Consumer and Individual Submissions to CP87

CP87.C1	This is absolutely fantastic news for landlords who can now charge whatever rent they want because the vast majority of mortgage applications would not have 20% saved. By increasing the rents it will make it impossible for people to save & it could ultimately result in people eating into their savings to survive. Banks are already very prudent with their lending & the reason for prices increasing is the lack of houses. This is an absolute disaster of decision. Any chance of me purchasing a property are now gone.
CP87.C2	Would you not think by reducing the amount people can borrow rather than increasing the deposit would have the same desired affect. If people cannot borrow the desired amount then prices wont increase.
CP87.C3	I want to express my concerns at the proposed requirements for Mortgage Lending. Throughout my career I have worked in Financial services, specifically within Mortgage Arrears in response to MARS. I have a good understanding of the topic, more than most. While I can understand the fear of slipping into another property price escalation I strongly feel that this is the wrong way to do so. I make a relatively good salary yet I am years (minimum 5, probably more) away from having enough savings together for deposit on a property in Dublin. By increasing this 20% LTV requirement you are pushing this even further away from me. I also think is an incredibly short sighted plan, property developers are likely to make the most out of this situation. They will be the ones with the required capital to swoop in on properties with the aim of renting. This will in turn drive rental prices up even higher and push the ability to save for a house deposit even further into the future. I urge you to rethink this proposal – think more than 1-2 years away. This is likely to push whatever remaining young workers you have left in Ireland to move abroad.
CP87.C4	Those rules are clearly against new buyers. The houses price wont slow down, as predicted as most new houses built would be bought by the business which can afford to pay house price by cash or to pay 30% deposit. The 20% deposit would be out of range for the most new buyers. Moreover the renting price probably will react with even bigger increase as this is not regulated by new rules. Those tools are powerful to regulate the market, but they will kill market not cool off. Example:

	I am First buyers. My salary is 35k and my wife has 30k. Now we would be ably to get mortgage about 270k. With 30k deposit we are able to buy house for about 300k. This is normal price now for 3 bedroom house outside of Dublin (or in bad area of Dublin). The current rent we pay is 1250 for small to bedroom apartment in city centre (no I dont want to leave in Tallaght or Blancherdstown). We pay 1000 for creche and saving 500-1000 a month. So we are able to pay at least 1750 euro a month, where at present if we would get max mortgage for 30 years we would have to pay about 1400 a month. With new rules I will never be able to buy house because by the time I will save for the deposit I will be to old to get full mortgage. Please correct me where I am wrong...
CP87.C5	With regards to CP87, I was glad to see that the document provides guidance on mortgage holders in negative equity who now want to move for whatever reason. It is clear from the document that the CBoI wants to create a market where they are not unduly disadvantaged or burdened. However, I feel that the wording in the document should be strengthened to ensure mortgage providers are prevented from charging anything more than an administration fee. In the current market, lenders are increasing the interest rate charged on the original mortgage amount. This happens whether the mortgage holder is increasing the principal or not. In these scenarios an administration fee would be expected but as the bank is not renegotiating the original loan with a 3rd party it is unfair to change the terms and rate of the original loan. Given the unwillingness of residential mortgage lenders to take on mortgages with a negative equity portion from another lender this is a segment of the market where the consumer is tied to one provider. In this dysfunctional market where consumers do not have the power to choose, CBoI guidance and monitoring to ensure that customers are being dealt with inline with the spirit of CP87 is essential. Further language should be added to the document to address this.
CP87.C6	I am very concerned about the new measures which were recently published by the Bank in relation to the mortgage lending. Eleven years ago, I purchased a property through the Affordable Housing Scheme. I am now trying to move to a private house, to better myself. My partner is a Civil Servant and we are both on moderate salaries. We have been looking to buy a house for some time now but unfortunately we are being out-bid by cash buyers. We have resorted to looking outside of Dublin, due to the rising property prices in the capital. If I sell my affordable home, I am bound by certain restrictions which means that any ‘profit’ (if any) on the sale of my property will be clawed back by Fingal County Council. It limits the level of funds we can put towards a deposit for a private home.

	As an example, if we apply for a 3 bedroom house in Maynooth for €300,000, we would need to raise a deposit of €60,000 (20%) which is close to our combined annual salary. I feel the new measures are out of touch with ordinary people like myself and my partner. How will we afford to raise a deposit of this level?
CP87.C7	To whom it may concern I am writing to convey my dissatisfaction at the absurd new proposals of needing a 20% deposit to get a mortgage as of next year. My wife and I have close to a 10% mortgage saved and we wanted to save over a 10% mortgage with the hope to buying in a year or two. However now to even buy a 250k 3 bed house in Dublin we will need a deposit of 50k which will be close to impossible to save for given the fact that the rental market in Dublin is crazy at the moment, and is now even going to get crazier with these new proposals. My wife and I are on an annual income of 125k but even on this we will struggle to buy anything until we are nearly 40 due to these ridiculous proposals. The rich are only going to get richer. A 15% deposit and 3 times your annual income would be a much better idea. Give the youth a chance. We already have to pay for the sins of our fathers.
CP87.C8	Regarding your consultation on macro-prudential policy measures for residential mortgages: As someone who is currently renting and looking to buy their first house, **I welcome the new measures**. I have watched aghast as prices have risen very dramatically and we have been outbid by tens of thousands of euro on modest houses on the edge of Dublin. It was also concerning that one of the banks we approached about a mortgage offered us far more than we consider to be reasonable, desirable or sustainable if interest rates rise or our income falls. Your new measures will, I hope, calm the bidding wars we have witnessed in recent times; spare us and others from an unduly burdensome mortgage; and leave us with more money left at the end of each month to spend on other things. If we have an extra 50 euro in our pocket each week we might save it, invest in our own small business or (most likely of all) go out to Sunday lunch in a local coffee shop or restaurant. I am motivated to write to you because I have heard some negative reactions from other first-time buyers. Most houses this year were bought by people who already meet the new rules so the sometimes-silent majority will welcome this in their own self-interest. The real majority in the country - people not interested in buying a house any time soon - should also welcome this measure as a means of protecting the national economy from the kind of shock that has been endured in recent times.

CP87.C9	Dear Sirs, We are currently in the process of buying a home which may not be closed before the end of the year. The price agreed on this home is €285,000. We have accumulated the 10% deposit of €28,500 which was not easy as we are currently renting and have 2 children. If we had to save another 10% this would be a total deposit requirement of €57,000. It would take us another 3 years to save this amount while we are all the time paying ever increasing rents. While I understand the LTI restrictions as that totally deals with affordability I do not agree with the LTV proposed regulations. This proposed legislation is primarily affecting individuals who do not have the support of a wealthy parent to provide this extra deposit. It is affecting young families like ours who have the income to cover the new proposed LTI ratio and have passed all the stress testing on the loan interest rates but cannot accumulate the double deposit requirements.as proposed. A 100% increase in this requirement is extreme. Please take time to consider families like ours and review this unfair measure.
CP87.C10	Sir, Just a line to congratulate you on some decent sensible policy making. Finally someone in Ireland acting for the greater good. Mortgage Loan to Value and Loan to Salary multiples make great sense in cooling a runaway market. This will hopefully go some way to cooling the ridiculous increases in the property market at a they should have just been stablising from 2012 at a fair and reasonable value rather climbing exponentially yet again. Don't mind the complete fools who are against it as they are just that or a vested interest.
CP87.C11	With over thirty years experience in the mortgage business I strongly believe that the proposal to generally restrict lending on principal residences to 80% is a mistake . It is rare (probably less than 10%) that first time buyers require less than 90% and that has been the case since the mid 1960's. 90% mortgages did not contribute to the property bubble, 100% mortgages did. Reducing mortgages to 80% will reduce demand and adversely affect the building industry which needs boosting. The measure benefits investors over buyers.

	This is too late for banks resilience. They are not lending sufficiently as it is. Mortgage lending this year might reach €3.5b. For an economy our size it should be around €10b Limiting to 3.5 times income is good. This will take care of the problem without the 80% limit. Finally, this is a measure the Central Bank will be withdrawing very soon, I believe.
CP87.C12	My wife and myself purchased our modest home 4 months ago for 330000 I earn 45k and my wife is also earns 45k per annum, living at home was not an option for us as we're both the eldest in our family's. We rented a room in shared accommodation and saved for nearly 3 years to get the deposit of 10%, thankfully with some donations from our parents too, we had to save really hard and sacrifice our social life to scrape the deposit of 10% plus the fees associated with a house purchase. I'd also like to point that neither of us had any addition loans or credit cards. I do understand that something has to be done to stem the rapidly rising Dublin house market, but I don't believe that requiring young first time buyers to save 20% plus fees is the answer, when we were in the market for our home a 20% deposit would have been 66k plus fees!! we'd still be renting. I do believe that lending a person or couple 3 or 3.5 times their salary is the fair way forward, this puts everyone on a even playing field, or taking rents receipts as a indication of moneys saved along with savings is reasonable. By placing a mandatory 20% deposit you're removing too many variables from the lending, banks will no longer be able to take rental paid as and indication of a persons ability to repay their loan. Thankfully we have our home, we are no longer in the market for mortgage but the memories of the sacrifice of saving and purchasing are not far behind us, saving a 20% deposit for a home that would allow us to live close to our families would have been impossible. Please consider people on average wages, who shouldn't have to ask their parents to re-mortgage their homes to help with 20% deposits, who don't want to live in an apartment or buy a home miles from their families!
CP87.C13	This mail is in response to the recent press release titled 'Central Bank publishes new macro-prudential measures for mortgage lending' - 7 October 2014 on the Central Bank website. http://www.centralbank.ie/press-area/press-releases/Pages/CentralBankpublishesnewmacro-prudentialmeasuresformortgagelending.aspx I would like to express my shock and disagreement with this proposal which

	has been backed up by multiple colleagues and friends who feel the same and are equally affected. I am a 25 year old financial services employee who recently began the process of saving for a mortgage deposit, original plan entailing a years worth of heavy saving until late 2015 at which point an application to borrow would be made. These new restrictions would now mean an additional saving period of 1.5 years, that is on the false assumption that current house prices will remain the same so in reality the additional saving period would equate to almost 2 - 2.5 years more than what was originally planned. This is itself is a major set back for any young person currently working towards a mortgage and will hugely halt progression in peoples lives on a massive scale across the country. Further to the LTV ratio restrictions, the 'Loan to Income' ratios will have even more of an impact. It may be somewhat feasible to accept the additional savings period to achieve the desired mortgage amount, however the LTI ratio restrictions render a mortgage application for a single person almost useless until they have reached peak salary payments. 3.5 times the average salary is not enough to purchase a property. If I were to wait until my salary reached this requirement I would most likely be in my mid-thirties - how is this acceptable? I have moved back home for the next year in order to avoid high rental costs and be able to save, this is a short term solution to assist with saving. If I will not be buying my own property until I am in my thirties I will need to rent again, this unfortunately hinders saving almost completely as current rental costs are almost as high as the mortgage repayments themselves. It is the current view that a person of my age/income undertaking saving for a mortgage is a sensible move towards a good investment. What historically has been a good decision in life has now switched to being a foolish unrealistic decision. The Central Bank of Ireland is now making it impossible for a young person in this country to progress, there must be alternative means to ensure borrowers and lenders are protected from potential economical crashes? I implore the Central Bank of Ireland to revise these restrictions and take into consideration real life scenarios and not just high level security and protection tactics for the economy, as necessary as these things are they can't always blanket peoples lives. Thank you for taking the time to read the above, I very much hope to read a further press release in the near future with revised measures being looked at.
CP87.C14	As an 'average' taxpayer and mortgage holder, I wish to note my objections to the proposed regulations in Consultation Paper 87. I bought an apartment in 2003. As my family started to grow we were forced to become 'amateur' landlords as part of a deal done with the bank to purchase a modest house in South Dublin, essentially being forced to hold onto the apartment bought in 2003 (although I am not suggesting that the bank in question was to blame for the situation we find ourselves in). Unfortunately we was not one of the 'lucky' ones who managed to secure a tracker, and so since

	2009 we have been on a variable mortgage for both the apartment and the house. My wife and I are both lucky enough to be in reasonable jobs with reasonable but modest incomes. We have spent the last 5 years struggling to balance our finances, subsidising the apartment morgage to the tune of circa €600 each month. After 5 years of this situation, we finally find ourselves in the situation where we may be able to sell the apartment and settle the mortgage, thus allowing us to free up monthly income to start saving again, give the kids the odd treat, etc. I acknowledge that the proposed measures are prudent and they should have been in place decades ago (is this a failing on your behalf as regulator?), but introducing them at a point where the economy has just started to recover is risky, to say the least, and any such introduction shound be done in a gradual manner. Giving the general public three months notice on something which affects significant life decisions in simply not acceptable. If you think it is, I would suggest that you as the Regulator are fundamentally disconenected from the plight the average mortgaged individual finds themselves in. Can I suggest that the regulations are introduced, but that the levels (80% LTV, 3.5times income) start at a significantly higher level (e.g. 90% LTV, 5 times income) and are reduced over a number of years, the timeframe of which is laid out well in advance (i.e. years). If this is done, it will allow the industry and those most affected by it (the taxpayers and mortgage holders) to plan for the future and do whatever preparation (e.g. saving) will be required in order to comply with the new rules. It will provide stability in terms of the regulatory market and allow the market users to plan in advance, and will also avoid having a 'shock' type effect on the fragile but recovering economy. On a final note, If you wally want to assist the average mortgage holder, focus your attention on the practice where the banks are penalising the Variable rate mortgage holders and essentially making supernormal profits in order to subsidise their tracker mortgages. Feel free to contact me on this issue should you wish to discuss further.
CP87.C15	I am an Irish citizen, resident in the state, and currently looking to buy a home with my partner in the Dublin area. Thank you for proposing these mortgage limits, as per Paper 87. Having witnessed recently the irrational surges in the Dublin property market, I am glad that some restraint is being put on lending institutions. As giving out excess credit was, I feel, artificially inflating the market to totally unsustainable levels, and creating another property bubble. I know that there will be huge pressure on you as an institution to row-back on these measures before January 2015. Please do not.

	There is a whole generation of first-time buyers out here, like myself & my partner, who do not want to be massively indebted like the recent generation due to a property bubble, by simply putting a roof over our heads. Buying a house needs to be changed from a speculative purchase of an asset with very little accumulated deposit required, to buying a home. Your measures in Paper 87, I feel, will help to achieve this over the coming years. Please hold the line where you have drawn it. There are a lot of people depending on you.
CP87.C16	Firstly well done in proposing new rules in how much people can borrow for mortgages. I myself have many friends , who borrowed 6-7 times their salary in the boom, this lending has really hurt them. On the other hand, I am looking at buying my first place and I think these rules will definitely help as they should reduce the amount of borrowing I have to do and as a consequence interest rates. It has been notable that many economists (Alan Ahern, David McWilliams etc have been supportive of these proposed rules but national papers like the Independent, Irish Times who make money off large property supplements haven't .... Lastly I know speaking to friends who haven't bought houses yet, that they support the proposals , so please proceed in implementing the new rules.
CP87.C17	I recently read Consultation Paper CP87, and noted public feedback was encouraged. I believe implementing the maximum LtV threshold of 80% for 85% of new mortgage lending will have a serious knock-on effect to the rental market. The requirement for a 20% deposit will remove a huge number of potential buyers from the market, increasing the demand for rented accommodation. Increased rental costs would then reduce potential buyers capacity to save, creating a vicious circle. In my opinion, two changes should be made to the control. Firstly, while strict control should be in place on lending above 90% LtV, more than 15% of new lending should be allowable at the 90% mark. Secondly, this should be phased rather than just landed on 1st Jan 2015; people who have saved 10% deposits with a view to buying in 2015 should still be afforded that opportunity, with the knowledge that stricter policy is coming down the tracks in 2 or 3 years. Simply dropping the policy as written into place in less than 3 months time would be, in my opinion, grossly unfair to those people who have saved to raise the 10% deposit, only to see the goalposts move
CP87.C18	I agree with the proposals outlined in this paper. Keep up the good work.
CP87.C19	I wish to object to the new mortgage rule that most house buyers will have to have a 20 per cent deposit when applying for a home loan. As an expectant mother with a mortgage it will be impossible for me to save

	sufficient fund while paying said mortgage and childcare. It is simply excessive.
CP87.C20	While I understand the need to control mortgage lending so we don't revert back to a 2008 crisis, I can't help fear that the new rules will impact very negatively on first time buyers and as a result the apartment market will largely be at risk. How realistic will it be for a young single person to earn a gross income of €45,000 per annum (which nets at about €32,400) and have a deposit of €40,000 saved...just to buy an apartment worth €200,000. Typically, when people have this level of income and savings, they are in their thirties and looking for a 3 or 4 bedroom house to start a family. I don't think these regulations are reflecting the average incomes in Ireland. While I am not an Economist, the OECD recommendations appear much more realistic.
CP87.C21	I welcome the new restictions on mortgage lending. Also, it's a welcome departure to see regualtors regulating after an era of of 'light touch'. Perhaps, the Central Bank would investigate the substantial profitering by banks on the backs of SVR mortgage holders?
CP87.C22	Please consider my below comments in relation to the proposed new mortgage lending regulations; • Please release more detailed information on the actual impact of your proposal. In the absence of clear and concise information you have created panic, ambiguity and ruined what should be an important but enjoyable experience for first time buyers – was that your intention or is that you don't have anyone that can manage TCM in the Central Bank? What happens if I have an Approval in Principle letter? Should I rush to try to buy a house before the end of the year, else, I won't be able to afford anything once these regulations pass? Or do we wait and wait, and hold off on moving forward with our lives in Ireland while the policy makers, who are likely not impacted by this regulation in any way, limp through an instrument that seeks to protect banking institutions at the expense of the people? Neither my partner nor I have rich mummies and daddies, even if we did we wouldn't accept a handout, would it be your recommendation that we try to find someone older than us who has bought their house already? • The formulation of your strategy is no doubt grounded in sound empirical data and supported through diligent academic research. However, from the perspective of the people who will be impacted by this strategy i.e. my partner and I (30&27 years old respectively, with

medium private sector incomes) the execution of this strategy leaves an already economically marginalized portion of the population in a further state of arrested development. Based on current house prices, stagnant private sector wages, 52% overall taxation rate and a privatized public utilities program how can you deem a minimum 20% deposit rate a realistic target for anyone? Also, 3.5x income is unlikely to get us anything in our desired location, should we curtail our dreams because you have made mistakes in the past? Should we maybe look for a 1 bed apartment in the rural midlands, knowing full well that we will grow out of it very shortly and be left without options and in the rural midlands!

- Your proposal is calling for Gen Y + to continue to be punished for the potent mix of greed and ineptitude displayed by the generation before me. You cannot spin it any other way. You seek to protect yourselves from future fiscal or banking crises through this instrument, not taking into consideration that many people in my generation do not share your generational values of greed, self-involvement and one-upmanship. What do think, if anything, is aspirational about the baby boomer or the Gen X populace that caused these issues in the first place?

- You don't want to control housing prices, but you will impact the demand side of the equation through the reduction of credit, thus forcing the supply side of the equation to react to the demand. So in effect you are impacting the opportunity for property developers to make profit. My interpretation would be that this would therefore be a less lucrative business, property developers will reduce their supply and therefore first time buyers will be forced to compete for a smaller pool of properties driving them to a place where it becomes a "who you know" type of a business model and all negotiation power returns to the seller side. Please don't construe this as any type of empathy with property developers.

- Your regulation may unintentionally be very damaging to Ireland's competitiveness as measured through available skilled/experienced talent. If my generation cannot buy our houses, what do you propose is the anchor that keeps an upwardly mobile and hyper connected workforce here in Ireland? Perhaps we should look at employment opportunities in the Public sector where wages are ~48% more, where is work is mundanely easy with no threat of globalization, performance management or any type of competition.

- Essentially I am looking for 3 pieces of advice from you…1) Where do you propose we get the 20% required to secure a mortgage on a property valued @ €350k or above? I have euro millions ticket purchased –so that might help. 2) How do you propose I increase my private sector salary over night by €50k p.a and 3) What should all current and potential first time buyers do while the house prices potentially fall into line – should we just put our lives on hold for 2 more years or what do you think? You are bound to understand that

	you are directly impacting lives people right now or do we not matter in the grand scheme of things?
CP87.C23	Can you please add this to what I'm sure is an ever expanding list of complaints about the proposed new mortgage regulations. Someone needs to show some intelligence and produce a regulation which alters the ability of a lender to strangle a country's tax revenue, while facilitating the needs of the public effectively. This should not be a simple cleaver job, although that seems to be the only type this trigger happy government are capable of introducing. **Pressure developers to provide capital, not first time buyers.**
CP87.C24	I don't really know how to put this email but in essence if you introduce an increase in percentage from 90% to 80% deposit to purchase a home I may never have a home for my children, husband and I. My husband and I work hard, we studied hard, we save, we don't go out, we have 2 very young children who have depleted our savings to some extent, we are not a burden in any way to society. Yet, we are still being punished for the choices the generation before us made! Finally we have saved our 10% deposit to buy a house and literally in the same week you crush us and I really mean crush us that once again Ireland has turned it's back on us by announcing this deposit hike. We have two more months of straightening out our work and finances before we even apply for a mortgage and I think that it will run in to next year and that will inevitably put us in the predicament of then needing a 20% deposit. I then find out that an acquaintance and her partner who do not contribute anything to society received a house from the council!!!!!! Can you see the injustice in this, can you see what impression this gives to hard working people. Devastation and thinking still my husband and are still not doing enough. I plead and implore you, you announced this in October and want to implement this in January, wait a year. Give the people of Ireland a chance to give themselves a home. Don't spring this on us in such a short period of time. Think of the people behind your statistics. GIVE US ONE YEAR.
CP87.C25	I just want to tell you that you don't respect anybody by doing this.... May I ask how dare you changing rules so drastically and telling this to people around 40 days before? Don't you think people deserve more time?????
CP87.C26	Dear Sir/Madam,

	As a first-time-buyer, I'd like to voice my support for the new macro-prudential mortgage lending measures being proposed. Despite this meaning I need a larger deposit, I think it is essential that you hold the line on this and don't give in to the baying throng of estate agents, property-supplement-dependent newspapers and short-termist TDs who seem desperate to re-inflate another housing bubble. A simple line to take but I just hope it's realised that there is plenty of support out there for this.
CP87.C27	Hi, I am a 38 year old home owner with two children, affected by the property boom. Myself and my husband both work full time and save every penny so that one day we can move home to be closer to family and friends and have a shorter commute to work. Over the last two years as property price's within the desirable areas have risen we have become increasingly disillusioned. I know many first time buyers are complaining that this will drastically affect them but in my opinion first time buyers want the houses myself and my husband have been waiting 10 years to get and they are able to get them with 35 year mortgage terms and low deposits. When we bought we were forced to buy a new home because it was exempt from stamp duty and the second hand housing market was out of reach. First time buyers do not have any obstacles from competing at the top end of the market. We would be not be able to sell our home today for anything close to the average Dublin house price that the media reports. To me there is only one end of the housing market that is working and that is the top end. I am strongly in favour of a 20 % deposit. Or to get the lower end of the housing market moving and to interest first time buyers it could be reduced to 15 % for houses under 300,000. I am also in favour of barrowing 3.5 times your salary.
CP87.C28	To whom it may concern, As a potential First Time Buyer, I would like to submit the following thoughts on the proposed measures: - I warmly welcome the introduction of both LTV and LTI restrictions, in order to both cool the 'runaway' property price inflation we're seeing in some parts of the country and to insure that our banking system is protected from itself in terms of inability to once again lend recklessly into an overheated market - The proposed limit of 80% LTV is appropriate for the majority of borrowers, and should not be lowered as a consequence of pressure exerted either by political groups or vested interest groups such as those in the construction industry or estate agents - Likewise, the proposed limit of 3.5 times joint earnings for the majority of

	borrowers seems about right and hopefully will not be diluted as a result of a pressure exerted on the Central Bank - Some small mitigating measures to support First Time Buyers should be introduced alongside these restrictions, to ensure that those with 10% deposits are not adversely impacted for a lengthy period of time; perhaps banks can be instructed to lend to a greater number of First Time Buyers with 15% deposits during 2015, before the strict 80% LTV is applied to most borrowers in 2016 and onwards The marshaling of the voices of various interest groups to oppose the proposed measures is at once alarming (in terms of worry that they might get their way and end up sacrificing long-term stability for short-term gain) and reassuring (it seems they are worried what the introduction of the measures will mean for their short-term prospects). A review of almost all online forums/discussion groups will make it clear that the vast, vast majority of informed Irish consumers are in favour of the proposed changes and clearly reject the arguments presented by those opposed; I urge the Central Bank to proceed with the proposed measures in an unaltered form as far as possible.
CP87.C29	I am an estate agent managing a family practice for over 20 years. I am a volunteer member of the SCSI and I am a board member of the PSRA, but the opinions here are personal and do not represent any organization or body. My business has been affected by both the bubble & subsequent crash of the period 2005 – present. Much has been written on various aspects of the property market, supply issues and the like, which I do not propose to repeat, and where the failures, causes & solutions lie. I do not believe high property prices, or rapid property increases are 'good'. I believe property should be affordable, of good quality, of suitable type, and in places people want to live, with an appropriate availability of public transport & services available. In short, there are many aspects to the property market; there is the market itself determined by supply & demand and the availability of capital, and there are those that operate within the market, primarily the agents & banks. The PSRA only regulate the activities of agents, the legality of their actions. I actually think there is a general misunderstanding of the purpose of an estate agent; his role is (generally) to obtain, for his client, the best possible price by any legal means possible for the property being offered for sale. He does have a duty of care towards his customers, the buyers, but he is engaged by & paid by his client. He is not responsible for gazumping, delays in issuing contracts, delays in closing sales, pyrite, poor building controls, the shortage in supply, creating 'pent-up' demand, or contributing to the recent spike in prices. Whilst the PSRA was born out of the boom, regulation of estate agents will have no input whatsoever in house prices. It goes without saying that the CB can have no input in increasing residential property supply. The Central Bank should be aware that there are several 'micro' property markets in Ireland, but essentially there are two principal markets – Dublin & immediate commuter belt, and the 'rest'. Without question the Dublin property

market has seen the most dramatic improvement but this should come as a surprise to no one – Dublin is the capital city, the major employment centre, the location of most financial, legal, accountancy, IT, government, manufacturing & export centres. It's where the greatest demand for anything is, entertainment, sport, food, transport, cultural, and property. It's the last to react to a downturn and the first to react to a recovery.

The property market is no different to any other market in that is reacts to the laws of supply & demand, with the supply side being far slower to react and demand very much sentiment driven, but there is one important difference and that is that a major component affecting the property is the availability of capital – it's what drove the bubble and the lack of it drove the subsequent crash in property prices. And with no new supply for the last 5 years, cash buyers (although I was never convinced about the reported high percentage of cash buyers in the last few years) have driven prices in the last 2 years. Mortgage financed demand for property is essentially a function of the wider economy – as the economy improves, more people are employed, earning higher wages, etc, so demand for property improves. Sentiment is something different, but the improved economy provides the sentiment with the wherewithal to buy.

It is most surprising that prudent lending restrictions were not imposed on the banks in the years of the downturn (2008 – 2012). What the CB is attempting to do now, is change the lending practices overnight. I believe the restrictions might have a cooling effect in Dublin, because there is sufficient demand to soak up the gaps left by omitting those that do not have to 20% deposit so as not to cause any significant sudden impact in prices. I think outside of Dublin is different. In my village, there are rarely more than 2 or 3 bidders for any house, and in the rural 'one-off's' there is generally 1 buyer for any given property. In some of my current 'sale agreed' properties, there is only 1 buyer and in 2 particular cases, these are obtaining 90% finance, meaning that if the new LTV proposals were in effect the sales would not proceed. The effect here is that I would have available property, willing buyers, but unable to do so.

I think another effect of the proposals is to drive rents higher – the families need to live somewhere – and the availability of rental properties is equally as scarce as ownership properties. In the last year, the monthly rent on a 3 bed semi has gone from €750pm to €900pm, an increase of 20% in a year.

1. I think what should happen is that, firstly the language of mortgage lending & house buying needs to change. People need to understand that they don't (unless they are cash buyers) "buy" a house. They don't "own" house. They get a loan so that they can be "helped" to buy the property, and they will never own it until the loan is fully paid. They need to understand that a "mortgage" is not just a loan secured on the property. You only actually own a house if you have the deeds. They need to understand that a mortgage is a personal loan that they are both individually & collectively personally responsible for until it is fully paid. Divorce, separation, illness, job circumstances, market fluctuations are irrelevant – it is a loan on your head until it is paid.

They need to understand that banks are in business to make money, that the banks make money by charging higher interest rates on money lent out than money held on deposit. They need to understand that when the nice mortgage 'expert' is not there to help them, that the person is making a sale so that the employer (the bank) can earn money from them.

2. I think all mortgages should be non-recourse. In other words, the only recourse the banks should have is to the property and not the person. All of a sudden, the banks would be far more prudent in to whom they lend and on what property. At the moment, banks carry little risk – if the property is to be repossessed, it matters little because they are fully entitled to the entire sum borrowed.

3. I think the mortgage indemnity bond premiums that were paid on mortgages in excess of 80% back in the late 90's & early 00's should be reintroduced. These were slowly phased out because of market chasing and in the belief that price increases would insulate against any defaults. I cannot understand why, if the premiums were paid on >80% LTV mortgages, defaulted negative equity mortgages are such a problem.

4. Finally, there is nothing necessarily wrong with measures to assist FTB's, once properly managed. Back in the 80's it was well known that it was very difficult to get a mortgage – that is why many people went to the local councils to get a council loan which had different lending criteria to the main stream banks, and why building societies were formed – the help their members buy & build. Prudent lending practices were the order of the day, and it was ingrained in people to take a long term view of the market and a conservative approach to such a major decision of a house purchase.

5. I think there is a lack of understanding of house prices, or more accurately, interpretation of statistics. Any house price index lags the market by at least 4 months. If I agree a sale on a house today – that is the reflection of where the market is at today. It will probably take that sale 3 months to close (and sometimes longer), and it could take another 4 – 6 weeks before that sale appears on the PPR. In the meantime the market has moved on and in all likelihood prices will have increased, but the price reflected on the PPR is out of date. House buying sentiment moves far quicker than supply can keep up, and I suppose it's why there's the shortage of supply & the rapid increase in demand. People, almost collectively, decide that 'now' is the time to buy and by its nature supply cannot be increased to meet with that demand.

6. Finally, I believe that commission based fee structures are not in the consumers best interest. Commission based remuneration in finance encourages the agent to 'make the sale', even if it is not in the best

	interest of the customer. Sure, you can have 'reasons why' letters, financial reviews, provisions of information and all of that, but at the end of the day if I'm paid based on the number of sales I make and the amount of that sale then I'm surely incentivised to act in my interest and not the interest of my customer. The problem here is that there is no better pay model available, and commission structures are best understood by buyers, sellers, employers & employees. Why would a customer pay service provider (mortgage broker, estate agent, etc.) a fee for what may not be product at the end of the process. Maybe, following the establishment of facts, the seller is better off staying where they are, maybe the buyer is better off not buying that house, and maybe the banks' mortgage applicant is better off not drawing down that mortgage & staying put for another bit. Or maybe they should 'buy now', but I think incentivising the sales person to make the sale removes the 'best degree of impartial advice' test from the process.
CP87.C30	To whom it may concern, As a concerned first time buyer, I'd like to register my **support** for the new LTI and LTV ratio thresholds set out in the consultation document. All too often, first time buyers who are simply "taking whatever the bank will give" are stoking up prices beyond their real worth. The proposals will help ensure that the banks and the house-buyers are adequately stress tested and will calm a clearly over-stressed situation. I urge the central bank to ignore the obvious vested interests in the media, banks, property developers, estate agents and the political classes. It's clear that the proposals are firm but fair and will protect our country against future bankruptcy.
CP87.C31	Hi, I'd like to add that I am fully in agreement with the proposed limits on mortgages. As a first time buyer I believe that this is long overdue and I hope that these proposals are not amended due to pressure from political groups or vested interests like estate agents or CIF.
CP87.C32	Dear Sirs, I am going to start by telling you that I am looking to buy a house in Dublin. I have a 10% deposit saved and I was hoping to buy within the next few months. In spite of this, I am very much in support of your proposals. The housing market in Dublin and to a lesser extent in Ireland appears to be in bubble territory already - even if one was to subscribe to the theory that bubbles are only fuelled by cheap credit. While said credit may not be currently being issued by banks, abundant cheap liquidity has made its way to the market via hedge funds from QE in the US and the UK. In addition there is abundant 'silent' credit in the form of existing forbearance on defaulted mortgages and on tracker mortgages. Property is also an attractive investment to those with cash in the bank, attracting almost zero return. NAMA and the banks (together with the CCMA) have combined to choke the supply of housing available on the

	market and while this may or may not be a deliberate attempt to manipulate the market, the end result is the same. Prices rising at 25-30% per annum in Dublin is a bubble and you were absolutely correct to act accordingly. There is clearly an orchestrated campaign of politicians, real estate agents, mortgage brokers, the media and other vested interests attempting to undermine the proposals. First time buyers are being portrayed by these vested interest groups as being victims however there is little mention that they may benefit from lower housing prices. I note that these groups voiced no discontent regarding the plight of first time buyers when house prices have been rising at double digit rates for months. Such inflation in the cost of provision of basic shelter is referred to in terms of a 'recovery'. Regarding the LTI proposal, it is appropriate to set a factor of 3.5x here relative to the UK's 4.5x because income tax is higher in Ireland while the cost of living is also remarkably higher and therefore a larger percentage of a person's post tax income will be consumed on items such as groceries, transport and clothing. In relation to the LTV ratios I believe that the 80% is also appropriate because something drastic such as this must be done to counteract the distortive effect of the aforementioned supply side manipulation. Such market manipulation is not as evident in the UK or other markets. Most importantly due to the inefficiency of the court system, it is not practical for banks to repossess a PDH in the event of default. There is only limited precedent of banks being able to realise the value inherent in such security in recent years and such action incurs significantly higher cost in Ireland than in other jurisdictions. On this basis a higher equity buffer is absolutely necessary. I fear that due to the concerted effort by a number of politicians and other vested interests to undermine the independence of the Central Bank that these proposals will be diluted. This would be a very sad state of affairs indeed and would effectively undo all of the good work that has been done to make the Central Bank independent of government interference when it suits them. The eyes of the world will be on Ireland to see how its Central Bank reacts to such pressures. Will it be 'business as usual' Irish style or will it really be different this time?
CP87.C33	To whom it may concern, Below are my views on the new mortgage measures, scheduled to take effect January 1 2015. I fully agree with these proposals, especially as they are based on empirical evidence and international best practice. They will bring some stability to the housing market, prices may increase marginally in the short term, but over time they will stabilise, maybe fall somewhat. As rents are linked with property prices, rents should also stabilise and fall over time. The fact that first time buyers will have to save for longer to get a deposit will relieve the pressure on the market that Dublin in particular is facing as of now. Some may even get the house they are looking for in the future at a lower price, they just need to think long term.

	The only groups against these proposals are vested interests, namely auctioneers, developers and bankers who are out solely to make profits, and first time buyers who have high expectations and entitlements. Their problem is that they cannot see the big picture, the situation in context, they are only focusing on the short term, profits, and the concept of having a big house. This is what got us into the fiasco during and after the boom, and nobody wants to see a repeat of that. These measures will go a long way to bring order and stability to the Irish housing market.
CP87.C34	To Whom it concerns, I agree in principle that borrowers have to be protected from engaging in reckless borrowing and lenders must be protected from engaging in reckless lending.□□The proposed limit of 80% LTV with 15% exceptions seem about right. The proposed limit of 3.5 times earning with 20% exceptions seem about right. I agree that such protections will reduce the risk of boom and bust in the housing market which is good for everyone. I would urge the central bank to resist pressure from parties with a vested interest in pushing up house prices from watering down these proposals. The current shortage of houses needs to be addressed but I believe that the supply side shortage would best be addressed through house building innovation rather than loose credit.
CP87.C35	Good Afternoon I am a first time buyer and think the new LTI and LTV guidelines are a good thing. They have put a dampener on rising prices and the fear this has created amongst vested interests in government, construction and media circles is palpable. I do not want prices to rise further. I am happy to offer a 20% deposit and pay for a property 3.5 times my wages. This I could just about afford. Please say NO to further interference and stick to your guidelines. If I may make a suggestion there may be another solution: If you want to borrow 3.5 times your income, you have to have a 20% deposit If you want to borrow 3.25 times your income, you have to have a 17.5% deposit If you want to borrow 3 times your income, you have to have a 15% deposit If you want to borrow 2.75 times your income, you have to have a 12.5% deposit If you want to borrow 2.5 times your income, you have to have a 10% deposit
CP87.C36	Dear Sirs I would like to voice my support of the CBI's new policy for LTV mortgage lending criteria. While there is much ado for LTV, I think LTI is more relevant.

	I'm currently in the market for purchasing a property. I strongly disagree with the government's intervention and the national media's criticism of this policy. We are a nation that has seen our national debt cripple our economy and sentence the next generation to emigration. I would like my children to have a choice of staying in a country they grew up in and that their family are in. For them to stay they will need a job that can provide them the means to shelter and welfare. They will also need some margin to pay for Ireland's spiralling debt and contribute to the growing pension bill since the fund was plundered. I won't mention medical welfare. Building an economy of housing bubbles is futile. We cannot afford bailout 2. What fellow citizens seem to be missing is some neutral reporting from our media. Primarily that less credit equates to lower prices. Also this makes more money fluid in the economy for other services. Out media are significantly funded by vested interests and this in turn leads to biased reporting. You have made a very robust call. Fight any resistance to change it.
CP87.C37	Dear Sir/Madam, Let me begin by saying that I am a first time buyer who has spent the last 8 years carefully saving with the intention of one day buying my own property, so the introduction of prudent lending practices will affect myself and my partner directly. Let me also state that I welcome the decision to introduce restrictions on lending for above 3.5 times salary with the requirement to save a 20% deposit for a loan. I have read your proposals in detail and have come to the conclusion that they are sensible and in the best interest of the Irish People. It is clear to many that in Dublin we have what I would describe as quite shocking price over the last year with house increases of over 20% and apartments surging in value by more than 30%. It is time for the Central Bank to impose more prudent lending practices so we can move away from the boom bust type model that favours few and hurts many. As we know from recent

	experience in the past the Central Bank through inaction had failed to curb the profit grabbing lending practices of Irish Banks and had almost certainly been subject to questionable political interference. I have no doubt that the same vested interest and political pressure is currently being focused on the Central Bank at this time. I would urge the Central Bank to forge ahead with the above proposals and resist the watering down these sensible measures.
CP87.C38	I am an Indian national working and living in Ireland from 2004 onwards, I was surprised and shocked when I heard banks were offering 100% loan for 40 years, and there, was interest only loans also were available at that time. Due to the reckless lenting by the banks property prices sky rocketed, all most all my friends jumped in to the so called "Property Ladder" all the people who bought the property in Ireland are now in negative equity and I dont think they are going to recover in the near future, some of them left the country leaving the dream purchase. Recently media says property prices are going up and there is strong demand, the reality is that there is shortage of supply, for eg dublin need 10000 houses annualy, not more than that, construction level has to increase. Nama should release to the market what they are holding in there custody. Regarding the restrictions which central bank plan to introduce my personal opinion is that Banks should not be allowed to start reckless lenting, recently Permanent TSB failed the stress test, that is a warning sighn. An individual should save 20% deposit. Maximum period of loan should be restricted to 25 years, Not more than 4times of annual income oly be allowed to borrow.
CP87.C39	I wish to make a submission in relation to the recently published new macro-prudential measures for mortgage lending by the Central Bank. I suppose I can only speak from my own personal circumstances but I imagine there are many out there in a similar position. I am recently married and my husband and I are in relatively good public sector jobs - we are however renting and a large portion of our salary is ate up by that. Regardless we have been saving every spare penny - which are less and less these days - to try and come up with a 10 per cent deposit. This in itself seems insurmountable and it stings us to know that we could actually afford to repay a modest mortgage [which is all we desire] however gathering up a deposit is so difficult...this is really what is delaying us from obtaining a mortgage. Now when we hear that we may need DOUBLE what we are aiming towards, it just fills us with despair. I completely agree with restricting lending to a multiple as proposed (3.5 times income) - we are not even seeking a mortgage this high, but with a burden such as a 20 percent deposit...I don't see how we will ever own our own home. It is an utterly depressing thought. I advocate ability to repay as the main criteria to which mortgage applicants

	should be evaluated against - this seems a logical and common sense approach. However the imposition of a 20 percent deposit seems designed to price modest income earners out of the market and would have the dubious side-effect of borrowers simply looking elsewhere to make-up the difference in deposit required. Please consider the very real effects these proposals will have on people trying to live their lives and settle down in a family home.
CP87.C40	Dear Sir/ Madam, I wish to provide feedback on the questions posed by the consultation paper CP87. **Question 1:** Which of the tools or combination of tools available to the Central Bank would, in your opinion, best meet the objective of increasing resilience of the banking and household sectors to shocks in the Irish property market and why? Answer 1: Having LTV and DTI caps is an ideal way to protect banks and households from future shocks to the system. An LTV cap would ensure that banks don't compete by needlessly increasing the loans for a given value and simultaneously help to prevent negative equity situations for households. A cap of 80% would seem appropriate and fair. A DTI cap would protect banks from competing with each other in situations which they perhaps shouldn't, by giving loans to households which are far too large for those households to be comfortable in paying back. The DTI cap would also provide protection to households by ensuring that they don't receive too much credit, and ensure they have the ability to repay the loan, particularly if interest rates rise, and given that households are not given the opportunity to fix their repayments for the duration of the loan. A 3.5 times income cap would seem appropriate and fair. Both of these instruments should be applied in full across the board to protect households, banks, and by extension the wider economy in times of economic fluctuation. While media commentators have queried whether or not first time buyers will be able to afford 20% of a deposit, and have sighted this an issue, I believe the 80% LTV cap is necessary. If prices of duelings which are aimed at first time buyers need to fall to allow them to be in a position to purchase these duelings, then that should be hailed as a positive effect. A reduction in prices aim at first time buyers would help to stimulate the economy by creating a more competitive workforce. During the property bubble earn of the mid 2000's, the banks operating in Ireland providing mortgages, needlessly provided loans with too high LTVs

and DTI caps, which has meant that many are now impairing their loans, and have specialist workout and recovery units. This has caused a massive strain on the finances of the Government, since the Irish banks required massive amounts of capital injections.

I see the proposal of applying LTVs and DTIs as very forward looking by the Central Bank, ensuring that the mistakes of the past are avoided in the future.

Question 2: Do you agree that the measures should apply to all lending secured by
residential property (which will include lending on property outside the State)?

Answer 2: The proposals should be applied to any bank which would likely require a capital injection by the State, ie this should include foreign banks which operate in Ireland if it was thought they would ever apply for State capital injections. This is to protect that State finances.

These caps should also apply to any institution on mortgages provided in Ireland.

Question 3: Do you agree with the exemptions set out? Are there any additional
exemptions which you consider appropriate, taking into account the objectives of the
proposal and the balance between the benefit of any exemptions and the resulting
increase in potential for unintended consequences?

Answer 3: Exemptions which apply to a small number of borrowers who do not get new financing is acceptable, as this does not exacerbate the current situation.

Mortgage insurance which would promote providing new funds at levels about the proposed caps on LTV and DTI should not be included, as this will increase the risk to households and banks. Insurance products often make sense in individual circumstances as it transfers the risk from one party to a group of parties, however the State has shown, by providing capital injections to the banks, that it acts to transfer risk from an individual party (the banks) to a group of parties (the State and its households).

Question 4: If there are any significant operational difficulties envisaged by regulated
financial services providers in complying with the measures as outlined above and in the
draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of
same.

Answer 4: Operational difficulties would include ensuring that the 20% deposit required is not due to unsecured loans, e.g. credit union loans. A register of loans, could be established to help financial institutions identify the outstanding balances of loans which a household has. A register of loans could also help to ensure that households have enough disposable income to repay a loan facility.

Question 5: Should some adequately insured mortgages with higher LTVs be exempted
from the measures and if so what should be the criteria for exemption?

Answer 5: Mortgage insurance which would promote providing new funds at levels about the proposed caps on LTV and DTI should not be included, as this will increase the risk to households and banks. Insurance products often make sense in individual circumstances as it transfers the risk from one party to a group of parties, however the State has shown, by providing capital injections to the banks, that it acts to transfer risk from an individual party (the banks) to a group of parties (the State and its households). There should be no exemptions.

Question 6: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)?

Answer 6: Yes - see Answer 2

Question 7: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking in to account the objectives of the proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences?

Answer 7: I agree with the exemptions on switcher mortgages and mortgages in arrears, as this does not increase the exposure on banks or households in addition to the current level.

I disagree that buy to let mortgages should be exempt given that this could increase the level of competition that households face in purchasing a home, rather than as an investment. An additional level of protection would be welcome.

Question 8: Do you consider restrictions on loan-to-income ratios as suitable for buy-to-let mortgages? What impact would a restriction on such loan-to-income ratios have on buy-to-let lending in the State?

Answer 8: A restriction on loan to incomes on buy to lets should be included. Banks should be protected when from providing too much leverage, during aggressive build up of portfolios, as was the case in the mid 2000's. This could take the form of a cap on monthly rent to leverage.

Question 10: What unintended consequences do you see from the proposed measures

	and how could these be avoided? Answer 10: I can see two unintended consequences from the proposed measures. It is possible that the level of home ownership by households could drop as investors could have an ability to increase the price they can pay for a dueling above that afforded by a household. While this could used as a argument against the proposed measures, that shouldn't mean that households over leverage themselves on property. If could mean however that if the government wished to retain or increase the level of household ownership, that investors would need to be persuaded not to retain ownership of duelings. This could be in the form of increased taxation on profits from rents, and a reduction on allowable expenses from a tax perspective. The second unintended consequences from the proposed measures may be that the supply of new duelings would be reduced. If this was the case, a tax to encourage the use of land appropriately should be put in place, and incentives to promote supply and home improvement looked at. A reduction in VAT would be a simple scheme for building materials to both improve the current housing stock and encourage supply. **Question 11:** Is the threshold of €50 million over 2 quarters an appropriate threshold and time period for reporting requirements? If not, please indicate a threshold you believe to be appropriate and provide reasons why you believe this is the case. I would prefer a lower limit, as banks will seek to abuse any limits that are open to abuse. However given that several billion is provided each year in residential loans, that scope for abuse is somewhat limited. **Question 12:** Are there any significant obstacles to compliance by regulated financial services providers with the limits? I don't believe so, as these criteria in terms of limits should be collected during the normal process of lending. **Question 13:** Please provide comments on the following draft Regulations. I welcome the draft regulations and see them as providing the State with a platform to sustain further economic shocks. I hope the propose doesn't get watered down so that the State's ability to sustain economic shocks is diluted.
CP87.C41	**Question 1:** Which of the tools or combination of tools available to the Central Bank would, in your opinion, best meet the objective of increasing resilience of the banking and household sectors to shocks in the Irish property market and why? A: LTI and LTV ratios should be enforced as these are key ratios which determine whether a lender is lending soundly or not.

Question 2: Do you agree that the measures should apply to all lending secured by
residential property (which will include lending on property outside the State)?
A: Yes.

Question 3: Do you agree with the exemptions set out? Are there any additional
exemptions which you consider appropriate, taking into account the objectives of the
proposal and the balance between the benefit of any exemptions and the resulting
increase in potential for unintended consequences?
A: I grudgingly agree with the exemptions mentioned in the document.

Question 4: If there are any significant operational difficulties envisaged by regulated
financial services providers in complying with the measures as outlined above and in the
draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of
same.
A:

Question 5: Should some adequately insured mortgages with higher LTVs be exempted
from the measures and if so what should be the criteria for exemption?
A: Absolutely not. Lending Institutions will exploit this as a loophole and it will in effect undermine the entire initiative which is to re-introduce prudence to the market.

Question 6: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)?
A: Yes.

Question 7: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking in to account the objectives of the proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences?
A: Yes

Question 8: Do you consider restrictions on loan-to-income ratios as suitable for buy-to-let mortgages? What impact would a restriction on such loan-to-income ratios have on buy-to-let lending in the State? Question 9: If there are any significant operational difficulties envisaged by regulated financial services providers in complying with the measures as outlined above and in the draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of same.

	A: Yes, provided LTV ratios are enforced strongly and BTL purchasers are forced to address the shortfall if the LTV ratio disimproves falling below a certain threshold. **Question 11:** Is the threshold of €50 million over 2 quarters an appropriate threshold and time period for reporting requirements? If not, please indicate a threshold you believe to be appropriate and provide reasons why you believe this is the case. A: **Question 12:** Are there any significant obstacles to compliance by regulated financial services providers with the limits? A: Credit Unions will evolve in to lending institutions which provide the % of loan which the primary loan provider isn't legally allowed to provide. Falsification of Income was/is common-place and Financial Institutions share the blame for this as they didn't exercise enough diligence when assessing income; this needs to be regulated/enforced by CBI. **Question 13:** Please provide comments on the following draft Regulations. A:
CP87.C42	Dear Sir/Madam I wish to comment on the consultation paper CP87 'Macro-prudential policy for residential mortgage lending'. I am a first time buyer trying to purchase a family home with my husband. We have saved a deposit and have been very prudent with our finances to date in order within purchase a home within our means. Over the last 12 months we have seen increases in house prices of up €130,000 for standard semi-detached four bedroom homes in the North Kildare area. Indeed, some homes are now almost at the level there were at the height of the boom. We can only conclude that those we are bidding against are getting higher mortgages to fund these purchases. We have saved a 20 % deposit and we refuse to borrow more than 3.5 times our income having seen the devastation the property boom caused for our peers before us. We are therefore left in a situation where we cannot buy a home as our competitors receive more credit in order to secure the very few houses that are available. I am dismayed at the media coverage of this issue, stating that first time buyers

	are wholly against this new rule. I, as a first time buyer would encourage the implementation of this policy as it would bring stability to a hugely fluctuating market and ensure that we do not need to borrow more than we can afford to repay in order to secure a home. As regulator of the banking sector, I urge you to implement this rule without any caveats. Please do not bend to misguided media reports or vested interests. You are the regulator, therefore please regulate this industry and ensure that what occurred during the boom never happens again.
CP87.C43	I understand the Central Bank is pressing for new mortgage lending rules to be implemented on January 1st. I am writing to request that this decision is changed or delayed. My husband and I have been saving for a number of years now with the intention of building our first home in 2015. We have been working with an architect over the last number of months designing a house that will meet our family's needs within our budget. This budget figure was determined from our savings and after speaking with the bank working out the figure that we would be able to borrow based on our income, number of children, savings, savings history etc. We have no outstanding debt, loans etc. and are working withing our means. This budget is already tight for us in order to obtain a modest family home. We hired an architect and worked with a QS in order to ensure we would not be met with any hidden costs. We have rushed through the last part of our design in order to get our planning application submitted as soon as possible. It is due to be submitted within the next week but even with this last push to get it submitted we are unlikely to have a decision before January 1st, especially with the Christmas period. I have spoken to a number of banks with regard to getting a mortgage while the planning process is in place and all have confirmed that full planning needs to be obtained and mortgage application granted before January 1st (if the new guidelines are in place) in order to obtain the current lending rules which we have designed and budgeted for. If the new rules do come into place on January 1st it will not allow us to build our home as we had hoped and a lot of time and money will have been wasted over this last year. I understand that new lending rules are required in order to manage risk in the long run but I urge you to respect the plans that have been made by honest, hard-working people such as us who simply want to build a home for their family. We have never had a mortgage and are currently renting. I do hope a favourable outcome will be considered.
CP87.C44	I have worked for a major Financial Institution in the U.S.A for many years as a Mortgage Repersentative. It's ludicrous to

	think a first time homebuyer could save 20 % of a deposit. I bought my first home with 5% down and paid private mortgage insurance on 15%. I had this PMI until the LTV reached 80%(combination of paying down the principal balance and the property increasing in value) This is what the central bank needs to introduce and I would also like to see longer fixed rate mortgages (30 year fixed rate mortgages) with no penalties if a consumer wants to pay down their balance, re-mortgage for a more competitive rate or when the LTV reaches 80%. I moved home to Ireland over 10 years ago and started my own mortgage brokerage business, I couldn't believe the lack of regulation to protect the consumer. I agree with the cap on income, this will allow the consumer to only buy what they can afford and where...thus, keeping the property prices from soaring. The underwriting guidelines that I worked with allowed 28% of gross monthly income towards the property payment(capital & interest, taxes, insurances etc.) and 36% for total monthly debt (property payment plus car payment etc.) This is what the consumer could afford! I'd like to see the Central Bank looking at the U.S. model for Private Mortgage Insurance and a lower LTV for first time homebuyers. Please contact me with any questions, I am more than happy to help!
CP87.C45	I am a first time buyer and think the new LTI and LTV guidelines are a good thing. They have put a dampener on rising prices and the fear this has created amongst vested interests in government, construction and media circles is palpable. I do not want prices to rise further. I am happy to offer a 20% deposit and pay for a property 3.5 times my wages. This I could just about afford. Please say NO to further interference and stick to your guidelines. Finally we have regulation that is sticking up for the people's interests.
CP87.C46	I have been following recent developments in the property market and seeing the building of pressure therein, similar to that experienced in the lead up to the crash. I applaud your foresightedness to start tackling this issue now, rather than letting it build as in the early years of the last decade. However I feel the approach is not correct and will not result in a long term stable and coherent policy and is prone to change when pressure comes on from future governments/lobbyists. The main reason I believe it is not correct is it looks at the issue from a regulatory, bank point of view rather than from the borrower point of view. It has been the same flawed approach adopted in previous policy decisions. Fundamentally if a borrower can pay their mortgage, then the quality of the loan is not impaired and the value of the collateral is to a great degree irrelevant. The bank therefore does not need to provide against the loan and the capital required to cover such lending is significantly reduced.

So what makes a loan manageable for a borrower? Yes the amount borrowed is definitely an issue but more importantly is the amount of their net disposable income available to cover the mortgage. This invariable is not accurately measured by the total
loan drawn down but from their current payslip and circumstances.

Take a person currently paying rent. This approach wouldn't recognise that those currently paying rent would see that expense evaporate and be replaced by a mortgage payment. It in effect needs them to prove that they can pay both rent and
a mortgage *together* (through saving for the higher deposit). This is unrealistic.
Take a person living at home with their parents paying the cost of living. The individual can save the deposit. However once the property is purchased the cost of living expenses kick in and that person might find paying a mortgage on the 80% value is
beyond them.
Take a person getting a "gift" of the extra 10%. This still doesn't mean the balance is manageable and what happens if the gift has to be repaid or refinanced after the property is bought?
Take a person trading up. They may be able to handle the extra monthly repayment when the increased value is amortised over the next 25 years but might not be able to save the amount necessary to get to 80% in a short period of time.
Take inflation into account. As prices go up, the deposit goes up, causing a delay to purchasing, which in turn means further inflation and even higher deposit requirement, a never ending cycle for some people.
Take a profiteering bank. An individual might have the 20% but if the bank charges them an obscene rate of interest it might be unaffordable but the bank will lend the money as they are making a huge profit.

By setting a maximum percentage of net pay that can be used to fund a mortgage, the CB would in effect be limiting the gross amount which could be borrowed. It would acknowledge that for people to save a significant deposit while paying rent is unrealistic. At the same time it would limit the gross sum borrowed and therefore the gross sum expended on the property. It avoids the massaging of figures through phantom gifts and phantom room rentals. It would acknowledge other financial commitments of the borrower and encourage the discharging of other debt before taking on the mortgage.

I believe if this approach, in tandem with the re-introduction of tracker rate mortgages, would lead to a much more stable mortgage and by extension property market.
By the way when I say tracker mortgage I am not envisioning the toxic loans currently in the market. I am talking about banks charging a fixed margin over the ECB rate in the region of 3%. This would give the borrower certainty that only when the Macro European environment warranted it that the ECB would adjust the mortgage rate, rather than the banks desire for profitability. As the bank could not adjust rates it would be encouraged to more prudently match long term loans to long term funding so their margin is preserved. If they don't

	then they are open to both the ups and downs of the money markets. Whichever approach they take the borrower is protected and by extension the quality of the loan and the stability of the property market as a whole. ***p.s The proposed insurance model is flawed too as it pushes up the cost of the repayments to the befit of the banks not the mortgage holder who is paying for it. (This is fundamentally unfair and only of benefit in a deflationary market. If that is what is being planned for, I contend it is an admission that the policy itself of avoiding same, is a failure)***
CP87.C47	As a first time buyer I would like to object to the new proposals set forward for a 20% deposit in order to get a mortgage. It not only effects first time buyers but those in negative equity from homes they bought in the "boom" times fuelled by the banks.
CP87.C48	The sharp rise in house prices in large cities is a worldwide problem to which no one appears to have found a real solution. Measures such as a restriction on borrowing limits will only serve to frustrate some FTBs without having any real impact on the overall market in my opinion. The solution to the problem is obvious, delivering it a little more problematic. House price inflation in Dublin is driven by demand for houses in the most attractive areas where there is limited space to build more units. Rising prices in these areas spill over into adjoining less attractive areas causing them in turn to rise in value. If you view the Country as a single market then you need to find a way to encourage buyers to move from the dearest areas to the cheapest ones. So how do you get a buyer looking at Ballsbridge to move to Co Laois? Successive Governments economic policies have encouraged an exodus from the Counties to the Cities, this HAS to be reversed. You cannot provide sufficient units in the key areas of Dublin City to have any impact on house prices. Building houses in the extended suburbs will have NO effect on prices in Blackrock or Clontarf and as a result prices will simply not fall or even stabilise. If you redirect demand for property in Dublin to other parts of the country, house price inflation will ease also. I used Laois as an example as I noticed that house prices there are lower than their building costs, other counties are in a similar situation.
CP87.C49	20% deposit is too much too quickly. If applied it could choke off the recovery in construction. Ronan Lyons suggestion of 10% rising in consecutive years by 1% to 15% max. would be a better strategy. Reason; Houses can still be bought for less than they cost to build. We must incentivise house builders.

	Thank you.
CP87.C50	We agree with the Central Bank proposal to restrict lending by the banks against residential property to LTV 80% and LTI 3.5 times. This is being done at the right time now when people, once again, taking on huge mortgages. Many people disregard their ability to service those gumbo mortgages in the long run, because the perception at some quarters is that servicing one's mortgage is optional these days so they attempt to secure properties for themselve by any means at their disposal. This policy announcement brought some hope to this sorry affair that is the Irish property market. Please, keep up the good work.
CP87.C51	I wish to respond to the current consultation on "Macro-prudential policy for residential mortgage lending". I believe the consequence of the proposal that will require the vast majority of mortgage applicants to have a deposit of 20% as entirely excessive, and fails to consider Irish housing policy. Irish housing policy encourages home ownership. That is a public policy decision of those in elected office. The regulation of mortgage lending should consider all public policy goals. The proposal will preclude a very significant body of people from entering home ownership causing real (and perceived) impacts on people's quality of life: which must include non-monetary measures that your models fail to consider. Your proposal fails to assess unintended consequence for those excluded from home ownership: Firstly, the proposal will restrain large numbers from exiting the rental market, resulting in a likely rise in rental levels. This should also be considered in the context of ongoing homelessness issues, and general shortage of accommodation, arising over recent months and unlikely to be resolved in the short run. Secondly: whilst your proposal may (to be seen) limit some future house price excesses, the proposal fails to consider the future prospects for those precluded from exiting the rental sector in the long run. Housing policy in Ireland offers little security of tenure to renters as a viable long-term option for accommodation. What will be the consequences of your proposal for current households at formation stage (whether single, couples or other) upon reaching old age with no security of tenure, (and little regulation of same)? There are too many aspects of housing policy not considered by the excessive scale of impact of this proposal.

	I suggest that this regulatory proposal is not sufficiently considering all aspects of public policy, nor the full ramifications of its consequences in the short-run and long-run.
CP87.C52	A Chairde, We have circa 300,000 impaired Mortgages. Mortgage Drawdowns at 1970's Levels. Chronic SME Debts & Rocketing Emigration. There isn't a functioning Property Market as we need 10,000 Transactions per Month & have only circa 3,500. Deutsche Bank stated that we "needed to Bulldoze 200,000 spare Houses" as recently as 2012! Now we''ve 200,000 on the streets. No one is buying the EA old hat as House Price Decreases for Dublin outnumber House Price Increases circa 5 to 1 on Daftdrop. Then we've UKIP, Brexit, Marine Le Pen, Chinese Slowdown yada yada... Finfacts stated last Month that the 437,000 on the Dole / Dole Courses equalled 20% of our Workforce! As our Debt soars let's not surrender providence to the dozen or so self styled, ultra left easy credit lobbyists who will be back out marching about the Water Charges, proving how poor we all are, once they finish grandstanding & yapping that you should row back on your previously stated sagacious position. If we can't afford a glass of water in 2014 then please don't turn on the tap for "New Beginnings" 2017.
CP87.C53	I wish to comment on your consultation paper which proposes tighter limits on residential mortgage lending. I note that the consultation paper believes "There is little indication at present of bank credit being an important driver of the recent increase in property prices in Dublin, with the volume of new lending still very low." Whatever the reason, once again Dublin house prices have risen to unsustainable levels, these prices are beginning to spread to other cities and there are powerful forces driving this. The proposals in your paper would restore the traditional safeguards whose

	removal was the root cause of the property boom which destroyed the Irish banks. In fact, your proposals are less strict because banks would be allowed to lend significant amounts on excess of the proposed LTV ratio. I cannot understand why it has taken six years since the bust to restore traditional prudence to mortgage lending. Nonetheless, there has been a concerted effort to block these proposals. The claim that these limits would prevent first time buyers from entering the market is patent nonsense: FTBs will be protected by these rules. I hope the Central Bank proceeds with these proposals and make clear to everyone in the Irish property market that the rules will be enforced. Otherwise, the door will be open to another round of boom and bust, with all the damaging consequences we have lived through recently.
CP87.C54	I write as a member of the Irish public to express my wholehearted support for the proposed new rules imposing LTV and LTI limits for borrowers. Although Ireland is full of vested interests who would like nothing more than to see (and profit from) another bubble, surely if we have learned anything we have learned that those interests cannot be put ahead of the interests of the public, who are still paying the price for the last bubble. Although the media (who profit from property price increases through the property sections of newspapers and ownership of property websites), the government (who see the propertied classes as their prime constituency), the construction sector, the estate agents and many others will attempt to inflame the ill-informed members of the public into opposing these measures, you must hold firm. We cannot have another credit-fuelled bubble and such reasonable and prudential measures as are proposed will do more than any other single measure to make sure such a bubble does not develop. For all the hand-wringing about first-time buyers who will be priced out of the market, you should instead make clear that many first-time buyers are currently priced out of the (Dublin) market by the sort of explosive growth in prices that will only get worse if these new macroprudential rules are not put in place. In short: I implore you not to retract or water down these new proposed regulations and to impose them in January as planned.
CP87.C55	I WOULD LIKE TO SUPPORT THE CENTRAL BANKS NEW GUIDELINES RE MORTGAGES FOR RESIDENTIAL PROPERTIES FOR SEVERAL REASONS. 1) HOUSES ARE HOMES THEY ARE NOT A BUSINESS.2) THE BANKS IN THEIR GREED AND LACK OF KNOWLEDGE WERE CONVINCING PEOPLE TO BUY HOUSES AT ANY COST WITHOUT LETTING INNOCENT PEOPLE AWARE OF THE RISKS.3) BANKS HAVE PROVED THAT THEY ARE UNABLE TO SUPERVISE THEMSELVES THEY NEED RULES.4)HOUSE INFLATION NEEDS TO BE RIGOROUSLY CONTOLLED NO MORE THAN 2% PER ANNUM. 5)THE RULES YOU ARE INTRODUCING ARE FAIR AS LONG AS INFLATION IS CONTROLLED AND ALSO YOU ARE ALLOWING THE BANKS TO HAVE 15% OF THEIR BOOK OUTSIDE THE RULES FOR GOOD CASES.6)PEOPLE NEED TO REALISE HOUSES BURN

	MONEY NEED CONSTANT ATTENTION BECOME OLD FASHIONED AND NEED UPDATING. HOUSES ARE NOT A BUSINESS THEY ARE A PLACE TO LIVE. THE MORE THE PRICES ARE KEPT IN CHECK THE BETTER FOR EVERYBODY LONG TERM. YOU MAKE MONEY BY GOING TO WORK NOT BY BUYING A HOUES. KEEP THE POLITICIANS OUT OF THIS THEY THINK SHORTERM ON EVERYTHING. ICOULD WRITE A BOOK ON THIS SUBJECT BUT YOU KNOW HOW I THINK. STICK TO YOUR GUNS HOUSES WILL BE AVAILABLE TO ALL ACCORDING TO THEIR MEANS IF PRICES ARE KEPT UNDER CONTROL.
CP87.C56	As a hopeful future house buyer and past occupant of rented houses I would like to submit that the Central Bank should encourage lenders to enter rent-to-buy arrangements with developers. It would reduce the potential issue of houses being left idle and "ghost estates", which would benefit everyone. Developers would have immediate (if incremental) income. Buyers would still be able to get on the housing ladder without having to try and save while renting (which is impossible for families). There would be less risk on lenders as a the LTV would be lower and there would be a lower risk of the property being empty which would mean they get a return.
CP87.C57	I fully support any and all measures designed to boost new housing supply and reduce house price growth, especially in Dublin. I support any measure to reduce the debts and interest paid by mortgage borrowers. I suggest that in a totally unregulated mortgage market, some borrowers will be over-optimistic, and borrow too much, while some lenders will lend too much or too loosely. In this context, I support the proposal to introduce a 80% LTV cap (20% deposit) on most new mortgage lending, with 15% of new lending allowed above the cap. I also support the proposed Loan-to-Income cap of 3.5 times household income, with 20% of new lending allowed above the cap. These two measures should help dampen housing demand, and so should contribute to a slowdown in house price growth. Indeed, I suggest that a cap is also required on the duration of mortgages. I suggest 25 years maximum.
CP87.C58	I fully support the new rules that the central bank is planning to introduce. As a first time buyer, I don't want to have to pay huge sums of money that will

	keep me indebted for the rest of my life. This point seems to be lost on a lot of fellow first-time-buyers who will simply take the maximum amount the bank will give them and use that amount as their budget, thereby pushing up prices for modest houses. Control and prudence is welcome for all to support stability of prices and sustainability of debt. I feel a lot of first time buyers are totally unaware of the risks and the noose around their neck that is associated with a large 30 year mortgage. Thus, regulation is important and I welcome the central bank's proposals.
CP87.C59	To whom it may concern, I wish to offer feedback on the new mortgage rules the central bank is proposing. I feel that though the 3.5 times gross income is relatively fair (though I would consider 4 times more realistic), the 20% deposit aspect of the proposal is completely ill advised and in fact would amount to a huge burden on the citizenry (especially first time buyers who are currently in the rental sector of which I am one). For generations the 3.5 - 4 times income rule has been in place along with a 10% deposit and has given little trouble to both banks and citizenry. It has only been within the past decade when housing prices rose to unsustainable heights and more importantly mortgage criteria became unrealistically slack that the current issues we face first arose, for the 40 - 50 years previous to this the system all worked fine and I believe that it is to this point that we need to reset. At that point in our financial system things were safer with very few foreclosures and mortgage arrears and I struggle to understand why the central bank is endeavoring down a new path hoping to add stability instead of returning to a path already traveled in which stability has been time tested. In fact I find myself wondering what percentage of the current mortgage arrears in the system belong to mortgages given out above 4 times the holder's income and with less than 10% deposit. As a 35 year old, married father of two (both my wife and myself are professionals earning between 39,000 - 50,000 euro) who has been renting all of my adult life, I am quite fearful that this new system will put home ownership out of my range. I am now 35 and looking for a house around the 280,000 euro range. I have the 10% deposit saved (a feat which you will understand took a considerable amount of time). Should this 20% rule come in I will be forced to stay in the rental sector for a further 3 - 5 years, moving me out of the 30 year repayment window, and will loose 12,000 - 15,000 per annum on rent as I save. So to recap, I currently have the 28,000 euro needed for my 10% deposit and in order to raise a further 28,000 euro, will cost me somewhere between 36,000 - 60,000 simply on rent amounting to an outgoing of between 64,000 - 84,000. In addition, with the current rental market environment already being overinflated due to a lack of supply, this proposal will inflate this market even further as it will block one of the few exit points from the rental market, i.e. buying. To summarise, though I feel that the proposal to control mortgage criteria to within statutory limits is indeed a good one, I feel that in this case the Central Bank has moved from too little restriction over the past 10 - 15 years to a point of too extreme a restriction criteria. I believe that the 10% deposit rule has been

	tried and tested within the state across a number of generations and has proven that it works so long as it falls within a strict multiple of gross income (3.5 - 4 times gross). When used in this fashion, regulation can both prevent mortgages from becoming unrealistic to repayment and can offer stability within the housing market price index. I thank you for the opportunity to offer feedback and would be happy for you to quote (winthin context) all or part of this email. I am also open to offering further clarity and further correspondence on this subject should you wish to avail of it.
CP87.C60	I am writing to you regarding the proposed changes to the mortgage regulations. I am a Property Surveyor with 8 years of experience working in the Irish market, I am also a residential renter and hopefully a soon to be first time buyer I strongly oppose the proposed 20% deposit requirement for new mortgages, without a sustainable supply of new dwellings coming to the market this initiative will only benefit residential landlords as demand will continue to grow for rented accommodation. While I welcome attempts to prevent a repeat of mistakes made in the past I have made a submission explaining why I think the rules are unfairly onerous on first time buyers. Creating a bubble in private rented accommodation will make a 20% deposit hurdle impossible to achieve for low to middle income earners and first time buyers. I had already accepted that I would probably not be able to afford to buy a residential property in the area where I Grew up, I now face the prospect of not being able to rent in this area either, if I ever want to save a deposit of 20%. I fear that this initiative will only serve to benefit cash rich residential landlords, who will be positioned to purchase all new stock as it comes to market and further control the continued rise of residential rents and further pricing first time buyers out of the market
CP87.C61	Please stop new mortgage rules as buying your own house in Ireland will get affordable. And there is no infrastructure for a long term rent set up in Ireland like it is in Germany for instance. Potentially landlords might ask you to leave the house anytime, meaning me and my family need to move from house to house for our entire life.
CP87.C62	With your recent proposals aimed at cooling the property market - a further proposal has come to mind. One of the reasons why property prices have gotten so out of hand is that they have been allowed to count two full salaries in order to make a purchase. This has been encouraged by the banks who have looked at any spare scrap of income a person or indeed couple might have. You now have a situation, where if a couple, in order to purchase property they

	must use both salaries, thereby suffering the consequences of this. If we look back to the 1970s/80s where generally only one person was working, it was far more accessible to purchase a property in desirable areas on one salary. That is not to say it was easy, but it was manageable. It is now the case in Dublin that it may even be difficult to purchase a property in an undesirable area on one salary. Now we have a situation where that is extremely difficult on two salaries and couples are then left to stay working when one might rather stay at home looking after the children for example. The letter from the woman in Cork a few weeks ago of which we have all become aware is a reality for many, and for those who are single if not in the exact same circumstances. Of course this is mainly a supply issue, predominantly because the amount of Tax which is due when a property is build is enormous thus pushing up the purchase price of the property. My proposal would be that the Central Bank would cap mortgage borrowings to one salary. This would allow couples a bit more financial freedom in their purchases and also it would mean that single buyers would not be pushed out of the market entirely as they could not compete with couples - It would be a far fairer way to alleviate the problem. At this level at deposit of 10 or 15% would be sufficient - a higher deposit in many cases only means that they are going to get a hand from parents and in Dublin at the moment it is impossible to pay rent and save a deposit. Obviously considerations would have to be taken as to how this would be implemented as many current properties have in the main, be borrowed on 2 salary mortgages. However, perhaps for a period there could be some sort of compensation for sellers in this sort of situation. There would be quite number down selling, or selling through estate sales which would not fall into this category and still have enough equity in them that they could reasonably sell their property to a person on one salary. I think this is the fairest way in order to ensure that all have the option of being able to purchase property at some stage in the future.
CP87.C63	I would like to add my voice to the thousands of emails I'm sure you have already received in relation to the new 20% deposit required to secure a new mortgage. In many respects I completely agree with the proposals being made, however I would ask that you take into consideration that thousands of people like my husband and I, who purchased in the boom and are now stuck with a house in negative equity. To give you an idea of our situation. In 2006 when I was single I purchased a 2 bed terraced house for €240,000. Its was purchased with the standard 8% deposit and a 30year mortgage was taken out on it. Then in 2011 I married my husband and in 2012 we had our first child and today we are currently expecting our second. In 2011 we sought

to sell the 2 bed terraced we were living in but naturally enough given the market the time it wouldn't sell. My husband and I were left with no choice but to rent out the house we owned and rent a larger house ourselves at a cumulative monthly outlay of €2000. The house we own was too small for a growing family as we couldn't get the buggy through the front door.

Three years have now passed and we are still in our current situation and the house we own is in negative equity to the tune of approximately €60,000. My husband and I work full time with our son in full time care. Collectively we earn €73,000 with an annual yearly income from the rent of the 2 bed terrace of €7800, which is €5244 short of what is required to cover the value of the mortgage. We have adhered with all of our tax and financial commitment as landlords and we have a perfect credit rating. However this circumstance puts us in a situation where we literally can save nothing more than 100euro a month. We are doing our very best to get our 'real home' for our family but we are ruined by our circumstances. We are financially capable of affording a mortgage on a house worth €300,000 however these new rules will mean my husband and I will be well into our 40's before we can even contemplate getting our real forever home. (We are 33 and 32 years of age)

We would implore you to take into consideration families like ours who are hampered by circumstance. We are forgotten in many situations because we can afford to pay all our bills and cover all of our financial commitments, but because of this economic situation we cannot afford to buy our real home to live out our days in.

Thank you for taking the time to read my submission

CP87.C64 Dear Central Bank,

I agree that the banking market must be monitored and regulated to ensure that the reckless practices of the past are not encouraged to happen again.

I wish to register my objection to the Central Bank's 80% LTV proposal.

- I feel that this practice will benefit the rich who can supply lump sums to relatives so they can purchase a house. It is not an equitable policy.

- I agree that spending time saving a deposit is positive behaviour that instils a prudent financial attitude within the prospective borrower. Leaping to a deposit of 20% of a purchase price is a blunt tool that penalises those who have nearly achieved the agreed target. If the limit is to be changed, then it should be phased in over time to allow people to adjust.

- The LTV limit does not indicate how successful a prospective mortgage holder will be at actually repaying the mortgage.

	The high variable mortgage rate in Ireland is being kept artificially high by the banks. This is an important issue for the Central Bank to focus on and resolve.
CP87.C65	I want to express my reservations about the recent proposals from the Central Bank to restrict mortgages for first time buyers. I also believe that the timing of the intervention in a very volatile housing market is unfortunate and has probably been counter-productive. Ireland has traditionally been a country where the proportion of owner occupiers far outweighed the proportion of people who rent properties. Many of us would have brought up in families where the family home was owned by our parents. This provided stability for the family and also for our parents into old age and in some cases it was used for part payment of nursing home fees. Many parents would hope that this model of family home ownership can continue to the next generation. At the same time we are all concerned that we are heading for another property bubble and that something needs to be done. I believe that interventions from the Central Bank should also be aimed at discouraging investors and speculators rather than targeting only first time buyers (which the 80% will do). I also believe that any move to 80% should have been introduced on a phased basis and not in one fell swoop. Ideally the Central Bank should be more proactive in advising the Government to discourage investors and speculators who have also been responsible for driving up residential property prices. There are many options available to the Government such as targeted property taxes and higher stamp duty for investment properties etc. House prices in some parts of Dublin city have risen by up to 50% since the beginning of 2013. In recent months since the statement from the Central Bank proposing to restrict new lending for principal dwelling houses (PDH) above 80 per cent LTV (Loan to Value) I believe we are seeing an even greater increase in house prices which is being fuelled by purchasers trying to beat the Central Bank proposed deadline of January 2015. Most first time buyers find it very difficult to save the necessary 10% deposit and as a result of the Central Banks proposals, some purchasers have been panicked into out-bidding one another in a shrinking property market. Almost all properties have been far exceeding their asking prices in recent months and particularly since this change was announced. I would caution against any major interventions in the property market such as those announced by the Central Bank unless they are targeted at all players in the market and not just first time buyers which the 80% will effectively do. I would also like to see changes phased in rather than one sudden swoop from 1 Jan 2015 as is proposed. Surely the Government should also be involved in proposing measures to increase supply in what has become a very stagnant residential building sector.
CP87.C66	I personally have grave concerns re the CB's proposed new mortgage rules. For a single income family or an individual on what is considered to be a good

	salary of €50k the proposed rules will make it impossible to purchase a property. While the argument has been made that inheritances or family members can provide the finances for a 20% deposit not everyone is in that position. It is also impossible to believe that the CB does not realise that, for an individual/family on an annual income of €50k, a loan of more than three-and-a-half times salary is necessary with todays property prices to purchase even a starter home, especially in the capital. The CB's proposal will cause more problems than it solves. It will have the effect that it will force people into renting for many decades if not for life. In my considered opinion the CB has learned little from what Ireland has gone through and the burden taxpayers in the middle income bracket have borne. The CB's proposal will ensure that these same people will be the ones hardest hit yet again. I can only further deduce that the authors of this report have not taken into consideration that this proposal will also widen the gap between those who are well off and those less so. This proposal in my opinion is regressive.
CP87.C67	Having lived and worked for 23 years in several foreign countries, the remainder in Ireland, and having bought, sold, rented and rented-out a number of houses I feel qualified to offer an opinion on the proposed deposit and credit limit regulations. The proposed 20% deposit requirement is an excellent suggestion which should be applied to every home bought with the aid of a mortgage. There should be no exceptions. Prospective home purchasers should be aided through means of a PAYE, PRSI and USC deductible savings scheme. The limit on size of loan in proportion to borrowings at 3.5 and 1 times 1st and 2nd income is fair and should be adopted. A term cap of 20 to 25 years must be introduced for all mortgages. No exceptions or roll-over clauses or 'amount remaining' to be permitted. In parallel with these measures reform of the rental sector is necessary; encourage large professional rental companies rather than a cottage industry of small-time landlords without the means or support organisation required to provide the service demanded by 21st century renters many of whom could be long-term or lifetime renters.
CP87.C68	I am extremely disappointed to read P.Honohans comments that the Central Bank is to bow to media and political pressure regarding the 20% deposit. It begs the question, what happens when at some point in the future there are

	price falls? More media and political pressure to water down the rules further or drop them all together. It certainly doesn't bode well for the independance of the Central Bank and seems like throwing the next generation under the bus is still the order of the day. Yours, A very disappointed 30 something potential first time buyer,
CP87.C69	**I am incensed** by the recent proposals from the Central Bank in response to the active property "Bubble" in Dublin and spreading throughout Ireland. As an educated and employed person in my 30s, who has always lived, worked and paid taxes in Ireland I am disgusted at some of these measures. Specifically I am angry about the 20% proposal. The recent media / government media feedback indicates that these will be very difficult for first time buyers but I would like to point out that they are incredibly unfair on a group of people who are in negative equity because they **(FIRST TIME BUYERS) bought a SINGLE FAMILY HOME** during the boom (2005-2007). I am not talking about investors or people that traded up that time, this cohort has been hardest hit and is left struggling with mortgages – many of them in houses far from their families or far too small for their needs. The proposals outlined allow for a small amount of people to be required to come up with less **than 20% deposit for a mortgage application but everyone else will have to come up with 20%.** Given that the average price in Dublin is now €240,000 that is a deposit of €48,000. This will make it almost impossible for people (particularly those with families) to buy a house and will ensure that they are forced to stay in our unsecured rental market. **Alternatively people will access this type of money by** 1. Getting a **financial product** at a much higher rate from a bank or credit union, meaning that they will be paying a mortgage (low rate, long repayment term) and a crippling loan (higher rate, short repayment term) putting them under even more pressure 2. Borrowing from **parents / family members** – meaning that people will have less money in retirement in order to fund their childrens ability to provide a family home Both of these situations will have the knock on effect of taking disposable income out of peoples pockets and as such out of the exchequer as they **will not be able to spend.** All of this in order to balance a "credit bubble" which does not currently exist. The currently rapid inflation of prices is directly related to a **lack of housing supply**. As such at this time these proposals will do nothing but mean that the bubble will continue but taxpayers, people who have seen through austerity and those with families (i.e. providing the next generation for this country) will not be able to afford to provide a home for their families. In addition I am very angry that even in analysis of this, our Taoiseachs recently commented on this issue that it is highlighted that this will make it

	difficult for first time buyers. Yes it will but those who will be more directly affected and deterred are those in their 20s/30s who bought during the last boom and have been unable to move due to the fact that they have been in **MASSIVE negative equity**. **Many of these people are the exact cohort of people who desperately do need to move out of these home, as many of them were "starter homes" and inadequate for families. Or they had to buy outside of where they would like to raise a family because they were pushed out of locations because of ridiculous house prices. Many of these paid massive stamp duty costs during the period 2005 – 2007 and are likely to be just finished paying off additional loans / family members to this and are now looking at having to do the same thing again!** **Again this cohort are likely to be the major tax payers in Ireland, having been unable to leave because of mortgages and families but who have no voice as they are too busy working. As such they are very very easy to overlook.** Our Taoiseach has identified this group before in extending the tax reliefs but I have not seen our government step up to do anything on this issue to represent these people – who have families and cannot wait to move house until the "bubble" dies back down as they need to provide for their families and have been diligently working to get themselves out of the negative equity issue that they have been in**. These people are not greedy, they were scapegoated and unfortunate because of timing – buying a home and now looking to provide a proper home for their families.** The government needs to step in on this issue **IMMEDIATELY**. I am disgusted at these proposals which will prove to make things easier for those with cash reserves to continue to profit from our housing stock and those who really need it to continue to pay the price.
CP87.C70	Please see below my comments on the current proposal. These comments are made in an entirely personal capacity. In addition, I am not a member of or affiliated to any political party or any interest group. My view is that all residential owner occupier mortgages issued by all regulated entities in the Republic of Ireland should be non recourse mortgages. I.e that borrowers are not liable for residual debt in the event of the asset falling into negative equity and the borrower is unable to repay (post CCMA process). This measure would ensure that prior to loan issue both the lenders and their panel valuers assess the asset value on the basis of long term economic value. This in turn would help the resi property market to become a stable one, without the wild peaks and troughs. (Albeit there are other major factors to be considered e.g. supply and demand). Essentially my suggestion is that the professionals (lenders and valuers) take more responsibility for ensuring the value of the asset against which they have lent rather than the 'if there's a shortfall we'll just pursue the borrower regardless of their means' approach. It is important to keep in mind that many borrowers are not sophisticated, they are every day regular families who are at the mercy of the property market which they have very little control over. This statement is not true for the lenders and

	valuers. Finally, I believe a 10% deposit for all resi owner occupier mortgages is a fair and achievable amount which would allow many renters to purchase. Any higher and it would be very difficult indeed to pay rent AND save. This would result in more properties becoming available for rent and therefore alleviating the rental crisis.
CP87.C71	I write with regard to the Central Bank's proposed rules to restrict mortgage lending. I broadly welcome any measures to cool the property market. However these proposals go too far: • They will restrict house buying to the wealthy; • They will result in increases in rent (with poorer people being priced out of the mortgage market and having to rent longer) Instead, I propose: • A less stringent 15 % deposit requirement. This will allow someone with 40 000 saved to purchase a property of 266 000 • The setting up of a "Mortgage Savings Account." A "Mortgage Savings Account" will be a regular savings account that will be free of DIRT. Savers can make regular contributions to this account in order to build up a deposit for a mortgage. In effect this will allow: • People to save for a Mortgage Deposit without being charged DIRT on their interest. • People to display to banks that they are able to make regular savings. In other words you are able to prove you are capable of making mortgage repayments before you have a mortgage. • If the saver chooses not to use the money for a Mortgage Deposit, then DIRT will be payable on the closing of the account. • It will have a positive effect on the population as it encourages people to make regular savings for a mortgage. The 20% rule will mean only wealthy people will be able to purchase properties. More people (and more poor people) will be stuck renting. Rental prices will go up and people will be stuck in a cycle of not owning property. This proposal only suits the rich. The aim is to encourage home ownership and to facilitate responsible lending. The 20% proposal only does one of these: it facilitates responsible lending but it does not facilitate home ownership. I know that taxation is not your remit, but perhaps you could make the following points to Michael Noonan: The poor people are not the people to target when it comes to irresponsible lending. The people to target are the wealthy multiple property owners. Why not reintroduce the annual NPPR and progressively increase it for third and subsequent properties? e.g. • You own two houses: €200 NPPR for your second property • You own three houses: €300 NPPR for your second property and another €300 NPPR your third property (€600 NPPR total)

	• You own four houses € 400 NPPR for you second and third and fourth properties (€1200 NPPR total) • 5 houses €2000 NPPR total, 6 houses €3000 total, 7 houses €4200 total • Etc Local property tax will be also be payable on each of these properties. This would mean the rich who own many properties and who can afford to pay more, will pay more. If they want to transfer properties to family members then they will have to pay stamp duty on those transfers, still generating money for the exchequer. This proposal will not result in significant increases in rent, because many one, two and three property landlords will not be affected by the progressive taxation. The rental market will remain an open market, but one which favours the small scale landlord. This FG government has consistently introduced conservative policies that favour the rich, and if they want to stay in power then they must start introducing policies to help the poor. Home ownership must be encouraged and nurtured. Multiple property ownership by the wealthy is not helpful to the economy. Contrary to popular belief, it is possible to be a conservative government and to help the poor. Maggie Thatcher (despite her many shortcomings) helped the poor. Her "Right to Buy" schemes encouraged home ownership by the poor. She also helped ordinary employees of newly privatised companies to own shares in those companies. One of her lasting legacies is she turned Britain into a nation of private shareholders. Ireland's ISEC index has more than doubled since 2011. The wealthy are more likely to own shares, and many of them have seen their investments double and triple in value in the last few years. The rich are getting richer and the poor are getting tired with it. The civil unrest seen in relation to the water charges is a proxy for people's disenchantment with the system.
CP87.C72	I would like to express my opinion in relation to the proposed regulations regarding mortgage lending, specifically the requirement that purchasers have a deposit of 20% of the purchase price. 1. The action is unnecessary. The Central Bank are over re-acting and compensating for failures to regulate adequately in the past. 2. The regulation is too soon if it is to be introduced at all. Regulations, incentives, tax breaks and grants controlled by the Irish Government have usually been too early, too late, mis-timed, left in place longer than required, and, in fact, contribute to the "boom / bust " economic cycle in this country. Stop interfering with the market please. 3. The proposed percentage is out of context and bears no relation to modern borrowing guidelines. 10% proved in the past to be sustainable. Issues arise when banks decide to give 100% mortgages or interest only loans or 30 year terms (a poor business decision for both the lender and the borrower). 4. The most important tests are related to the affordability of the mortgage - the proportion of the amount being borrowed relative to the gross income and the repayment amount relative to the net income. This is where the focus should be.

	5. The Central Bank are completely ignoring their own statistics - see attached news articles - THERE IS VIRTUALLY NO LENDING and it is declining so there is nothing to regulate. The Central Bank will stifle the market as we are likely to run out of cash rich buyers and the CGT exemption expires at the end of this year. 6. People with cash are buying houses because there is nowhere else to put their money that would show any reasonable return and frankly, banks are not trustworthy anymore. For the moment I can't see how we can change this as interest rates are outside our control. I am not sure what the average salary in the Central Bank is but you can be assured that in the rest of the country there is a significant proportion of potential house buyers that see themselves as possibly never being able to afford to purchase a residential property particularly in Dublin. There incomes are too low relative to house prices. If you think the 20% rule will keep a lid on prices you are probably incorrect. Those who can get help form relatives will avail of that option. The regulation just makes the playing field more unequal. I think you should be aware that the Central Bank's reputation has plummeted. Added to the fact that it failed to take action at the right time comes the news that, what appears to the general public as being an exorbitant amount of money, is to be spent on a new HQ. It is not wall to wall shag pile carpets in the rest of the country so could we have a little less selfishness and some more thinking and decision making for the general good of the country please. I have been working in the property industry for in excess of 30 years so I am speaking from the experience of living and working those years in our economy. The views I have expressed are strictly my own and do not represent the views of any organisation of which I am a member, my employers or my colleagues.
CP87.C73	If you cannot put up 20% deposit on a house you cannot afford a house. Period. In ten years I do not want a repeat of the austerity to bail out the banks. The politicians want a repeat of property bubble, DON'T LET IT HAPPEN.
CP87.C74	As a first time buyer I agree with both the use of the LTI and LTV as a means to control lending. In my recent experience banks have offered approval in principal for amounts greater than I would be comfortable borrowing. I can only presume others in similar financial position to me would be offered similar mortgage approval in principal levels and would possibly purchase at that level pushing properties above what I would consider fair and sustainable value. It is also possible that on mortgage drawdown the actual mortgage offered may be less than the approval in principal level and so allow people bid properties to a level they cannot finance pushing the price up for those competing for the properties. The consequence of this is that prices of residential property appears to be increasing and for those requiring a mortgage, the residential property is being secured by high levels of debt. If this is to continue it will push property out of the reach of many first time buyers and also encouraging others to extend themselves and get into excessive debt. Spending in the wider productive

	economy will be restricted with higher levels of debt. It is surprising that residential properties especially in the Dublin area are selling in 2014 at prices in the range of a 50% increase than 18 months earlier. This to me seems good evidence that banks are currently lending somewhat recklessly. As this is primarily this is a tool to protect the banks against imprudent levels of lending secured by residential property I would agree that it should include all lending secured by residential property. I'm unsure if the exemptions set out for LTV and LTI are correct and I have no reason to offer different levels so will trust the process to deliver the correct exemptions. I do believe some exemptions would be required as there will be individual circumstances that require same. For example, recently qualified doctors who may have low levels of savings but high current and projected income may be suitable for a higher LTV amount. As for mortgage insurance products I'm not in favor. This will simply allow people become over indebted and have to pay an insurance premium also. I would also be concerned that any insurance product would ultimately fall on the state if called upon by large numbers of loans. We need to move away from our unhealthy obsession with property in this country and the view that high property prices is good when in fact the opposite is the case. Lower property prices requires lower wages and affords people an opportunity to invest and spend in the wider productive economy. We have seen what ever increasing property prices have done to the people of Ireland and if these proposals help prevent the same thing reoccurring then they can only be positive.
CP87.C75	I agree that the banking market must be monitored and regulated to ensure that the reckless practices of the past are not encouraged to happen again. I wish to register my objection to the Central Bank’s 80% LTV proposal. • I feel that this practice will benefit the rich who can supply lump sums to relatives so they can purchase a house. It is not an equitable policy. • I agree that spending time saving a deposit is positive behaviour that instils a prudent financial attitude within the prospective borrower. Leaping to a deposit of 20% of a purchase price is a blunt tool that penalises those who have nearly achieved the agreed target. If the limit is to be changed, then it should be phased in over time to allow people to adjust. • The LTV limit does not indicate how successful a prospective mortgage holder will be at actually repaying the mortgage.

	The high variable mortgage rate in Ireland is being kept artificially high by the banks. This is an important issue for the Central Bank to focus on and resolve.
CP87.C76	I am in favour of a policy which imposes a requirement for a 20% deposit relative to the value of a house and a cap on mortgage LTI. Taxpayers should never again be required to rescue the banks and part of that protection should be the avoidance of another housing bubble, or in case of another bubble, the avoidance of a fall in house prices by way of a 20% deposit requirement. The fact that the banks, mortgage brokers, estate agents, solicitors and politicians are against the policy, is further proof that it should be implemented. Such groups have a vested interest in the continuation of house price increases.
CP87.C77	The proposed new Central Bank regulations on lending for buying homes will make it impossible for single people, couples and young families to be able to afford to secure a mortgage and buy a home of their own given the new suggested criteria on the percentage of deposits needed by the bank to secure a loan. The income multiplier also means that a very basic house in Dublin is out of the reach of most people unless they earn very large salary/salaries. This proposal will create an impossible scenario for young families who will have to produce a hefty deposit of approx. 20% of the mortgage if they wish to purchase a home. Most people are already paying very large rents for their rental homes, which leaves little ability to save the vast amount of money needed. For couples who have to pay large childcare costs this will be a mountain most will never be able to climb. However they are demonstrating a consistent ability to meet their rents and crèche fees which should be taken into account on their loan application.. The average house price on Dublin's Southside at present is between Euro 350,000- 450,000 which means saving a deposit of Euro 70,000 to 90,000 is needed along with a massive salary to purchase the most basic starter home in the outskirts of the city where they live and work Cheaper properties may exist but often need renovation or have only 2 bedrooms. There are very few people across the board of any age in Ireland with access to such savings or fund. No one on an average/ normal salary could ever possibly hope to save such a huge amount and to put such an onus on people is to make home ownership in the long-term absolutely unachievable for many. The lessons of the past few years seem to be already forgotten as bank profits are prioritised over the needs of Irish families and society. Has the same 20% Deposit criteria been applied vigorously to the large Irish and Overseas property consortiums that are buying up large scale property portfolios in Ireland or have they been let borrow this deposit also? As rents increase across the country, family savings diminish and dreams of home- ownership is being dashed by this badly conceived proposal.

If anything, the Central Bank should be lowering the deposit needed to purchase a family home to between 5-10%, and building in other special securities around each mortgage such as ability to repay a long term loan. Perhaps lending on a basis of a 20 year mortgage only might also be away to cool the rising house price market.

The bank should be encouraging home ownership which will not only benefit society but also our economy. Couples and families who have to continue to rent over the years not only face upward rent increases but the possibility that as they finish work and near retirement age they will not have sufficient income or pension to continue to rent. What is the Central Bank's plan for such a scenario?

Who is making the decisions on the Central Banks policies? Do the decision makers already own a home of their own? How did they manage to achieve this?

1. The solution would seem to be that the ability to consistently pay rent is taken into account on the loan application and considered a significant factor.
2. That new mortgages are only given for a period of 20 years -25 years. Many people are in their thirties when they apply which means they will be sixty when their mortgage is paid off instead of seventy.
3. The deposit on a standard family home is kept to a lower level between 5--10%.
Larger homes will need a much larger deposit.
4. The ability to borrow for other things buy increasing or extending a mortgage is absolutely discouraged unless for extension or improvement of that home. It should not be used for the purchase of other properties/ businesses, cars, holidays. I believe that the easy availability of equity release is a major contributor to mortgage problems and much of this was encouraged by the banks and mortgage brokers.

My husband and I bought our first house a small semi-detached home in a new estate, in 1977 the year we got married. We saved for the small deposit and were excited to take our first steps of being home owners. A few years later we moved to a four bedroomed home nearer both our families, close to schools and shops and a park. With four children we moved again in 1994 to our current home an old house which needed a lot of work but has become a much loved family home.

Our hope is that our children and their generation are given the same opportunity to buy a home of their own as we did.

CP87.C78 Regarding above subject matter, I wish to submit the following plan:

In order to protect public finances going forward, it is important that the LTV ratio is maintained at a maximum of 80%. However, this ratio, by its nature, will result in many first-time buyers and indeed other parties in the market, being unable to purchase property.

	I propose that the residential borrower (assuming owner-occupier), provide 10% of the purchase price. Then the state, backed by the central bank, provide an equity on behalf of the borrower for 10% also. This 10% would be subject to a fixed term interest charge for the lifetime of the loan, and would be repaid to the state upon discharge of the overall loan. I feel the above would allow current prospective buyers to come to the market, whilst at the same time, ensuring financial prudence within in the market on a macro level. It would also continue to allow a significant section of the population to move beyond the rental market, and in turn perhaps reducing at least, the level of rental prices, especially in the capital.
CP87.C79	Congratulations on this timely intervention. I applaud your courage and wish you well in resisting the financial illiterates and self-serving vested interests who will seek to undermine what is a rare example of a Public Institution in this country acting for the good of the public (even if many do not have the wit to realize it yet).
CP87.C80	I wish to make a submission on the new macro-prudential measures for mortgage lending. I wish to make the following points in relation to why I think LTV should be capped at 90% and not 80%: • These proposed measures are going to stagnate the property market. People will not be able to sell as there will be limited buyers and people will not be able to buy as they will not have sufficient money loaned to them to do so. • Rents are going to increase dramatically as purchasing a home will be out-of-reach of most people. Rents are already at extremely high levels in Dublin and other urban areas of the country due to the fact that buying a home has been outside the scope of many people during the recession. • These measures are going to have a negative impact on the following businesses: (a) Solicitors who deal in conveyancing (b) Auctioneers (c) Building Contractors (d) Building Providers (e) Furniture and household/homewear businesses (f) Garden Centres This list is non-exhaustive. Behind each business is a family. It all has a knock-on effect. • What about those people who bought a property in the ‘boom’ times, have been forced to have a family while living in say, a small apartment, have waited out the recession, now want to sell in the next year or so when they exit negative equity, and are faced with the possibility that there will be nobody to buy their property , so essentially these people will be trapped in this property into the future, with no scope to trade up. • Just as we are beginning to see house prices creep up, house prices will fall yet again due to less people being able to purchase. So we will

effectively have reverted backwards rather than forwards with regards to the property market. People who own property will be doubly punished by a drop in their property price from 2008-2013 and then a small increase in 2014 only to have the banks cause another drop in price in 2015.

- These measures are being based on Dublin and have no consideration for the rest of the country at all. Most of the rest of the country is still crippled with house prices far below the cost of what they were in years past. There is no 'bubble' outside Dublin and yet the rest of the country are being penalised for a perceived issue that has reared its head in Dublin.

- In the boom times, people were getting 110% mortgages. Capping the LTV at 90% still means that people have saved up 10% of the mortgage. What these measures are doing is going the total polar opposite of the 'boom' times. Too much was given in the boom times and now the Central bank is going towards the vein of too little being offered. Why can't there be a happy medium at 90%?

- You are effectively punished for having children as your capacity to save 20% is very difficult. You may have the capacity to pay back a 90% mortgage and perhaps saving 10% LTV is possible, but saving beyond that proves difficult if you are renting and have children, even if the money you are spending on rent is more than a monthly mortgage repayment!

- When supply becomes less of an issue, particularly in Dublin, then perhaps something could be looked at…maybe phasing in an increased LTV which will eventually end up at 80% over the next 5-10 years. But for the moment, while there is a scarcity of property on the market, very little being built and rents skyrocketing, the banks should not put owning a property, or indeed selling a property in 2015 onwards, beyond so many people's reaches.

- I think the banks have a moral obligation to people. The banks caused so many people in Ireland to suffer in the past. The actions of a select few in the case of Anglo Irish Bank caused the Irish people to dig deep and suffer badly. The banks should be sending a positive message out there now..that they are open for business, that they are selling mortgages and that people can own their own homes again. I believe the proposed measures will only drive the economy backwards.
  I hope, for all of our sakes, that LTV is capped at 90% instead of 80% and that the banks don't do the Irish people a further disservice by denying them their constitutional rights of owning their own property. Most people in this country need and rely on mortgages to own their own property and by putting a LTV of 80% on mortgages, it puts owning a home, and indeed selling one's home, further and further out of reach of most people. There will be further and wider negative

	impacts on people whose lives depend on the property industry.
CP87.C81	This measure will now only benefit higher earner, My Partner and I will would be on roughly 75000 per year we have paid in 40000 euro in rent the last 4 years. We are saving for our wedding and refused to get a loan for a day we planned to have 30000 for a deposit of a 3 bedroom semi detacted house after the wedding and were looking to buy in our local area swords and start a family Now with your new measures we will never be able to buy a house and we will end up paying someone else mortgage for the rest of our lives and because first time buyers will no longer be able to buy a house the rental market price will increase because of a higher demand for rental properties. Can you explain how these measures help the lower income earners and people who dont have rich parents to bail them out
CP87.C82	How is anybody (except rich employees of the central bank) going to be able to buy a house with your new proposals on lending. It will kill the property market. Also its very unfair on people who have been saving a deposit. Just unbelievable! Yet again the working man/woman is screwed over by the powers that be.
CP87.C83	My view on this is "**Central Bank is 100% correct in implementing all the measures proposed**". Don't listen to any politicians or any body in this matter. I feel you guys are correct and should go ahead with your proposals.
CP87.C84	I wish to congratulate you on the 20% deposit requirement and implore you to hold firm in this despite a campaign by the Sunday Independent and other vested interest organisations to dilute the requirement under the guise of concern for first time buyers when they have demonstrated zero concern for ftbs previously. I am confident your action will lead to a more sustainable and fair housing market in the future. Provided you stick to your guns. Please do not give in to vested interest pressure. This action may finally rid of boom and bust economics with regard to shelter.
CP87.C85	As a first time buyer I congratulate you for your proposals regarding limits for borrowing. I urge you not to bow to the pressure being mounted by the media and various vested interests to dilute these excellent proposals. It is my opinion that these proposals will ultimately lead to lower housing costs and that would be a good outcome for the citizens of this country.
CP87.C86	I relation to your consultation paper CP87 the following is my opinion only and experience from working in Retail Banking in the 1980/1990's when we had little or no personal debt, unfortunately we had high interest rates climbing close to the mid 20% which caused repossessions of residential property. Looking at the difference of Boom to Bust versus the 1980/1990's having worked with consumers in both recessions while listening to consumers view points, is the way I am going to answer your questions, taking into account what procedures are already in place.

Question 1: Which of the tools or combination of tools available to the Central Bank would, in your opinion, best meet the objective of increasing resilience of the banking and household sectors to shocks in the Irish property market and why?

1980/1990's the lending criteria for **Residential Property (family home**) as it was known 80% loan and 20% deposit the maximum length of time was 20 Years, this increased to 25 and then 30 years. Lending Criteria; 2 ½ times the main earner and 1 the second earner. A 100% Overtime was not taken into account; we allowed 20/25% on receipt of a letter from the employer as to the whether overtime was on an ongoing basis. (Overtime can be removed at any time) Those on contract employment were restrictive in the amount they could borrow as a contract may not be renewed. Ratios applied 2:1:1 (Income, living expenses, other loans)No equity was allowed to be taken from the property (leverage) Indemnity bonds were normal practice on amounts over 75/80% depending on the consumer. You also had a cap on the amount you lent in different sections per month. (Residential, BTL, Commercial)

BTL were treated as a commercial loan. This type of loan had a lower term i.e. 10 years been the normal and a max of 15 years depending on the individual customer. You could only borrow 70%, depending on the consumer the max allowed was 75%.Indemnity bonds were standard practice. Your comfort zones were automatically built in by using this criterion, No leverage, or equity to be taken from the BTL or any property. Income, location, and rent roll were also taken into account.

Boom to Bust extended the term further to 40 years and increased the 80% loan to a 100% and no deposit in a lot of cases, no indemnity bonds no ratios. They also did not adhere to the lending process and relied on all income. You could available of 3, 4, 5 times salary. They allowed 100% overtime, contract employment, Children Allowance, equity to be taken from the property. There was no buffer zone.

Present to Future: looking at both options, I would feel the 80% 20% rule is the most appropriate (LTI) together with ratios. As income increases the 80% will automatically increase. Less reliance on other income consumer may have, i.e. overtime, 2nd job. No equity/leverage to be taken from property. If other income is used max amount allowed should be 25%. Max term for loan is required. We rely too much on all income been used to obtain a loan and as result there is no buffer zone in the event of something happening. I feel the criterion of the 1980/1990's served us well in the past and gave a comfort zone. I agree that it needs to be modernised. The advantages of this system to name a few were It improved the economy, aided the market from over heating, property prices did not rise as fast, prices were realistic due to the fact that you did not breach the 80/20 rule ratios applied and Indemnity bonds and the number of mortgages per month was capped.

N.B. The area of maximum term is not covered in your consultation paper this needs to be addressed. **Reason Why**: This gives the consumer/Financial

Institution a comfort zone. A loan can not go beyond retirement age (when you are eligible to receive your state pension i.e. 65 years at present) the max age for a loan to be cleared should be when the consumer reaches 60 years of age. This gives the financial institution and consumer a 5 year comfort zone, in the event of an unforeseen circumstance. The next generation taking out a loan (25 to 30 year olds) there should be a max term of 25/30 years you automatically have a comfort zone for both financial institution and consumer.

The 3 times earning needs to be clarified: is this the total amount borrowed on a joint loan? Or is 3 times earning per borrower? I suggest if there are two borrowers the maximum would be 4/5 times salary would be adequate. 3 times for the 1st named (main income) max 1 ½ or 2 time salary for the second name on the loan. I would also apply ratios and indemnity bond.

Question 2: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)?

I don't agree to the statement I feel it is a very loose statement with numerous interpretations and may be generalised.

The word "Residential" has too many interpretations; it needs to be more explicit. i.e. BTL, Private Dwelling.

Reason Why:

Consumers need to be protected and their needs should be taken into account. Consumers are not financially trained; and rely on financial institution for information/advice and take them at their word. (Rural communities rely more on financial institutions, as a result you have a more loyal consumer base)

1) Outside of Ireland other countries may not afford the same level of protection to Irish consumers as they are classed as Non Resident or Investors. They may not be covered or protected by the equivilant of our CPC, CCA1995, Supervision, and Authorisation

2) Data Protection/ consumer protection laws in other countries may not be up to our standard.

3) This may result in incorrect/miss use of the Family Home Protection Act 1996, and not for the purpose that it was intended. It leaves a family vulnerable (the majority of consumers are not financially trained and rely on financial institution for information/advice and take them at their word. The family home <u>should not be used as security</u> once the primary mortgage/loan has been cleared. (This was normal procedure in the 1980/1990's as a result of this practice you had less repossessions or homeless family, a practice that needs to be re instated/compulsory. This helped to stabilize the housing market with many benefits to the economy).

On the other hand if you were to proceed with this option, it would be necessary to name the countries that it is applicable to and to ensure that authorisation, data protection, supervision and consumer protection is of a level equivilant to Ireland. This procedure would benefit financial Institutions for risk; unfortunately the consumers has more to loose in this situation and may not be protected due to property in another country i.e. not a nationality of that country, more than likely classed as an investor/non resident.

Question 3: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking into account the objectives of the Proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences?

I agree in principal with the exemptions. I would like to see "Switcher Mortgages" more defined and a cap on "Negative Equity Mortgages".

1) "Switcher Mortgages" normally defined as moving your mortgage from one provider to another provider to avoid heavy charges, fees and may be able to avail of a better term or rate. As you state a re mortgage with no increase in principal. i.e. No equity released especially in the case of a Private Dwelling. (Family home) This is important as during Boom to Bust when a consumer availed of "Switcher Mortgages" they also took the equity out of the property and left no buffer zone.

3) Residual debt from negative equity Mortgages: A ceiling is require for the "residual debt that can be transferred to a negative equity mortgage" The aim is to get consumers back on track otherwise there is no benefit to the consumer or economy.

4) I would like to see MARP/CCMA specified rather than presume it is included as an exemption. Those consumers's that are already in MARP/CCMA would continue on this path. To ensure consumers are protected in the future or in the case of unforeseen circumstances, it would be important to have this facility available for financial institution and consumer. It will also act as an extra aid for financial institutions to assist consumers on a path to recovery, now and in the future. Consumer will also be able to follow and apply the procedure to assist themselves to recovery.

Question 4: If there are any significant operational difficulties envisaged by regulated financial services providers in complying with the measures as outlined above and in the draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of same.

I don't envisage any significant operational difficulties, we have used the proposed rules in a similar format in the past, and there should be no difficulties. Where in the past BTL were treated as commercial loans, This is a great improvement to include them under the term "housing loan" as we now have two types of loans, you are either Commercial or Residential this has many benefit to the economy, it is important that ratios are implemented as part of the proposed process for BTL/Residential Loans. Once financial institutions follow the existing loan process that every loan in this country is issued under, the risks to consumer and financial institution is minimised. Anyone who is QFA, APA (Loans) will know the process. The credit register is a grey area, on the other hand financial Institutions have the ICB and may not need a credit register it is duplication of what is already in existence and may be of no extra benefit. The consumer would benefit from the Credit Register (see below)

I would like to see regulations and misconstrue definitions for the Credit Register.

Question 5: Should some adequately insured mortgages with higher LTV's be exempted from the measures and if so what should be the criteria for exemption?

Higher LTV's still need to come in under a proposed criterion, it would not be shrew to exempt these types of loan, in the event of an episode, the risk is elevated. This type of "insured mortgage" will solely depend on the type of bond or bonds that are decided on and available to the consumer at a competitive price.

The only prudent way of accessing higher LTV's is with an indemnity bond and or "high-quality guarantee" The best high quality guarantee is placing a lien on deposit accounts, savings etc. Other Investments were used but on a percentage basis, i.e. shares as they may rise or fall, property other than the Private Dwelling. This minimised the effect of risks on financial institutions yet at the same time protected the consumer. We did this in the 1980/1990's. We also applied indemnity bonds, thus minimising risk to financial institutions and provided lee way to the consumer/Financial Institution. The options available were as follows:

(a) According as the loan decreased, the liens, bond and guarantees decreased in line with the loan.
(b) The bond remained until the amount outstanding reached an agreed %.
(c) The bond was fixed for the term of the loan.
The bond premium could be included in the loan repayment amount, yet on the Loan Offer it was itemised separated for the consumer. Bonds could also be treated along the line of a block policy or Stand Alone policy, the same as Mortgage Protection, fixed amount for the term of the loan, or a policy taken out by the consumer with the provider of their choice to avail of the best price in the open market and assigned to the financial institution. It would be important that the consumer has a choice as per executing any protection policy. The economy grew at a moderate rate.

Question 6: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)?

This is similar to Question 2. I don't agree to the statement I feel it is a very loose statement with numerous interpretations and may be generalised. Consumers are more at a risk than financial institutions in the event of an incident.

The word “Residential” needs to be more explicit. i.e. BTL but not the Private Dwelling while buying property abroad.

Reason Why: We saw in the boom to bust financial institutions using residential properties in Ireland as security for consumers buying abroad and lending in the region of 65%of the value of the Irish property, in the event of the downturn the consumers is left with all the risk, the risk is elevated as Irish consumers are treated as investors abroad with little to no protection. Financial institutions had the Private Dwelling as security as a result their risk was lower; the onus in these cases was on the consumer, depending on where the consumer purchased they did not have the same protection as they were classed as foreign investors, and not afforded the same protection as in Ireland.

Other areas that would need to be vetted are as follows:

1) Outside of Ireland other countries may not have the same level of protection for consumer’s .i.e. CPC, CCA1995, Supervision and Authorisation

2) Data Protection laws in other countries may not be up to our standard.

3) This may result in incorrect/miss use of the Family Home Protection Act 1996, and not for the purpose that it was intended. It leaves a family vulnerable (the majority of consumers are not financially trained and rely on financial institution for advice and take them at their word or face value). The family home should not be used as security once the primary mortgage/loan has been cleared. (This was normal procedure in the 1980/1990’s as a result of this practice you had less repossessions or homeless family, a practice that may require enforcement.)

On the other hand if you were to proceed with this option, it would be necessary to name the countries that it is applicable to and to ensure authorisation, data protection, supervision and consumer protection is of a level equivilant to Ireland. This option should only be available to Investors. Investor’s Criteria would apply and Financial Institutions need to inform consumer’s they are been classed as an Investor with the investors criteria attached. (This would form part of the special loan conditions)

Question 7: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking in to account the objectives of the proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences?

I agree with the exemptions in principal. My comments would be similar to Question 3.

Mortgage/Loans in arrears: Is the MARP, CCMA still included in the exemptions.

Question 8: Do you consider restrictions on loan-to-income ratios as suitable for buy-to-let mortgages? What impact would a restriction on such loan-to-income ratios have on buy-to-let lending in the state.

I agree in principal on loan to income ratios for buy-to-let mortgages.
The impact on <u>loan to income ratios only</u> on BTL is that you will find yourself in a stagnant property market which will not benefit the economy and in the event of unemployment your back to where we were in 2007, as the emphasis in the past was placed on consumer income. In relation to financial institutions they will require an addition to loan to income ratios for BTL as per the 1980/1990's model below.

Looking back on the 1980/1990's model (needs to be modernised) first was the rent roll, location and then consumer's income. We used the rent roll first with a % of earned income to allow for the consumer been unemployed/sick or without a tenant. Each case was looked at on an individual basis. The rent roll was important because in the event of an incident you had a buffer zone, in that not all the consumer's income was used to service a BTL which minimised the risk to financial institution and consumer. The emphasis on the rent roll was important in the lending scenario that in a situation the rent was able to service the interest and a % of principal. The rent was mandated to the consumer account in the financial institution. To assist us we use a criteria of (X times, annual rent = value). This was one method of risk assessment for financial institutions, approximate value of a property and guideline for lending. Once you had the above formula you could apply the lending criteria, including indemnity bond and High Quality Securities. The criteria assisted in Lessing the impact on a downturn. Or in the case of individuals renting that they are not evicted due to the landlord been over stretched. This has the impact of improving the economy, growth in the property market may be at a slower rate, and lessening the burden on the state, provided houses are built at a normal rate to meet demand in required locations.

Question 9: If there are any significant operational difficulties envisage by regulated financial services providers in complying with the measures as outlined above and in the draft regulations (Annex 1) and the proposed exemptions, please submit brief details of same.

There are no significant operational difficulties in relation to implementing the measures; as a brief explanation below provides.

<u>Financial Institution point of view:</u> The majority of your proposed measures were in existence in the past and served us well for that time. (1980/1990's) It is important that they are modernised. If I look at the loan process, and your proposed measures they are easily built into the existing loan process, only one need to be adjusted, which is the lending criteria. Financial institutions start with the "Original Application Form" completed in the customers handwriting this is a very detailed form including, Needs and Objectives, Personal Details,

Financial Situations. Debts, Income Savings, Attitude to risk, Salary and Occupation, Reason for Borrowing and Health status on some application forms i.e. block policy built into application form (as this forms the basis of a legal contract. In my opinion it is also a legal binding document since it is used for initial checks including AML, CPC before proceeding with an application) the Original Application form gives the 1st indication whether a loan will proceed or be rejected due to its detail and in the event of a complaint/dispute etc we always look to the Original Application Form completed in the customers handwriting to check what the consumer completed.

Consumer's point of view: It is important from a consumer perspective that the "Residential Loans" are specified as Private Dwelling and BTL loans. Your proposed measures can be implemented into an "Application Form" which leaves the loan process simplified for consumers. As financial institutions must give a reason why/suitability statement to a consumer before proceeding, which will include affordability having all the information on the one Application form leaves it transparent for the consumer. There should be a separate box on the front of the Application form to differentiate which types of Residential Loan they are applying for. A) Private Dwelling B) BTL thus avoiding confusion among consumers, as financial institutions uses different codes to distinguish loans it minimises errors and wrongly categorized. The credit register needs to be defined as per explanation below.

Question 10: What unintended consequences do you see from the proposed measures and how could these be avoided?

The proposed Credit Register: In my opinion there is no advantage of a credit register been available to financial institutions. It is more important that it is available to consumers as a brief explanation below point out. The ICB only assist financial institution in completing their checks. They must complete their own independent checks and not rely on the ICB or Credit Register.

Financial Institution point of view: Financial Institution can minimise the impact of the credit register not been available to them by completing their normal checks. i.e. ICB and Independent verification and the consumer detailing all loans. It would be important that if financial institutions where accessing the Credit Register that the bank official that requests the information is noted on the Credit Register and the reason why the information is obtained, i.e., car loan, holiday, college etc if the consumer dose not proceed the reason why they did not proceed. Some of the reasons could be they could be that they may over stretched, a lesser amount was sufficient. We need to remember that "the original handwritten application form that is completed by the customer in the present of a Bank official, broker or agent once signed by the customer in the present of an official is the basis of a legal contract between the borrower and lending Institution and a binding document. There fore it is essential that the information provided is accurate, truthful and can be fully supported by documentation and signed off. When the customer signs the application form, they are verifying that the information is true and accurate on the form". The onus is on the Financial Institution to complete their checks as normal including independently and verify any discrepancies or inaccuracies before proceeding with a loan as per the loan process. It is the Original Application Form that is looked at to see what was completed in the event of an incident.

<u>Consumer's point of view</u>: In relation to the proposed Credit Register, we need to ensure that consumers information is protected (data protection law) and that the register is only used for the purpose that it is intended for. On the other hand the major benefit would be for consumer that they can check the Credit Register themselves, on line using a secure network. This will aid consumer in ensuring that their details are correct, take responsibility for their borrowings, educating the customer and take corrective action, and avail of independent advice. I would prefer to see consumers accessing their own records rather than a financial institution, as consumer may prefer to shop around with MAI brokers as well as financial institution it is more private and gives them options. At present if a consumer uses an MAI Broker they are may not able to access the ICB this is where the credit register has an important part to play for consumers. Financial Institutions still have their own ICB which should mirror the credit register. In the event that a consumers request a loan in excess of €3000.00 it could be a requirement of a loan application that the consumer bring an update print out of their details that are available on the Credit Register this way financial institutions can cross check the information is accurate using the ICB and independent checks. The credit register puts the onus on the consumer to ensure their details and information is accurate; as a result the consumer is taking responsibility for their actions, educating themselves in relation to banking and been able to seek independent advice prior to taking out a loan or a product from financial institution. A consumer should be able to access the credit register when required. A consumer needs to be able to amend, incorrect information on a Credit Register by an independent source which could be a unit in the central bank. (At present they rely on Financial Institution to correct the error and have the ICB amended.)

Question 11. Is the threshold of €50 million over 2 quarters an appropriate threshold and time period for reporting requirements? If not, please indicate a threshold you believe to be appropriate and provide reasons why you believe this is the case.

No comment.

Question 12: Are there any significant obstacles to compliance by regulated financial services providers with the limits?

In relation to Annex 1 Regulations, I consider it is vital to consider altering the following definitions in order to prevent your meaning been generalised or returning to a Boom to Bust scenario in the future. It is important that definitions can not be misconstrued.

Borrower: "means a person to whom a **housing loan** is granted" as per your definition.

In my opinion a borrower is the person who income is used to secure a loan. It is important to note that not all named on the loan are borrowers. The second name may be a home maker or unemployed in this respect they are not borrowers but are **always known as "2nd named** for two reasons a) Married. b) Family Home Protection Act 1996)

Income: means the total gross annual income, before tax or other deductions of a borrower taken into account by a lender to calculate the amount which it is willing to advance under a housing loan:

In my opinion, Income means your total gross annual **Base Salary** before tax or deductions i.e. without pension contributions, Overtime, Bonus, Allowances (as these can be removed at any time and are not part of your core annual income,) by altering the wording you are promoting sensible lending, while constraining risk, Boom to Bust, Consumers been in debt. On the other side you are improving the economy, transparency and aiding a healthy balance in financial institutions.

Point 5: "These regulations shall not apply to:

It would be important that the above statement is defined: If I take your statement at face value point 5 sections 1, 2, 3, are not supervised under regulation. This is not the case.

In the case of point 5 sub section 1, 2, 3, would be classed as

1) Switcher Mortgage or BTL
2) Point 2and 3 are Mortgage in arrears,

The sub sections 1, 2, and 3 come under existing Regulations which include guidelines. Point 4 covers you to a certain degree, it would be important that a reference be made to the sub sections.

Under Annex 1. There is no definition for a BTL. This would be important for both Financial Institution and Consumer under the proposed changes and regulation that clarity is given to a BTL. BTL are now coming under Housing Loans this will avoid BTL been isolated, and give clarity to the Financial Service Industry.

My definition using the information in the CP87 is a "BTL would be defined as a "residential housing loan" and would be supervised under existing regulation including guidelines. i.e. CPC, MARP, CCMA. The lending criteria will apply as per "Residential Mortgage Lending".

Finally, I agree with the proposed changes, I appreciate the hard work and man hours that have gone into producing the process. It will give clarity to both Financial Institutions and Consumers. It is important to get transparency and clarity on the lending process. I look forward to see the indemnity bonds in place as this will give Financial Institutions more lee way and I also feel that if

	a financial Institution is prepared to advance 50% or 60% of a purchase price, and the consumer is advancing the remaining amount, that Financial Institution/Consumer should have the facility to apply/take out an indemnity bond for the remaining amount i.e. 50% or 40%. On the other hand if a customer wants to take out an indemnity bond to protect themselves against an incident or unforeseen circumstance for a % of the advanced loan amount separate to the Financial Institution the facility should be available to consumers, (along the lines of insurance/protection policy) the consumers who perfect their own insurance policy separate will not be assigning to a financial institution. The new proposals will lessen the risk on financial institutions; improve the economy and the property section, from the consumer's point of view it will help create transparency and clarity and to avoid misinterpretation in the property sector. Looking at BTL from working in different sectors of financial services, I would separate BTL into two categories: 1) Investors more than 4 BTL 2) Consumer less than or equal to 3 BTL Reason Why: The majority of consumers have less than 3 BTL, normally one or two, BTL are often purchased with the long term view of an unearned income in retirement, some consumers may have no pension from employment – contract employment, or may need to subsidize their pension with the state pension, they may/may not have any other pension provisions. It is important to visualise a long term view of BTL, in that they are suitable for a variety of consumers to purchase as a top up for their pension and not rely on the state pension. There are other uses for BTL in the economy, housing for those who can not afford to purchase, Social Housing Scheme, savings on the state in respect that the landlord maintains the property and looks after all charges and taxes including the PRTP, resulting in funds been circulated which improves the economy.
CP87.C87	I support your proposals to limit mortgage loans. Like it or not, Dublin, is the economic, political, cultural capital of this country. House prices in Dublin are very high (and rising very fast) and are already a major disincentive to talented people returning from abroad (I have personal experience of this after talking to Irish consultant doctors in USA and to a structural engineer in my family). Add to that the issues of high prices making us uncompetitive, driving up wages, forcing young people to put a huge % of their salaries into property. And a net transfer of wealth from the younger generations to the older ones. Over the medium and long term, your proposals should help control price rises (with positive knock-on effects for the country overall). And they should help reduce the chances of people taking on huge amounts of debt they cannot afford, if circumstances change, as happened so recently here!
CP87.C88	Great idea to restrict mortgage deposits to 20%. We have been saving so long

	for a house and are being outbid all the time by people getting big bank loans.
CP87.C89	I would like to take this opportunity to lend my support to your proposed measures on regulating the mortgage market. I am a firm believer that your suggested levels of 20% deposit and 3.5 times income are both strongly needed in preventing a new housing bubble emerging. The Irish people are not capable of restraint when it comes to borrowing for their own homes and I am very grateful that you are taking the effort to cool their enthusiasm when it comes to over borrowing. I intend to buy a property (first time buyer) within the next year and I was extremely worried that I would be bidding against reckless individuals who do not understand the consequences of heavy debt. Prudence and sound budgeting are not as prevalent as we would like so a 'babysitter' is needed. This is your role and I am so glad that you are taking it pro-actively. I plead with you to not to give into the pressure and lobbying of self serving interests such as mortgage brokers and real estate agents. They have no interest in protecting out people and our taxpayer from future mistakes. They have not learned from the past but are simply motivated by greed. Please do not row back on your original plans. Our country cannot survive another bust and we must learn from our past erroneous ways.. Thank you Governor Honohan. Stick to your guns. You have my support.
CP87.C90	First and foremost I am not a mortgage seeker but did have one years ago. I do think that probably the new proposals make sense but what makes no sense whatsoever is that you wish to introduce them from the new year. A fourth year student or the dogs in the street could assess this as being the craziest thing ever. The housing market is only beginning to take off. Do you really want to jepordise everything. It is the most obvious thing in the world that this is a measure that has to be brought in on a gradual basis. But then what can we expect - you along with the government, the planning authorities (who willy nilly gave permissions to build in the most inappropriate of places), the banks and regulatory authorities brought the country to its knees. Is there no learning????
CP87.C91	Please cut the mortgage deposit to 10%, as full time working parents of two young children who are suffering increased rental prices and high crèche fees it

	is almost impossible to save for a mortgage at 10% never mind the proposed 20%. We are on good salary's, in our mid thirties and are paying just under 3.5k per month before we put food on the table! Something must be done to help first time buyers/ middle income families put a roof over their heads.
CP87.C92	I am a 32 year old Architect and Irish citizen who has been working full time in Dublin for the last 10 years. I am a working professional in the private sector. I earn €30,000 per annum. Typically working a 45 hour week in a highly skilled, responsible and demanding job. I predict that my salary should rise dramatically in the coming years but this is an assumption that either may or may not come to pass. I am not alone in this situation and I actually count myself very lucky. Assuming that rental prices remain the same, which I doubt, and based on my current income, I will be a 37 year old professional working full time before I would even be able to even consider affording a mortgage under the new rules. And at that, I would be very restricted in my choice, limited to what is on offer at the very bottom end of the property market. What is the benefit to penalising the people that have been putting up and shutting up, slogging away and keeping their heads down over the last 7 years. The people that have lived with instability and volatility caused by the actions of others. I ask not only, where is the fairness, but where is the vision? Where is the consideration for the type of society that we are trying to create? Who benefits from these regulations? Because unless they are introduced inline with attempting to control the rental market it is not me, and I am not alone in that either. While I welcome attempts to prevent a repeat of mistakes made in the past, I would like to explain why I think the rules are unfairly onerous on first time buyers. I think that the proposed new regulations are an over simplified solution to a complex problem and that the attempt at excessive regulation of the mortgage industry sharply contrasts with that of the rental sector. I am aware that the central bank has no direct control over the regulation of the rental market, but I feel a unified attempt by government and the banking regulator should be made to address the issue. Otherwise I just do not see a fair and well considered solution. I just see a one sided knee jerk reaction without foresight or fairness. Overpriced and substandard accommodation and a lack of security and stability are the norm for those who rent. The long term priority should be focused on providing a liveable city for everyone and not on a re-establishing a property industry with strong investment potential. If there was a properly regulated rental sector with fair and balanced government initiatives to give those that rent more long term security and protection, there would be less people feeling pressured to buy and hence less pressure to feed the volatility of the market and a potential bubble. To benefit society everyone should have the ability to create a stable home. If the Property industry provided long term and stable investments it would benefit society as a whole and not the able few.
CP87.C93	I wish to express following view with regard to saving of 20% deposit to

	purchase a home. Only one other country in Europe requires more than a 10% deposit. That said it is 15% not 20 %, which is exorbitant. Banks in the boom loaned way in excess of 90% of value of property. It was not unusual to hear mortgages of 130% being given. If rule of 10% deposit were to be strictly enforced,(which should have happened in the past)it would give ordinary people, who have strived responsibly to own their own property the opportunity to do so .As it is the biggest important investment most people make in their lifetime ,it would be positive from peoples perspective and a market perspective, which also effects the thousands of people, who have already purchased.
CP87.C94	I completely disagree with the concept of "proportionate limits" as outlined in the consultation paper. I accept that having some manoeuvrability when implementing the planned Loan to Value and Loan to Income restrictions outlined may make sense in some very limited circumstances. But it appears that the various Banks are free to decide which of their clients fall into the special "20% group" not restricted by LTV limits or the special "15% group" not to be restricted by the LTI group. Such flexibility should not be allowed unless accompanied by strict rules which can be monitored and assessed for adherence. If it is too complicated to come up with such rules to regulate the Banks in this area, then give them no flexibility. The commercial Banks have shown their inability to resist stretching rules intended to keep their activities under control. They should not be given a "loop hole" so they may flaunt the rules again. Instead put another mechanism in place whereby the potential borrower looking to go outside the LTV or LTI limits must get such approval directly from the Central Bank and then let the borrower try and negotiate their loan with their chosen Bank. The Central Bank is responsible to regulate the Banking sector on behalf of the Irish people. It also has a Consumer Protection role. The planned policy for mortgage lending over emphasises Bank Regulation at the expense of Consumer Protection.
CP87.C95	I fully support the Central Bank in their proposed new limits on mortgage lending. We have seen in the not too distant past that both the banks and people of this country cannot be trusted when it comes to make such important decisions. For the people that would fall into these new rules having to save for an additional time will ultimately benefit them in the long run as I believe these measures will reduce house prices which is in the best interests of the majority of individuals. I sincerely hope that you will resist the intense lobbying from 'vested interests' who's sole aim is to look after themselves and not the Irish people.

	I welcome these new proposals and hope you implement them as soon as possible. A concerned citizen.
CP87.C96	I approve of mortgage restrictions. Could the deposit level be linked to the ECB rate? So if the ECB base rate is 5% a 15% deposit is required, a 10% ECB rate means a 10% deposit.
CP87.C97	The housing market is inherently distorted in many ways. Intervention is made legitimate through the cyclical recurrence of damaging property bubbles. Populist measures are unlikely to prove effective, even in the short-term. The suitability of any intervention in the housing market needs to be considered in the long-term, which is likely to mean disregarding short-term objectives. The purposes of intervention must also be clearly understood. In this instance (the housing market) there are potentially conflicting objectives i.e. security of the lending institutions on the one hand and the necessity for every citizen to be properly housed on the other. The root of the disparity lies in the prominence of bank-style lending over that of the traditional building society – epitomised by the vastly different expectations of the respective shareholders. I believe a way for permanently dampening house price inflation would be for the lenders to acknowledge a difference between price and value. In other words there is a need to act upon what we know – that house prices are not driven by intrinsic worth (nor by need) but instead by the availability of price-related credit. This is what leads to the observable phenomenon in the housing market of being able to lift oneself by pulling on one's own bootstraps. Whilst the control of prices is not to be contemplated, a case can be made for controlling permitted equity values that goes further than the proposed 20% reduction on an inflatable price set by a notoriously unwilling class of sellers. My specific recommendation is for the setting of a State-wide formula for determining the appropriate equity value of an everyday home (such as those standing on less than 0.X Hectares) regardless of location and desirability. Let those subjective benefits be paid with cash and/or a secondary loan secured by means other than the subject property itself. That formula might be:-

	Max. Permitted Equity Value = X times the national average wage or Max. Permitted Equity Value = €X times the floor area of the house
CP87.C98	**That the proposed new limit of 80% should be increased to 90% where mortgage indemnity insurance is provided by an acceptable insurance company for the remaining 10%.** **Rationale;-** 1. There is no correlation between LTV and affordability to repay a mortgage. The issue of LTV relates to collateral risk only and not to repayment risk. I.e. A correlation would only be established if the requirement was further expanded to include the provision of a satisfactory savings record in respect of the 20% input. 2. While an LTV restriction will predominately affect first time buyers (FTB), I accept that this is not in itself a rationale for either eliminating or increasing it. However provided that the insurers medium term ability to cover the 10% potential payout is adequately assessed then there is no logical reason for excluding MII cover as part of the overall LTV limit. I.e. In both circumstances the risk of a >20% reduction in property price is covered. 3. Many of those who are currently renting property will be unfairly disadvantaged. I.e. A FTB who is living with parents may be living rent free and will be in a much stronger position to save the required deposit than someone on similar earnings in rented accommodation. However, their ability to service a mortgage will be the same after the loan is drawn-down. Similarly 2 equal earners can amass deposits through different means. Ie. Gifts rather than savings.
CP87.C99	I do agree with the LTV and LTI policy proposal from the Central Park but feel that the the 80% limit is too much. In real terms it would make it impossible for first time buyers to enter the property market or at the very least it provides a huge huddle for them to overcome. 95 and 100% mortgages being awarded are the main reason that we have gone through a banking crisis since the property bubble burst so protection needs to be put in place to prevent that. But a limit of 87 to 90% would be more realistic, allow first time buyers opportunities to enter the market. I also believe it would provide them with encouragement to save, as reaching a target of 10 to 13% of the mortgage value is far more achievable than reaching a 20% target.
CP87.C100	I am writing on behalf of a small group of perspective first time buyers in Dublin. **I would like to indicate our support for the possible new restrictions on mortgage lending.** We fully support at least a 20% deposit requirement and the need for lending to be limited to 3.5 times earnings. We do not support any insurance schemes as this simply defeats the purpose of introducing such limits

	The reasons for this are as follows; The media claims that all first time buyers are against this measure, this is not the case. There are many first time buyers who have already saved a 20% deposit and more, this was the standard practice before the bubble and we need to return to that. In the long run this will make housing more affordable AS 20% OF 250 000 IS A BETTER DEAL FOR FIRST TIME BUYERS THAN 10% OF 350 000 FOR THE SAME HOUSE IF YOU DON'T IMPLEMENT THIS POLICY Please learn from your mistakes; had the central bank made this unpopular decision before the last bubble we would not have had the massive problems in housing we now have in Ireland On a personal note I have been offered far in excess of the 3.5% by my own bank, even though I don't require it and i'm on a teachers salary. I was told that I could use it for "other things" by the bank manager. This is exactly what happened before the last bubble and if it is left unregulated the banks will continue to offer people far more than they can afford again, and we know where that got us before. Please take into consideration the fact that Ireland now has the highest house inflation in the world. Just read the Irish Times or Irish Independant today. This is a screaming wake up call to the Central Bank to act; remember you must do what is best for the housing market, not what a government in election mode is asking for. Finally we are of the opinion unless the full 20% requirement is implemented immediately, we will have another bubble as there will be nothing to stop it happening. The Central Bank will have failed in its duties a second time. Remember once bitten twice shy
CP87.C101	The central bank is to be commended in bringing forward more sustainable rules to an industry that has clearly failed to regulate itself. It's quite clear that developers / banks / government etc have a vested interest in blocking this prudent policy, but I urge you to implement the proposals as currently written. As a first time buyer, I see friends and other house-hunters simply taking the maximum the bank will give them, not thinking about the consequences of having a 30 year mortgage that will surely limit their spending and contribution to the economy for many years. This is pushing up prices for very modest homes which cannot be a good thing for the economy. Prospective buyers should be forced to save first which would dampen the demand side to allow the supply side of the market catch up. Then everyone can benefit from a more reasonable market with less wild fluctuations.
CP87.C102	We are a Polish couple living in Dublin for the last 10 years. If the mortgage rules change we will not be able to buy our own house and have kids which we wuold love to do. Rents are so high that increasing the deposit to 20% will cause waiting a good few years to be able to even think about buying anything.

	We have some money saved, maximum 10-12% no more. This change will make us wait another few years and we may never have children as when we have children finally we will never get the mortgage... I'm sure there are many other couples like us in the same situation. Please consider rethinking the decision as right now landlords are the only people who win.
CP87.C103	As a potential house buyer I am somewhat apprehensive about the proposed introduction of these macro-prudential measures. However I believe that they will, in time and when fully operational, result in a more stable and sustainable housing market and hopefully mean that I, as a tax-payer, will not be responsible for bailing out banks who have over-lent to others. I believe that the people of Ireland will be much better off if house prices are related to the real saving ability and salary of purchasers. I think that phasing in such measures over a "transition" period will result in uncertainty and confusion for both buyers and sellers of property. Such confusion is already been used by various vested interests in trying to panic people into buying property now ("before they get more expensive..."). I would therefore recommend that any intended changes be made as quickly as they can be implemented in the hope that the property market stabilises. The implementation of these rules will be particularly important if the ECB is to purchase the tracker loan books from the Irish banks since I would fear that the banks will funnel all/any available capital into property-related speculation instead of into the real economy of helping people wanting to start their own businesses, etc. I would see these limits as being a tool to ensure that the banks will spread their capital across a range of borrowers.
CP87.C104	As a person who is currently looking to buy I feel that the proposed mortgage lending rules are just and required because the market appears to be overheating with considerable rises that will ultimately hurt buyers that buy now due to larger mortgage drawdowns. And as there is little stock available anyway any negative effect will be limited in the foreseeable future. Your proposals should therefore go a long way to cool the market down a bit while new stock is being completed in the coming years in order to balance out supply and demand.
CP87.C105	**Question 1: Which of the tools or combination of tools available to the Central Bank would, in your opinion, best meet the objective of increasing resilience of the banking and household sectors to shocks in the Irish property market and why?** A combination of LTV, LTI and DSTI ratio limits would appear to be an appropriate solution. The author agrees with the Central Bank’s rationale for the introduction of LTV and LTI ratio limits. However, further investigation as to how DSTI ratio limits could be implemented is warranted, as DSTI ratios would appear to be more a more appropriate tool to address household resilience, albeit that the difficulties in implementing such a measure are appreciated. In the absence of DSTI ratio limits, the Central Bank might

consider taking a more conservative approach to setting the LTI ratio limits than otherwise warranted as a proxy for the introduction of DSTI ratio limits.

Question 2: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)?
More conservative LTV ratios may be appropriate for lending on property outside the State, as movements in property values will be outside the control of the Central Bank and the Government.

Question 3: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking into account the objectives of the proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences?
It may be appropriate to take account of the volume of mortgages likely to be included within the exemptions within any 6 month period when setting the proportion of lending to which the LTV cap is to apply, in order to assist in meeting the stated macro-prudential policy objectives.

Question 4: If there are any significant operational difficulties envisaged by regulated financial services providers in complying with the measures as outlined above and in the draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of same.
No observations.

Question 5: Should some adequately insured mortgages with higher LTVs be exempted from the measures and if so what should be the criteria for exemption?
In the absence of further detail in relation to mortgage insurance schemes, it is difficult to comment. However, if the insurance costs are to be borne by the borrower, either directly or indirectly, this will impact on debt service capacity, in which case an adjustment to the LTI ratio (and/or DSTI ratio if introduced) may be appropriate.

Question 6: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)?
Yes.

Question 7: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking in to account the objectives of the proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences?
It may be appropriate to take account of the volume of mortgages likely to be included within the exemptions within any 6 month period when setting the proportion of lending to which the LTI cap is to apply, in order to assist in meeting the stated macro-prudential policy objectives.

Question 8: Do you consider restrictions on loan-to-income ratios as suitable for buy-to-let mortgages? What impact would a restriction on such loan-to-income ratios have on buy-to-let lending in the State?
No observations.

Question 9: If there are any significant operational difficulties envisaged by regulated financial services providers in complying with the measures as outlined above and in the draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of same.
No observations.

Question 10: What unintended consequences do you see from the proposed measures and how could these be avoided?
No observations.

Question 11: Is the threshold of €50 million over 2 quarters an appropriate threshold and time period for reporting requirements? If not, please indicate a threshold you believe to be appropriate and provide reasons why you believe this is the case.
No observations.

Question 12: Are there any significant obstacles to compliance by regulated financial services providers with the limits?
No observations.

Question 13: Please provide comments on the following draft Regulations.
Further detail should be provided in the regulations in relation to lending to which the ratio limits are not to apply in order to ensure that the credit institutions only exclude from the ratio limits those borrowers whom the Central Bank envisages as being excluded. It may also be appropriate to set ratio limits for such borrowers.

Additional comments
<u>LTV ratio limit level</u>
In the context of average price increases of 45% in some property market sectors over the course of the last 19 months, it is certainly conceivable that reductions in prices in the order of 20-30% may occur in the short to medium term. Recent experience indicates that there is a potential for corrections of this magnitude to occur in the Irish property market. The current imbalance in supply and demand increases the likelihood of another sizable correction should there be a move towards an equilibrium. The introduction of an LTV ratio limit at this point in time and at the proposed level therefore appears appropriate. The more prolonged the duration of the imbalance in supply and demand the greater the likelihood that prices will be driven above long term values. The LTV ratio limit should therefore be kept under review and adjusted as appears necessary to address risk to the financial system.
<u>LTI ratio limit level</u>
Credit institutions in Ireland historically applied an LTI ratio limit of 2.5. At the time such limits applied, multiple income households were less common than at present. The relaxation of such limits and the increase in multiple

	income households are likely to have been contributory factors in the divergence of property price inflation from CPI since the early 1990's. Construction sector prices have also generally been running ahead of CPI during this period, indicating that these factors may also have contributed to increases in the cost of provision of new residential units. A tightening of the LTI ratio limit as is proposed should therefore not result in downward pressure on prices such that construction of new residential units is no longer feasible. The Central Bank's objective is in any case financial stability. Measures required to achieve this objective should not be subject to consideration of the cost of provision of new residential units. A reduction in the cost of provision of new residential units would nonetheless be of benefit to the wider economy. The divergence of construction inflation and CPI over the period since the early 1990's indicates that there is potential for increased efficiencies in the sector. The actions of the market should assist in bringing about these efficiencies. Further reductions in the cost base could be achieved through the introduction of, for example, taxation and planning measures. The Central Bank refers in its paper to an LTI ratio of 3.5 generating a net debt service ratio of 40% under stress conditions. As Eurostat defines the housing cost overburden rate by reference to total housing costs ('net' of housing allowances) representing more than 40 % of disposable income ('net' of housing allowances), it may be prudent to aim for a lower net debt service ratio (e.g. of 25-33%) under stress conditions when setting the LTI ratio limit. The proposal is to apply the LTI ratio limit to household income. Where there are multiple earners within a household, there is the potential for household break-up with a negative impact on ability to repay. Multiple income households are more likely to include dependents at some stage over the term of the mortgage which would also have a negative impact on ability to repay. In the absence of DSTI ratio limits, it may be appropriate to take into account these factors affecting ability to repay by, for example, applying a lower LTI ratio to the combined income of multiple income households or applying a lower ratio to the second (and any additional) income. <u>Potential wider benefits of proposed measures</u> The introduction of prudent LTV, LTI and DSTI ratio limits would decrease the overall risk profile of Irish credit institutions. This should enable them to finance their loan books at lower margins than is presently possible. Potential benefits or detriments to the wider economy should not be of primary concern when setting macro-prudential policy. However, assuming that Irish credit institutions pass on some of the reduction in these margins, the resulting increase in household disposable income would be beneficial to the economy (e.g. increased competitiveness by reducing upward pressure on wages and/or an increase in the resilience of the economy by making money available for investment, pensions, tax etc.). <u>Phased vs immediate introduction</u> Phased introduction could lead to distortion in the market as the deadline for full implementation approaches (as already appears to have been the case from recent fluctuations in asking prices). Therefore an immediate introduction may be more appropriate.
CP87.C106	Firstly I would like to commend the Central Bank on the plan to introduce these measures, as returning to a property bubble era pre-2007 is detrimental to

the economy and to potential house buyers. Reckless lending practises of the bubble era (circa 2002-2007) have had the drastic consequences of indenturing a generation of house buyers into unsustainable debt, negative equity and leading the country into the bank bailout of 2008 which landed on the tax payer.

Question 1: Which of the tools or combination of tools available to the Central Bank would, in your opinion, best meet the objective of increasing resilience of the banking and household sectors to shocks in the Irish property market and why?

Answer: In my view the LTI and LTV restrictions proposed by the Central Bank would be extremely effective at controlling a property bubble and thereby increasing resilience of the banking and household sectors to shocks in the property market. Bidders will not be able to bid up properties to unsustainable values as in the past. This would mean that bubble-type/excessive prices would not be achieved and price increases would happen in a more controlled manner.

Question 2: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)?

Answer: Yes I agree. It is essential that households are not burdened with excessive levels of debt. This reduces their ability to pay into pension plans, do appropriate financial planning and also impacts their spending power in the economy.

Question 3: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking into account the objectives of the proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences?

Answer: Yes, I agree with the measures. No, there are no additional exemptions that I would consider appropriate.

Question 4: If there are any significant operational difficulties envisaged by regulated financial services providers in complying with the measures as outlined above and in the draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of same.

Answer: Not applicable

Question 5: Should some adequately insured mortgages with higher LTVs be exempted from the measures and if so what should be the criteria for exemption?

	Answer: No Question 6: Do you agree that the measures should apply to all lending secured by residential property (which will include lending on property outside the State)? Answer: Yes Question 7: Do you agree with the exemptions set out? Are there any additional exemptions which you consider appropriate, taking in to account the objectives of the proposal and the balance between the benefit of any exemptions and the resulting increase in potential for unintended consequences? Answer: I agree with the exemptions set out and do not see the need for any further exemptions. Question 8: Do you consider restrictions on loan-to-income ratios as suitable for buy-to- let mortgages? What impact would a restriction on such loan-to-income ratios have on buy-to-let lending in the State? Answer: I do consider these restrictions suitable for buy-to-let mortgages and see little impact that the LTI ratios would have on buy-to-let lending in the state. Question 9: If there are any significant operational difficulties envisaged by regulated financial services providers in complying with the measures as outlined above and in the draft Regulations (Annex 1) and the proposed exemptions, please submit brief details of same. Answer: Not applicable. Question 10: What unintended consequences do you see from the proposed measures and how could these be avoided? Answer: In my view there would be no unintended consequences, just positive ones from this much needed regulation. Question 11, 12 and 13: Not applicable
CP87.C107	the current housing market in Dublin has ballooned out of control again in the last two years and the upward rise in prices seems set to continue apace unless appropriate action is taken by the relevant authorities. There is something wrong in society when the price of a modest two bedroom home requires the average buyer to indenture himself to a lending institution for decades. Ludicrous borrowing from banks has caused our current woes and the greed and folly of politicians and speculators have made matters worse. if a modest

	brake were put on the current surge in the market, as it seems you are proposing, the power of banks to impoverish another generation would be reduced. The likely result would be that house prices would settle at a reasonable level that people can better afford rather than the current prices that only pertain due to the availability of perniciously costly borrowing. It is to be hoped that the current powers that be in the Central Bank have the courage to do what's best for the Irish people rather than bow again to banks, politicians and rich gamblers.
CP87.C108	1. It is unfortunate that the Central Bank finds itself in the position of having to introduce a measure of this nature but in view of the unwillingness or inability of the providers to prudently manage risk it seems to be both appropriate and adequate. 2. The function of the Bank is to maintain the system and not to set housing policy. While acknowledging the Banks attempt to avoid staying into that area, the measure inevitably has wide implications for the housing market. The government has apparently abandoned political responsibility for housing policy and the Bank should request government to set an appropriate housing policy to provide a context in which the Bank can set regulations for housing finance. 3. LTV and LTI ratios are used by providers as tools of competition and the setting these ratios by regulation is likely to encourage the providers to turn to alternative means of competition and that is unlikely to be interest rates. We already have seen the situation of providers offering payment of stamp duty as an inducement. Such inducements inevitably must be paid for by the borrower (with interest) over the term of the loan. In the case of a principal dwelling home such inducements should be outlawed by the regulation proposed. 4. A provider should only write a loan which represents a risk which they are prepared to take. Anything less does nothing to encourage prudent risk management. For that reason, the additional cost to the borrower, and the diluting of the effect of the regulation, insurance should not be encouraged. 5. The role of mortgage brokers in the creation of the property bubble is worthy of further analysis. It is the writer's opinion that any provider of mortgage finance particularly in the case of a principal dwelling house should not be permitted to pay any commission to any party for the arrangement of a loan. 6. This submission is made by the writer in a personal capacity and does not purport to be representative of any other party.
CP87.C109	I am writing to you to urge you put in place the deposit restrictions as per what we are reading in the papers. When I first applied for a mortgage that is what was required of me , it will assist in stabilising the market. I ended up buying in the boom 2004 and my 1 bed apartment will never be rented for more than the mortgage and taxes together. I live in Canada and they have indeed an insurance policy in place for those

	who do not have the full deposit. This is simply a repeat of what happened in the US. It will not protect us against a crash, when it comes the insurance fund will be depleted and will not be able to cover the costs it is supposedly put in place for. We see the crash here beginning. Markets have slowed, the Canadians believe it will never go down. The banks are falling over themselves trying to lend you money you do not have. This is my experience with the banks. Stating the banks here are safe is nonsense. I watch daft weekly and have been in particular watching Clontarf. A house on the same street in 2011 cost 400,000, another one was advertised a few months ago for high 4,s. We followed it and the last bid we heard of from the estate agent was 590,000. In Canada the buying process is different. You submit a bid with usually a 2 to 4 hour close. Hence the seller needs to respond to your bid within that time or it is null. This assists more in the way of stabilising prices than anything the banks here do. It is estate agents and investors driving the huge leaps in prices in Ireland. Please do not let the central bank be persuaded into doing what they want. Keep the politicians out of it. Your job is to protect the market and people from themselves!
CP87.C110	Overview The policy as proposed, involving a maximum Loan-to-Value (LTV) ratio for the majority of residential mortgages of 80%, combined with a Loan-to-Income (LTI) ratio of 3.5 (again for the majority of mortgages) seems to be focused solely on banking system stability rather than contributing to ensuring stability in the housing market. *'Such thresholds would ensure a greater degree of safety around the mortgage business.'* However, while stability in this market is the greatest challenge of the planned 'Macro- Prudential Policy', and while it is clearly not attainable in the short-term, (where urban concentration, increasing employment and a housing stock deficit combine to create a significant gap between supply and demand), it must be the medium-term goal of policy to prevent the high levels of demand, combined with rapidly increasing prices which were a feature of the period up to 2008 which led to instability, high levels of negative equity for mortgage-holders and some re-possessions. An Effective Macro-Prudential Policy The targets of 'Macro-Prudential Policy' have to be more comprehensive than just the protection of the banking system. The provision of housing is an essential element of society's support systems, for which that society must take responsibility. It is instructive to examine the approach taken to this challenge among the Nordic countries, as detailed in the Consultation Paper, recognising in particular the importance placed on social policy in countries such as Sweden, Norway, Finland and Denmark. In these countries, the range of LTV is between 85% and 95%, except in Denmark, where an LTV of 80% is supplemented by a bonding system which provides an additional support system for residential mortgages.

A key unknown in any attempt to establish a set of elements for a policy that prevents the excesses of the recent period of housing market turmoil is whether price stability can be attained in the provision of housing stock. This is a vast subject, requiring a parallel level of academic research to establish the complex interactions of macro-economic, micro-economic, taxation and social policies which impact on house prices.

In addition, while there is a deficit in housing stock, and an increasing level of construction activity to meet that deficit, it is normal that prices will tend to increase. However, the crucial question for an effective 'Macro-Prudential Policy' is whether a balance can be reached when the supply of residential properties roughly equals demand, and trading in the residential property market can be considered a 'normal market' where price changes in the housing stock are in line with price inflation (or deflation)?

Demand-driven Pricing?

If it is assumed that the basis of the residential property market is that created by first-time buyers, and, secondly, that the majority of first-time buyers are self-financing, it is clear that the proposals in the Consultation Paper cannot enable the residential property market to become established with any level of stability.

At current prices for an average home, an LTV of a maximum of 80% requires a deposit of between €40,000 and €70,000. Under normal conditions of incomes net of taxation and savings patterns –such levels of savings are unattainable, without extraneous support.

Thus, while funding a mortgage may seem attainable at an LTI multiple of 3.5, the excessive level of borrowing by means other than through a mortgage of the funds necessary to meet the very high deposit required, results in the first-time buyer being under financial pressure other than that resulting from the repayments generated by the mortgage on their residential property.

However, should borrowers be unable to meet the increasing prices of residential properties, then price rises (in a market of stable supply) would be limited to the ability of the market (of first-time buyers) to meet the prices set. In this circumstance, prices would be driven by ability-to-pay, on the part of such buyers.

Increase the LTV & Limit the LTI

'Macro-Prudential Policy' in Ireland, rather than as proposed by the Central Bank, should be based on an LTV of 90% for first-time buyers, combined with an LTI of a maximum of 3.5, except where a borrower requires a lower LTV, where the LTI could be correspondingly increased.

The Policy should be complemented by a system of bonding for first-time buyers, where Savings would be supported by medium-term bonds (7 to 10 years), thus enabling residential property purchase without the requirement for high-levels of commercial borrowing.

In addition, some off-sets should be provided as part of national socio-economic policy, against both Property Tax and water charges for a number of the early years of the life of a residential mortgage.

'Macro-Prudential Policy' can only be effective when it provides support for the society in which it operates, whereas the banking system should prudentially provide mortgage funding in a balanced way consistent with broad stakeholder responsibilities.