



FIRST  
HOME  
SCHEME

Supporting Home Ownership

# Your guide to the **Self-build Product**



**WARNING:** We strongly recommend you seek advice from an independent financial adviser and legal adviser if applying for this product.

**WARNING:** Property prices can go up and down. As the equity facility is linked to the value of your home, any change in property prices will affect any partial or final redemption amounts. If property prices increase/decrease over time, the percentage equity you have to redeem will remain the same but the € amount will increase/decrease. See example in the case of a price increase below:

**Example: Self-build (own site)**

Customer owns a site valued at €100,000 and builds a house on that site at a cost of €300,000. Customer avails of €30,000 from the First Home Scheme (FHS) which means the FHS has a 10% FHS Equity Share (of build cost) in your house built on the site.

Sometime in the future you decide to buy out the FHS Equity Share. The property, including both house and original site is now valued at €500,000.

At the time of build, the site value represented 25% of the total value of the home (i.e. €100,000) and this 25% will now be discounted from the current value before calculating the FHS equity amount to be redeemed (€500,000 less current site value of €125,000, equals €375,000). As the FHS Equity Share is unchanged at 10%, you will now need €37,500 (10% of €375,000) plus any accrued service charges payable, to redeem the FHS Equity Share in the home.

**WARNING:** The First Home Scheme is not regulated by the Central Bank of Ireland and the equity product is not governed by the Central Bank and its statutory codes of conduct and/or other regulations to include the Consumer Protection Code. However, this does not affect your rights under consumer law.

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For more information relating to the general scheme rules, please see the 'First Home Scheme Guide' on our website ([www.firsthomescheme.ie/guidesresources](http://www.firsthomescheme.ie/guidesresources)).



# INTRODUCTION

**The First Home Scheme (FHS) is open to eligible applicants seeking to build their own home anywhere in the Republic of Ireland.**

**If you own a site, or are purchasing a site, but have insufficient funds to build your home when you combine your deposit and your mortgage, you may be able to bridge the funding gap by availing of the Self-build product subject to meeting the qualifying criteria.**

## **Definition of a Self-build Home**

A self-build home is one that is built on a site by the owner(s) of the site, either through direct labour (self-managed) or a fixed contractor (construction contract). The home will be the principal private residence of the owner(s).

## **Self-build House Types**

The house you are building can be a detached or semi-detached house. It can be either a single or multi-storey home.

## **FHS Funding for Self-build Homes**

Subject to eligibility criteria, you may qualify for funding of up to 30% of the build cost of your home.

The FHS does not provide funding for the purchase of a site. FHS can only be used to fund the build cost of your home. All calculations relating to the equity share exclude site value.

All applications are subject to additional screening processes including anti-money laundering, fraud and terrorist screening, criminal conviction data searches and adverse media searches. FHS may at its sole discretion reject an application if the FHS does not consider you as a suitable applicant.





# THE SELF-BUILD JOURNEY

## 1



### STARTING YOUR JOURNEY

Visit [www.firsthomescheme.ie](http://www.firsthomescheme.ie) and use the FHS Eligibility Calculator to calculate the minimum and maximum funding for which you could potentially qualify through the FHS.

## 2



### YOUR APPLICATION

Once you have decided on your Participating Lender and have a Mortgage Approval in Principle, along with your estimated build cost, you can start your application.

Visit [www.firsthomescheme.ie](http://www.firsthomescheme.ie) and click 'Apply Now'.

## 3



### RECEIVING YOUR ELIGIBILITY CERTIFICATE

Your application and documentation will be reviewed and, if approved, you will receive an FHS Eligibility Certificate.

You will need to provide the Eligibility Certificate to your Participating Lender, who will consider the FHS when they process your Mortgage Application.

If you are approved for a Mortgage, you will receive a Mortgage Letter of Offer from your Participating Lender.

# 4



## RECEIVING YOUR CUSTOMER CONTRACT

Once you have your Mortgage Letter of Offer, you will need to upload it to your FHS Customer Portal, along with the following documents:

- Your Certified Valuation as instructed by your Participating Lender (site value plus projected house value once completed)
- Your Certified Build Cost from a qualified architect, engineer or quantity surveyor to include contingency

If your application is approved, you will receive your FHS Customer Contract for your equity facility. This is the formal legal contract between you and the FHS.

The FHS Customer Contract will also be sent to your solicitor, along with a number of other legal documents which must be read, signed and returned to the FHS.

# 5



## BUILDING YOUR NEW HOME

From the date you sign the FHS Customer Contract, you have 12 months to draw down your FHS Equity Facility. FHS funds will be released to your solicitor's account:

- After you have received the first Mortgage stage payment from your Participating Lender
- Once your solicitor returns a Funds Requisition Form, along with a Certified Property Report to confirm works completed and planned (at least 50% of the works for which FHS funding is required must be certified as complete in order to draw down the FHS Equity Facility)

You have 24 months to complete the build of your new home from the date you draw down your FHS Equity Facility.

Once complete, you are required to upload the Certificate of Compliance, Certified Final Build Costs and Final Valuation to the FHS Customer Portal.

You are required to have adequate building insurance in place at all times for the property as set out under your Participating Lender's Mortgage Letter of Offer.

# EXAMPLES OF HOW THE SELF-BUILD PRODUCT WORKS

All examples assume that the property rules have been met and the property build cost is at or below the relevant property price ceilings detailed on our website.

## Example one: single first-time builder

<b>Homebuilder</b>	<b>Never owned a property (first-time builder)</b>
<b>Salary</b>	<b>€45,000</b>
<b>Build cost</b>	<b>€250,000</b>
<b>Mortgage available from Participating Lender (up to 4x salary)</b>	<b>€180,000</b>
<b>Savings/gift (deposit) (own site can form part of the deposit which must be a min of 10% of build cost)*</b>	<b>€25,000 (10% of build cost)</b>
<b>Outcome</b>	<b>Eligible for the FHS, as the shortfall is €45,000 (18% of the build cost)</b>

\*Help to Buy (if qualifying) may also be used to assist with the deposit

## Example two: two homebuilders, one of whom is a first-time builder

<b>Homebuilder one</b>	<b>Never owned a property (first-time builder)</b>
<b>Homebuilder two</b>	<b>Divorced, no longer retains a beneficial interest in the previous family home</b>
<b>Joint salary</b>	<b>€65,000</b>
<b>Build cost</b>	<b>€450,000</b>
<b>Mortgage available from Participating Lender (up to 4x salary)</b>	<b>€260,000</b>
<b>Savings/gift (deposit) (own site can form part of the deposit which must be a min of 10% of build cost)</b>	<b>€45,000 (10% of build cost)</b>
<b>Outcome</b>	<b>Not eligible for the FHS, as the shortfall is €145,000 (32% of the build cost) and the maximum FHS funding available is 30% if not availing of the Help to Buy scheme</b>



# REDEEMING THE EQUITY SHARE

**You can redeem all or part of the equity share at any time, although there is no obligation to do so unless a mandatory redemption event occurs.**

The following are considered mandatory events and require you to redeem the full equity share, as well as service charges that have accrued against the equity facility:

- The property is sold
- The property is no longer your Principal Private Residence
- You move or switch your mortgage to a non-Participating Lender
- If you die (or, in the case of joint applications, the last applicant dies)

The events above will be referred to as 'realisation events' in your Customer Contract.

## Property Valuations

Because the equity share is linked to the market value of your property, for all redemptions you will need an up-to-date property valuation. This is performed by an independent, FHS Approved Valuer.

## Site

In order to avail of this product you must either own a site or purchase a site separate from this scheme. As the FHS does not fund the site purchase, the value of your site is discounted from the property value in order to calculate the redemption payment.

## Service Charge

A service charge will be applied to your account from the start of year six following the drawdown of your FHS equity facility as payment for services related to the provision, maintenance, and servicing of the equity facility.

## Partial Redemption Payments

For the Self-build product, partial redemptions are not permitted until the build of your home is complete.

If you choose to redeem part of the equity share once the build of your home is complete, the partial redemption payment must be at least 5% of the original amount provided by the FHS.

Up to two separate redemption payments can be made against the equity share in any 12-month period.

Once you have made a partial redemption, your annual service charge will be calculated using the updated equity share percentage, thereby reducing the service charge amount you would otherwise need to pay.

## Full Redemption Payments

If you choose to make a full redemption, that is to buy back all of the equity share, you will also need to pay back any accrued service charges.

If a full redemption is made pre-completion and within the first 24 months after drawdown of the FHS equity facility, the redemption amount will be the equity amount drawn down.

An updated valuation is required if you are redeeming your equity share more than 24 months post FHS equity drawdown (or once the build of your home is complete).

You will need to pay the fee for the valuation, which remains valid for 12 months from the date set out on the valuation.

The following pages show redemption examples where property prices have increased or decreased.

# REDEMPTIONS

## WHERE PROPERTY VALUE HAS INCREASED

The impact of a full redemption on the equity facility when the property valuation has increased, and no partial redemptions have been made:

Full Redemption where property value has increased	
Build cost	€300,000
Site value	€100,000
Total value (Build cost + Site value)	€400,000
Site value as a % of Total value (€100k/€400k)	25%
Original FHS equity share percentage (of build cost)	10%
Original FHS equity share amount	€30,000
Updated property valuation (House + Site)	€450,000
Site value to be discounted (25% * €450k)	€112,500
Amount used to calculate redemption payment	€337,500
Updated value of FHS equity share	€33,750
Accrued service charges (for illustrative purposes only)	€1,000
Amount payable for full redemption	€34,750

### How we calculated this full redemption:

The updated value of the FHS equity share amount is based on the updated property valuation less the updated site value multiplied by the original (as no partial redemptions have been made) FHS equity share percentage ( $€450,000 - (€450,000 \times 25\%) \times 10\%$ ) = €33,750.

## The impact of a partial redemption on the equity facility when the property valuation has increased:

Partial Redemption where property value has increased	
Build cost	€300,000
Site value	€100,000
Total value (Build cost + Site value)	€400,000
Site value as a % of Total value (€100k/€400k)	25%
Original FHS equity share percentage (of build cost)	10%
Original FHS equity share amount	€30,000
Updated property valuation (House + Site)	€500,000
Site value to be discounted (25% * €500k)	€125,000
Amount used to calculate redemption payment	€375,000
Amount redeemed	€10,000
Redemption percentage	2.67% (€10,000/€375,000)
Updated FHS equity share percentage	7.33%

The updated FHS equity share percentage is the original FHS equity share percentage minus the redemption percentage i.e.  $10\% - 2.67\% = 7.33\%$ .

# REDEMPTIONS

## WHERE PROPERTY VALUE HAS DECREASED

The impact of a full redemption on the equity facility when the property valuation has decreased, and no partial redemptions have been made:

Full Redemption where property value has increased	
Build cost	€300,000
Site value	€100,000
Total value (Build cost + Site value)	€400,000
Site value as a % of Total value (€100k/€400k)	25%
Original FHS equity share percentage (of build cost)	10%
Original FHS equity share amount	€30,000
Updated property valuation (House + Site)	€390,000
Site value to be discounted (25% * €390k)	€97,500
Amount used to calculate redemption payment	€292,500
Updated value of FHS equity share	€29,250
Accrued service charges (for illustrative purposes only)	€1,000
Amount payable for full redemption	€30,250

### How we calculated this full redemption:

The updated value of the FHS equity share amount is based on the updated property valuation less the updated site value multiplied by the original (as no partial redemptions have been made) FHS equity share percentage  $(€390,000 - (€390,000 \times 25\%) \times 10\%) = €29,250$ .

The amount payable for full redemption is the above €29,250 plus any accrued service charges payable of €1,000, giving a total of €30,250.

## The impact of a partial redemption on the equity facility when the property valuation has decreased:

Partial Redemption where property value has increased	
Build cost	€300,000
Site value	€100,000
Total value (Build cost + Site value)	€400,000
Site value as a % of Total value (€100k/€400k)	25%
Original FHS equity share percentage (of build cost)	10%
Original FHS equity share amount	€30,000
Updated property valuation (House + Site)	€390,000
Site value to be discounted (25% * €390k)	€97,500
Amount used to calculate redemption payment	€292,500
Amount redeemed	€10,000
Redemption percentage	3.42% (€10,000/€292,500)
Updated FHS equity share percentage	6.58%

The updated current FHS equity share percentage is the original FHS equity share percentage minus the redemption percentage (10% - 3.42%) = 6.58%.



# COST OVERRUN/UNDERRUN

If there is a cost overrun during your build, necessitating additional funds from your mortgage provider, adjustments can be made to the equity percentage held by the First Home Scheme in your home, as well as the site value percentage calculated at the time of application.

You are required to inform the FHS of any cost overruns, and we will guide you through the process and the documentation needed for these adjustments to take place.

This example sets out how a cost overrun impacts the equity and site value percentages.

Before Overrun	
Estimated Build Cost	€300,000
Site Value	€100,000
Total Value (Build cost + Site value)	€400,000
Customer Deposit (10%)	€30,000
Mortgage Amount (70%)	€210,000
FHS Equity Amount provided	€60,000
FHS Equity Amount as % of Build Cost	20%
Site Value as % of Total Value (€100k/€400k)	25%

After Overrun	
Build cost	€350,000
Site Value	€100,000
Total Value (Build cost + Site value)	€450,000
Customer Deposit (9%)	€30,000
Mortgage Amount (74%)	€260,000 (€210k + €50k)
FHS Equity Amount provided	€60,000
Recalculated FHS Equity Amount as % of Build Cost	17%
Recalculated Site Value as % of Total Value (€100k/€450k)	22%

Percentages set out above have been rounded for display purposes

## Explanation

### Customer Deposit

Stays the same at €30,000 but becomes a smaller percentage (9%) of the overall funding due to the increased build cost.

### Mortgage Amount

Increases to cover the additional €50,000 required for the build overrun, becoming 74% of the overall funding.

### FHS Equity Amount

Remains at €60,000 but decreases as a percentage of the updated build cost to 17%.

### Site Value Percentage

Decreases to 22% of the total value due to the increased build cost. This change affects the calculation of the amount to be repaid by the customer at redemption.

If there is a cost overrun following completion of your build, resulting in the drawdown of less funding from your mortgage provider, you are obliged to inform the First Home Scheme so that adjustments can be made to the equity percentage held by the First Home Scheme in your home, as well as the site value percentage calculated at the time of application.

This example sets out how a cost overrun impacts the equity share and site value percentages.

Before Underrun	
<b>Estimated Build Cost</b>	<b>€300,000</b>
<b>Site Value</b>	<b>€100,000</b>
<b>Total Value</b> (Build cost + Site value)	<b>€400,000</b>
<b>Customer Deposit</b> (10%)	<b>€30,000</b>
<b>Mortgage Amount</b> (70%)	<b>€210,000</b>
<b>FHS Equity Amount provided</b>	<b>€60,000</b>
<b>FHS Equity Amount as % of Build Cost</b>	<b>20%</b>
<b>Site Value as % of Total Value</b>	<b>25%</b>

After Underrun	
<b>Build cost</b>	<b>€250,000</b>
<b>Site Value</b>	<b>€100,000</b>
<b>Total Value</b> (Build cost + Site value)	<b>€350,000</b>
<b>Customer Deposit</b> (12%)	<b>€30,000</b>
<b>Mortgage Amount</b> (64%)	<b>€160,000</b> (€210k - €50k)
<b>FHS Equity Amount provided</b>	<b>€60,000</b>
<b>Recalculated FHS Equity Amount as % of Build Cost</b>	<b>24%</b>
<b>Recalculated Site Value as % of Total Value</b> (€100k/€350k)	<b>29%</b>

## Explanation

### Customer Deposit

Remains €30,000 but now represents 12% of the overall funding due to the decreased build cost.

### Mortgage Amount

Decreases by €50,000 as you haven't drawn down the remaining amount. It now covers 64% of the overall funding.

### FHS Equity Amount

Stays at €60,000 but increases as a percentage of the updated build cost to 24%.

### Site Value Percentage

Increases to 29% of the total value due to the decreased build cost. This change affects the calculation of the amount to be repaid by the customer at redemption.



**To apply for the First Home Scheme,  
please visit [www.firsthomescheme.ie](http://www.firsthomescheme.ie)**

If you have any questions or would like to speak to  
our team, please email us at [info@firsthomescheme.ie](mailto:info@firsthomescheme.ie)  
or call us on 0818 275 662\*

\*Lines are open Monday-Friday, 9am – 5:30pm,  
excluding bank holidays

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Company incorporated in Ireland under number 710046  
and having its registered office at Pembroke Hall,  
29 Mount Street Upper, Dublin 2, Ireland, D02 K003.