



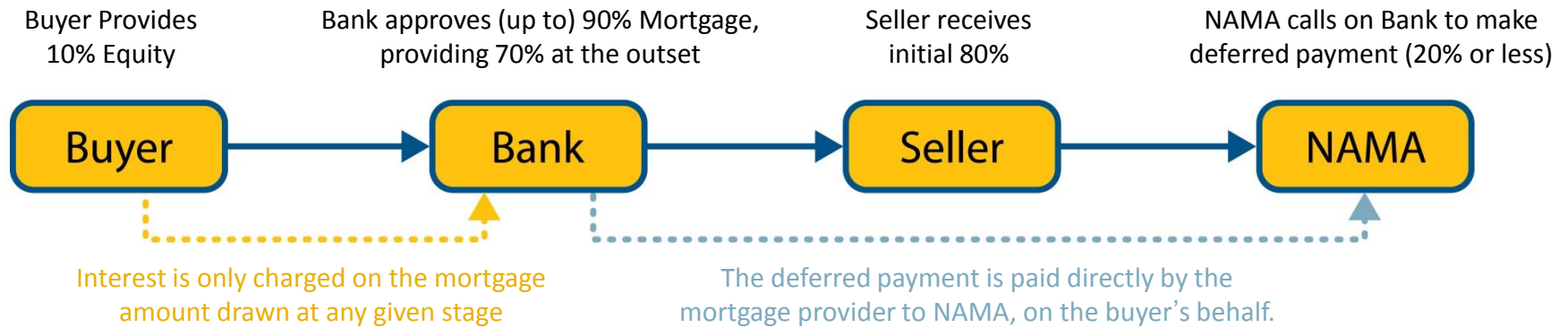
DEFERRED PAYMENT INITIATIVE FOR RESIDENTIAL MORTGAGE MARKET

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):

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



Myths

Further bubble-
era type
interference in
property market

Prevents market
from finding a
floor

Subsidising
the banks

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

Banks do all normal
engagements with
customers....NAMA
simply delays receipt of
20% of sale price

Won't fix the
housing market
problems

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.

