DEFERRED PAYMENT INITIATIVE FOR RESIDENTIAL MORTGAGE MARKET

8th May 2012
Key Features

• Pilot scheme with 115 houses to test market appetite

• Aimed at buyers who have been approved for mortgage at today’s sale price but who are reluctant to commit at this time lest prices weaken further

• Scheme protects buyer from decreases of up to 20% over five years

• Agreement from three banks to support the initiative
  • AIB [via EBS]
  • Bank of Ireland
  • permanent tsb bank
Notes:

i. The Bank commits at the outset to make the deferred payment mortgage in Year Five subject only to the amount of the revised property valuation.

ii. The Buyer to make annuity payments based on repayment of the full 90% mortgage over the agreed term, although only 70% has been drawn down, which will help the buyer reduce the principal amount over the first five years at a quicker rate than would otherwise be the case.
# Advantages

| **Buyer** | Reassures buyer that they won’t miss out on further price decreases  
Facilitates access to housing market and increases buyer confidence |
|-----------|------------------------------------------------------------------|
| **Seller/NAMA debtor** | Increases chances of closing sales today  
Facilitates earlier repayment of debt to NAMA  
Reduces maintenance costs on unsold properties |
| **NAMA** | Encourages debtor sales and NAMA receipts  
Increases volume of transactions + increases confidence so good for property sector generally  
De-risks portfolio [100% : 20% for each asset sold] |
| **Economy** | More transactions = more revenue for State  
Helps re-establish confidence in the market  
Ensures greater occupancy in developments |
Eligible Properties

• Focused initially on the metropolitan areas of Dublin, the Greater Dublin Area and Cork, which already exhibit strong rental demand

• The Pilot covers houses only and includes properties that are attractive from the perspective of first time buyers and other categories of owner occupier
Eligible Properties

• The following developments include units which are eligible under the Initiative (additional units may be added over the coming weeks):

<table>
<thead>
<tr>
<th>Property Name &amp; Address</th>
<th>Unit #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Launch</td>
<td></td>
</tr>
<tr>
<td>Devlin Bank, Naul Village, Co Dublin</td>
<td>29</td>
</tr>
<tr>
<td>Loughmore Square, Killeens Castle, Dunshaughlin, Co Meath</td>
<td>18</td>
</tr>
<tr>
<td>Browns Barn Wood, Dublin 22</td>
<td>2</td>
</tr>
<tr>
<td>Carrickmines Manor, Glenamuck Road Dublin 18</td>
<td>4</td>
</tr>
<tr>
<td>Cul Ard, Carrigtwohill, Co Cork</td>
<td>13</td>
</tr>
<tr>
<td>Old Quarter, Ballincollig, Cork</td>
<td>14</td>
</tr>
<tr>
<td>Drakes Point, Crosshaven, Co Cork</td>
<td>3</td>
</tr>
<tr>
<td>Brightwater, Crosshaven, Co Cork</td>
<td>11</td>
</tr>
<tr>
<td>Rowan Hill, Mount Oval, Rochestown, Cork</td>
<td>10</td>
</tr>
<tr>
<td>Inis Alainn, Carrignafoy, Cobh, Co Cork</td>
<td>7</td>
</tr>
<tr>
<td>Highfield Park Development, Ballincollig, Co Cork</td>
<td>1</td>
</tr>
<tr>
<td>Ardfield, Grange, Douglas, Co Cork</td>
<td>3</td>
</tr>
<tr>
<td>Ardfield, Grange, Douglas, Co Cork</td>
<td>115</td>
</tr>
</tbody>
</table>
Myths

- Prevents market from finding a floor
- Subsidising the banks
- Further bubble-era type interference in property market
- No comparison between facilitating a price reduction and stimulating a price rise
- Designed to aid transactions while market still finding a floor
- 80% of something is better than 100% of nothing
Myths

- NAMA is becoming a bank
- Won’t fix the housing market problems
- Banks do all normal engagements with customers....NAMA simply delays receipt of 20% of sale price
- Doesn’t intend to...simply one piece of the jigsaw
Conclusion

• Launch will help confirm whether appetite exists for innovations such as these

• Low risk but high reward for all parties

• DPI is simply one part of the jigsaw to restore confidence to the property market

• Onus on all stakeholders to innovate and support restoration of normalised property market.