is 65)

Maximum mortgage term of 35 years available where the mortgage amount is < €500,000. Mortgage amounts >€500,000 are subject to a maximum term of 30 years

Evidence of Clients' pension scheme required where the term beyond the age of 65 is proposed

Maximum of 2 parties to any one mortgage application

Up to 80% LTV considered for Clients who do not have a permanent right of residence in the Republic of Ireland

Up to 75% finance on a 1 bedroom apartment

All Principal Private Residence mortgage applications are subject to the new mortgage regulations introduced by the Central Bank of Ireland on the 27 January 2015 in respect of Loan To Value and Loan to Income

Notwithstanding the following guidelines, all applications are subject to full Underwriting Approval by Ulster Bank Ireland DAC and satisfactory Credit Reference Checks

## 2. Product category

First Time Buyers

Second Time Buyers/Movers

Top-up/Equity Release (Existing Ulster Bank Customers)

Purchase and Renovate

Remortgage and Remortgage with Equity Release

Buy to Let Purchases

Self Build Applications

### 3. Employment

The following employment categories will be considered for mortgage purposes

<b>PAYE employment</b>	<ul style="list-style-type: none"><li>• Must demonstrate 6 months continuous employment at the point of application</li><li>• In the case of contract workers a copy of the contract is required</li><li>• Must not be on probation. Applicants who are on probation may be considered where; they were established in a his/her previous role and have recently moved employer but remain in the same line of employment</li><li>• Where an applicant has a second source of income, they must prove they have worked in this employment for 6 months prior to application. Normal documentation requirements apply</li></ul>
<b>Contract employment</b>	<ul style="list-style-type: none"><li>• Minimum of 12 months continuous employment</li><li>• Agency employment must also have a minimum of 12 months continuous employment</li></ul>
<b>Self employed</b>	<ul style="list-style-type: none"><li>• Includes all Sole Traders and Shareholders/Directors with a <math>\geq 20\%</math> shareholding or interest in a business</li><li>• Must have a minimum of two year self employed history</li><li>• Income must be verified by the below items<ul style="list-style-type: none"><li>– <b>Sole Traders – Two</b> Profit and Loss and Balance Sheet signed by the Accountant</li><li>– <b>Limited Companies/Partnerships – Two</b> years Certified and/or Audited accounts, signed by the Accountant and</li><li>– Corresponding <b>Two</b> years Notice of Assessment (also known as Chapter 4 and Form 11 from 2013)</li></ul></li><li>• In all of the above an <b>average of the most recent two</b> years net profit before tax (sole trade) or drawings (<math>\geq 20\%</math> shareholder) should be used from the two years provided</li></ul>

#### Notes

In all circumstances above employment must be considered sustainable in nature

In the instance of Self-employed, the Accounts should be certified by a professional body acceptable to Ulster Bank i.e.

- Institute of Chartered Accountants in Ireland ('ICAI')
- The Institute of Certified Public Accountants ('CPA')
- Association of Chartered Certified Accountants ('ACCA')
- Associate of Institute of Taxation of Ireland ('AITI') etc.

Self employed applicants **must** also provide corresponding Business Bank Statements to support the application

Where the latest accounts are more than 18 months old, confirmation of the trading performance in the intervening period should be obtained from the Company Accountant/Auditor

If the Sales figure, net profit figure and or capital account figure has increased and/or decreased by +/- 20% from one year to the next, then a detailed explanation should be sought from the Company Accountant/Auditor

**NB:** The reason for a significant variance in income should be noted on file. Due consideration should be given as to where it is prudent to use an average figure or whether it is more appropriate to use the lower figure evident. Consideration must be given and substantiated as to the long term viability of the higher figure being utilised in the assessment

All other queries on Self Employed Applicants should be directed to your Relationship Manager prior to submission

## 4. Acceptable income

The below Acceptable Income Sources table details income that may be received by the Applicant and how it can be included in the affordability calculation.

Income description	Main income	Additional income	Notes: (Additional guidance on incomes & supporting evidence when income verification is required)	
			Non UB Current Account Holder	UB/Current Account Holder
Basic net salary	Yes	–	<b>Mortgages</b> Last 3 months consecutive bank statements to check for arrears, unpaid items or penalty charges. Appropriate number of payslips, according to frequency of salary, required to confirm basic salary. The payslips must show consistent payments in line with basic quoted.	
				<b>Mortgages</b> Examine the last 3 months of the customers account for arrears, unpaid items or penalty charges. Appropriate number of payslips, according to frequency of salary, required to confirm basic salary. The payslips must show consistent payments in line with basic quoted.
			<b>Allowable for Mortgage LTI calculation only.</b> The following rules should be followed: <ul style="list-style-type: none"> <li>• Full amount of bonus can be included as part of the income calculation, up to a maximum of 20% of basic salary, capped at 3.5 times multiple</li> <li>• Bonus should be in receipt for a minimum of the previous 2 years</li> <li>• The average of the last two years bonus should be used</li> </ul> Evidenced by a bonus grant letter or other confirmation from employed	
Bonus payments	No	Yes	<ul style="list-style-type: none"> <li>• Acceptable when paid for living expenses but not when paid for fees</li> </ul>	
Bursaries from employers	Yes	–	May only be considered if the applicant can prove the income will be received for the term of the loan.	
Acting up allowance	No	No	Paid over a regular period can be included in income multiples. Evidence should be obtained from payslips, P60, account profile etc. as detailed under Basic Net salary section above. Additional payslips may be required.	
Car allowance	Yes	–	Received for 12 months.	
Contractor income	Yes	–	Not acceptable.	
Expenses	–	–	Evidence required.	
Housing allowance from employer	Yes	–	Paid over a regular period. Evidence should be obtained from payslips, P60, account profile etc as detailed under Basic Net salary section above. Additional payslips may be required.	
Long term large town allowance	Yes	–	Include up to 50% of the average figure over the last 3 months (payment should be evident and consistent on a monthly or weekly basis over the 3 month period). Evidence should be obtained from payslips, P60, account profile etc. as detailed under the 'Basic Net Salary' requirements. Additional payslips may be required. Where there is a significant variance in the overtime figures during this period use the lowest overtime figure to calculate the monthly average, and take 50%.	

Income description	Main income	Additional income	Notes: (Additional guidance on incomes & supporting evidence when income verification is required)	
			Non UB Current Account Holder	UB/Current Account Holder
Overtime/ Shift allowance/ Commission	Yes	–	Minimum 6 months.	
Second job	Yes	–	Income paid through a temporary agency must be demonstrated through a minimum of 12 months previous employment. A history of employment should be continuous.	
Temp agency income	Yes	–		

### Notes

The above information is provided for guidance and is subject to underwriter discretion

In certain circumstances Ulster Bank may consider certain Benefits and/or other types of income received by the Applicant as allowable income. Such situations should be discussed with your Relationship Manager prior to submitting the application

Where it is proposed to non basic income; the income must be evident in each of the following payslips provided by the Applicant(s)

- 13 payslips where income is received weekly
- 6 payslips where income is received fortnightly
- 3 payslips where income is received monthly/4 weekly

Where non basic income is consistent in each payslip, Ulster Bank may consider up to 50% of the non basic income be utilised in the income assessment

## 5. Evidence of affordability

Applicants must demonstrate repayment capacity for a minimum of 50% of the proposed stressed repayment. The stressed repayment is calculated by the applicable flexible variable rate + 2% stress testing. The following may be used to demonstrate affordability.

Existing mortgage repayments (which cease on draw down of the new facility)

Existing loan, leasing and/or hire purchase repayments (which cease on draw down of the new facility)

Payment of monthly rent evidenced in Bank Statements for a continuous 3 month period

Build up in savings evidenced in Bank Statements for a continuous 3 month period

### Points to consider:

<b>Account conduct</b>	<ul style="list-style-type: none"><li>• All Bank Accounts and Credit Card/Savings Statements are reviewed to ensure the client is conducting their financial affairs in a satisfactory manner</li><li>• Current Accounts should not feature unpaid items/referral fees and should always operate within approved limits. Multiple transactions to Gambling Houses should be reviewed by your Relationship Manager prior to submission</li><li>• Where an approved overdraft is in place, the average of the most recent three months overdrawn amounts are factored into an ongoing financial commitment at 5% of the average overdrawn balance in the financial commitments section</li><li>• Credit Cards should not feature late/over due payments or cash advance fees. Balances should be cleared monthly otherwise 5% of the carrying balance should be factored into the assessment on the calculator in the financial commitments section</li></ul>
<b>Salary/Commitments</b>	<ul style="list-style-type: none"><li>• Bank Accounts should reflect the net salary being mandated to the Clients' account on a monthly/fortnightly or weekly basis in accordance with the payment frequency</li><li>• Financial Commitments should be included in the calculations and also clearly evidenced in Bank Statements. These commitments should include but not be limited to Loan/Mortgage repayments, payment of rent, Life/Buildings Insurance payments, Pension Contributions where not deducted at source, Crèche fees and School fees etc.</li></ul>
<b>Savings/Affordability track record</b>	<ul style="list-style-type: none"><li>• Regular savings are deemed a more reliable evidence of savings compared to irregular savings</li><li>• A minimum of 3 months continuous savings record is required. Where the track record of savings is in question and/or is not in keeping with the Clients' profile for the required <b>Evidence of Contribution</b> then Ulster Bank may require additional statements/evidence to be provided</li><li>• Where multiple accounts are held, depletion/reduction in account balances should be off-set against the proposed build in savings being utilised for affordability</li></ul>

## 6. Evidence of contribution

The Bank requires evidence of the source of any equity contributions by the Applicants, to prove that the contribution is from an un-borrowed source. The evidence provided could be documentation relating to savings, the sale or maturity of assets such as property, shares or a life policy, or a gift. The level of the documentation required depends on the amount and source of the equity contribution. The below are typical examples of documentation that should be provided at application stage

<b>Regular savings</b>	<ul style="list-style-type: none"><li>• Bank Statements on file should confirm the applicants contribution</li><li>• A detailed explanation should be provided for any large or out of course lodgements</li><li>• Future savings will only be included in exceptional circumstances where a defined track record of savings is evidenced</li></ul>
<b>Lump sum deposits</b>	<ul style="list-style-type: none"><li>• An explanation should be provided for any lump sum deposits. The funds should be in keeping with the Applicant's profile</li></ul>
<b>Gift</b>	<ul style="list-style-type: none"><li>• The person making the gift must complete a Deed of Waiver confirming the gift is a non-repayable and also postponing their interest in the property</li></ul>
<b>Sale of shares</b>	<ul style="list-style-type: none"><li>• Evidence of shares in the form of a Share Certificate and a Contract Note and evidence of the sale proceeds in the Applicant's bank account</li></ul>
<b>Sale of property</b>	<ul style="list-style-type: none"><li>• Solicitors Letter confirming the funds are from the sale of property and the funds must be evidenced in the Applicant's account</li><li>• Where the Banks approval is conditional on the sale of another property then the Solicitor must confirm that there is an unconditional and binding contract in place for the sale of (address of the property) for the sum of €xxxxxx</li></ul>

### Notes

Ulster Bank does not have an appetite for "no deposit" lending i.e. where a developer is offering/providing a deposit and/or the deposit is being offered by way of a unsecured borrowings. The Applicant should hold the appropriate deposit at the time of application

The equity contributions should take into consideration and provide for the stamp duty and legal fee outlay

All above documentation is subject to approval from an Underwriter. Where the evidence provided is not satisfactory and/or not in keeping with the profile of the Applicant additional information/documentation may be required

Where the equity contribution is from a source not listed above, please refer to you Relationship Manager for guidance

## 7. Documentation requirements

<b>Application form</b>	<ul style="list-style-type: none"> <li>• Must be fully completed and signed on all sections</li> <li>• Broker Declaration must be full signed and completed</li> </ul>
<b>Income</b>	<p><b>PAYE</b></p> <ul style="list-style-type: none"> <li>• Most recent original 3 payslips required as follows</li> <li>• Most recent P60</li> <li>• P45 where the Applicant has recently changed employment and</li> <li>• Full contract of employment where clients are in contract/non-permanent employment</li> </ul> <p><b>Self Employed/Proprietary Director</b></p> <ul style="list-style-type: none"> <li>• Most recent 2 years Audited Accounts where a Limited Company Exists. Profit/Loss and Balance Sheet should be provided for Sole Traders. In both instances the most recent two years Form 11 and Chapter 4 must be provided</li> </ul>
<b>Bank statements/ Savings statements</b>	<ul style="list-style-type: none"> <li>• Three months original continuous Bank Statements. The statements must evidence the Applicants name and address and should be no more than 8 weeks old at the time of submission. Internet print outs should not be utilised</li> </ul>
<b>Credit card statements</b>	<ul style="list-style-type: none"> <li>• Most recent Credit Card Statement to be provided no more than 40 days old at the time of submission</li> </ul>
<b>Loan statements</b>	<ul style="list-style-type: none"> <li>• Up to date Statements should be provided for all loans held by the Applicant (e.g. Mortgage Statements, Personal/Hire Purchase Loans, Credit Union Loans etc.)</li> </ul>
<b>Identification</b>	<ul style="list-style-type: none"> <li>• One certified copy of original photographic ID for each applicant (passport/driver's licence)</li> </ul>
<b>Address verification</b>	<ul style="list-style-type: none"> <li>• Two certified copies of original Utility Bills or Bank Statements required for each applicant dated within the last 6 months</li> </ul>
<b>Self build applications</b>	<ul style="list-style-type: none"> <li>• Copy of Land Registry Folio Map</li> <li>• House Plans and Specifications</li> <li>• Copy of Grant of Planning Permission</li> <li>• Detailed Costings</li> <li>• Supervising Architect/Engineer's PI Cover and Supervision Letters</li> </ul>

### Notes

Approval in Principle Letters are valid for 6 months subject to receiving up to date Bank Statements and Income verification after 3 months. After 6 months a full new application must be submitted

Offer Letters are valid for 90 days in respect of second hand properties and 180 days in respect of New Build and Self Build properties

Where the Applicants are proposing to carry out works, detailed estimates must be provided at application stage

## 8. Buy to let/Investment lending

Maximum term of 25 years to age 70 where satisfactory evidence of the Applicant's contributions to a pension scheme has been provided. If the Applicant fails to provide satisfactory evidence of his/her contributions to a pension scheme the term will be restricted to age 65

Applications will be accepted from Applicants who satisfy the requirements out in Sections 1–7 above

Ulster Bank will consider financing up to a maximum of 3 properties with a total portfolio not exceeding 5 properties (excluding the main family residence)

The total Ulster Bank portfolio must not exceed €1million, excluding the main family residence

The subject property must have a minimum value of €85,000

A maximum LTV of 70% will be considered for properties located in

- Dublin City and surrounding commuter towns within a 30 mile radius
- Cork City only
- Galway City only
- Limerick City only

All other locations will be considered at a maximum LTV of 50%

## 9. Self builds

Applications will be accepted from Applicants who satisfy the requirements out in Sections 1–7 above

Self Build applications are only considered for the purpose of building a main family residence

The property must be completed within 12 months of the initial stage draw down

A contingency of 15% for over-runs should be included

Additional documentation requirements will include

- Copy of Land Registry Folio Map
- Plans and Specifications
- Copy of Grant of Planning Permission
- Detailed Costings for works to be completed on the Ulster Bank Template
- Costings must be verified and works must be supervised by a suitably qualified Architect/Engineer
- Supervising Architect/Engineer's Professional Indemnity Insurance