Mortgage Arrears Resolution Process



This booklet is for members of Access Credit Union (ACU)who may be concerned about their mortgage repayments. We recognise that a member's financial circumstances can on occasion take a change for the worse.

You may have fallen into arrears on your mortgage repayments, or you may be concerned about falling into arrears in the future. Whatever the cause of your financial problems, the most important thing to do is face up to them and examine the practical options available. We are fully committed to helping you with this and using our expertise to find a resolution, where possible.

The earlier you let us know about your difficulties, the sooner we can help you.

How we can help you

The Central Bank of Ireland has a code of conduct titled Conduct Requirement - Mortgage Arrears (CRMA) to provide protection to mortgage holders. The protection of the CRMA applies to your "primary residence": this is either a residential property which you occupy as your family home, or is your only residential property in the State that you may not currently be living in.

While the CRMA does not legally apply to Credit Unions in Ireland, the Board of ACU confirm that they will comply (insofar as is reasonably practicable) with the CRMA.

A key element of this commitment is to provide our members with a Mortgage Arrears Resolution Process (MARP). The MARP is a four-step process that aims to engage with, support and find resolution for our mortgage customers who are in arrears, or are at risk of going into arrears.

It is very important that you understand the obligations that the Code places on you. You must co-operate with us to tackle your repayment difficulties. If you do not work with us or provide the information we ask for, you will be considered to be 'not co-operating' and will lose the protection given to you by MARP.

This Code sets out the framework that lenders must use when dealing with ***borrowers*** in mortgage ***arrears*** or in ***pre-arrears.*** All such cases must be handled sympathetically and positively by the lender, with the objective at all times of assisting the ***borrower*** to meet his/her mortgage obligations.

STEP 1 Communication

Call us or contact us as soon as possible. It is important that you contact us as soon as you become aware of any potential difficulties. It is also important that you reply to us promptly when you receive any correspondence from us.

We have trained and knowledgeable staff if you would like to discuss any aspect of your mortgage. Just ask to speak to our Credit Controller in our Arrears Support Unit.

You can also contact the Money Advice and Budgeting Service (MABS). They provide independent financial advice free of charge. See 'Useful contacts' on page 8-9.

THE FIRST AND MOST IMPORTANT STEP YOU CAN TAKE IS TO TALK TO US AS SOON AS YOU KNOW YOU ARE IN DIFFICULTY OR ARE AT RISK OF GETTING INTO DIFFICULTY.

STEP 2 Financial Information

Get a clear picture of your finances. Your next step is to fill in a standard financial statement (SFS). This is a form specially designed to give us a detailed understanding of your finances.

Our Credit Control Team will send out an SFS form, should you require one. If you need help with the form, don't be afraid to contact us, we are happy to help. You can also get independent advice to help you fill in the SFS – see 'Useful contacts' on page 8-9.

We rely on your SFS to fully assess your situation.
It is vital that you fill in the SFS fully, honestly and accurately. We might ask you to give us documents to support what you tell us in the SFS (for example, we might ask for payslips). If you don't fill in the SFS honestly or fully, or you refuse to provide any documents we ask for, we will consider you to be 'not co-operating', and you will lose the protection provided by the code.

STEP 3 Assessment

When assessing requests for alternative measures we will use the information provided by you in the SFS to assess your individual situation. Careful consideration will be given to the following:

- Your personal circumstances – household income, expenditure and household budget
- Your overall personal debt
- Your current ability to make repayments
- Your previous repayment history
- Any other relevant personal information

At the end of the assessment stage, we will have a clear picture of your individual situation and whether it meets the criteria for any alternative repayment options or measures.

Our goal is to keep you in your family home wherever possible, where you are working with us to prioritise your mortgage repayments.

STEP 4 Resolution

Once we have gathered and assessed all the information relating to your financial circumstances, in Step 4 of the process we will work with you to explore all possible options. While we can't guarantee a specific outcome, we are dedicated to finding an appropriate resolution for you, wherever possible.

Resolution Options Available: Alternative Repayment Arrangements

Following the assessment of your SFS, we will endeavour to agree an alternative repayment arrangement (ARA) with you. We outline below a list of potential ARA and the key features of these arrangements for illustrative purposes only.

An ARA being offered is subject to your individual circumstances and our assessment of your SFS. As such the following options may not be suitable for your particular situation.

- **'Interest Only'** – this means that you will only pay the interest owed on your loan during this period and not the capital amount owing.

- **'Fixed Repayment'** – this means you will pay a series of agreed repayments incorporating interest and some capital, which reduces the amount of your monthly repayments for a time.

- **'Repayment Break'** – an arrangement to defer the payment of all or part of your mortgage repayment for an agreed period of time to ease the immediate financial pressure on you.

- **'Extension of Loan Term'** – an arrangement to extend the term of the mortgage which could reduce your monthly repayments by spreading the amount owed over a longer period of time.

- **'Capitalisation of the Arrears and Interest'** – an arrangement to restructure your repayments by spreading the amount of any arrears and interest over the remaining term of your mortgage.

- **'Positive Equity'** – this means you will pay a reduced repayment amount agreed by us based on your affordability. You must be in positive equity in your property to be deemed eligible for this arrangement. There will be a residual balance outstanding at expiry of this arrangement, and we will propose an appropriate solution at that time to clear the outstanding balance. This agreement is subject to periodic reviews and submission of updated financial information.

- **'Split Mortgage'** – an arrangement where your mortgage is 'split' into two portions so that it is more affordable. The first portion is comprised of capital and interest repayments based on your current financial affordability levels. The remaining portion of the mortgage is deferred for a period of time when you will not be required to make payments.

When no Alternate payment arrangement is suitable for you

Sometimes none of the alternative arrangements are suitable for or available to you and you may need to sell your property. If this is the case, we will work with you to help find the most appropriate approach to selling your home. The possible approaches include the following;

- **'Voluntary Surrender'** – this involves the voluntary surrender of your property, by you to us. Where a shortfall exists, the shortfall will be repayable by you under new terms agreed by us.

- **'Mortgage to Rent'** – this is a Government initiative to help homeowners who have engaged with the MARP process to remain in their existing property, but on a rental basis. Mortgage to rent allows you to voluntarily surrender your property to the lender. The lender sells the property to an Approved Housing Association (AHA), and you will remain in the property as Social Housing tenants of the AHA.

- **'Negative Equity Trade Down'** – if your home is in negative equity, you may be able to sell this property and purchase a new property at a lower value. Any outstanding 'negative equity' is added to the new loan and secured on the new property. Full capital and interest repayments will be made on the new mortgage.

- **'Voluntary Sale of your Property'** – this involves you selling your property to clear or reduce the balance of your mortgage. Where the balance can be cleared in full, revised terms may be agreed by us whilst the property is being sold, to match your affordability. Where a shortfall exists (i.e., the property is sold for an amount lower than what is currently owed on the mortgage), the shortfall will be repayable under new terms agreed by us

EACH OF THE OPTIONS FOR ALTERNATIVE REPAYMENT ARRANGEMENTS HAS STRICT QUALIFYING CRITERIA, WITH EACH CASE ASSESSED ON AN INDIVIDUAL CASE-BY-CASE BASIS.

Important points to note in relation to alternative repayment options:

- An alternative repayment arrangement may be affordable for you in the short term but could be more expensive over the life of the loan.
- You need to fully understand the implications of any new loan arrangement before you formally accept it. We strongly recommend that you obtain independent legal, tax and financial advice before agreeing to any resolution arrangement, in particular if you have any questions as to the legal, tax or financial implications of the arrangement.
- We may require you to sign a settlement/confidentiality agreement as part of an alternative repayment arrangement or restructuring agreement. We recommend that you take independent legal advice prior to entering into a settlement/confidentiality agreement.

- Amending the repayment schedule, term, or frequency of your mortgage will impact the benefit(s) covered by your Mortgage Payment Protection Plan. Please ask our Credit Controller for more details.
- Life Assurance cover should take account of alternative repayment arrangements such as Interest Only or Repayment Breaks. We strongly recommend that you get advice on your life assurance needs.
- You have the right to make a complaint at any time in relation to the treatment of your case under the MARP process or our compliance with the MARP process. Complaints can be made through various mediums, for example, by telephone, in person, in writing or by email.
- Once you remain within the MARP process, we will continuously monitor any alternative arrangement once it is put in place to establish if there has been any change in your financial circumstances since the arrangement was put in place. However, a review will take place immediately if you do not keep to the terms of your arrangement.
- You have the right to appeal our decision in the event that:
    - we offer you an alternative repayment arrangement which you have declined, and you have been advised in writing of other possible options that you may wish to consider.
    - we decline to offer you an alternative repayment arrangement.
    - we classify you as 'not co-operating'.

IF YOU WISH TO APPEAL, YOU MUST WRITE TO US WITHIN 20 BUSINESS DAYS OF RECEIVING A LETTER FROM US IN RELATION TO ONE OF THE ABOVE SCENARIOS, SETTING OUT THE REASON FOR THE APPEAL, AND ADDRESS YOUR APPEAL TO: THE CEO AT ACCESS CREDIT UNION.

Our Communications

Our goal is to work with you to achieve an appropriate resolution to your financial difficulties. We will ensure that:

- Our communications are clear, concise and easy to understand.
- Our communications are never aggressive, intimidating or harassing.
- The volume of communications is proportionate and not excessive.
- You are given sufficient time to complete any actions required before follow-up communication is attempted.
- Future communication is agreed so that you are aware of any next steps.
- We aim to treat all our members fairly and to act to the highest standards of professionalism at all times.

Not Co-operating

Under the code, you will be considered to be 'not co-operating' with us if any of the 4 circumstances below apply:

1. If:

- You failed to give us full and honest information that has a significant effect on your financial information and
- We have sent you a warning letter as required by the code, but you have not carried out the action specified in that letter.

2. If:

- You did not give us relevant information about your financial situation, within the timescale we specified; and
- We have sent you a warning letter as required by the code, but you have not carried out the actions specified in that letter.

3. If you have not entered into an alternative repayment arrangement with us and there has been a three-month period during which:

- You have failed to pay your mortgage repayments in full, or you have made your mortgage repayments in full but are still in arrears, and:
    i. you have failed to contact or respond to any communications from us, or a third party acting for us; or
    ii. you have contacted, or responded to communications from us, or a third party acting for us, but have not done everything required to enable us to complete an assessment of your circumstances; and
- We have sent you a warning letter as required by the code, but you have not carried out the actions specified in that letter.

4. If you have entered into an alternative repayment arrangement with us and since then there has been a three-month period during which:

- You have failed to pay the new repayments under the alternative repayment arrangement in full and you:
    i. have failed to contact, or respond to any communication from us, or a third party acting for us; or
    ii. have contacted, or responded to communications from us, or a third party acting for us, but have not done everything required for us to complete an assessment of your circumstances, and:
- We have sent you a warning letter as required by the code, but you have not carried out the actions in that letter.

The consequences of 'not co-operating' are serious. Those consequences are set out in the code and include the following;

- We may apply legal fees, charges and extra interest on arrears.
- We may commence legal proceedings to repossess your property immediately after you are classified as 'not co-operating.'
- You may no longer be eligible for Personal Insolvency Arrangement (PIA) under the Personal Insolvency Act 2012. For information on PIAs, contact the Insolvency Service of Ireland. Their contact details are on page 9.

Useful Contacts

Money Advice and Budgeting Service (MABS*)*
MABS (mabs.ie) offers free and confidential independent advice and assistance with managing your finances. You may wish to seek assistance from MABS **Telephone 0818 072450**.

A website – www.keepingyourhome.ie is provided by the Citizens Information Board and MABS. This website aims to provide comprehensive information on the services and entitlements available to mortgage borrowers who may be experiencing difficulties making mortgage repayments.

Stepchange Debt Charity Ireland
Stepchange Debt Charity Ireland (**www.stepchangedebtcharity.ie**) is a free and independent telephone advice service for people who are struggling with debt or mortgage payments. They will review your financial circumstances and recommend the best way for you to deal with your debts. **Their Freephone helpline number is 1800 937 435**. The line is available Monday to Friday from 9am until 5pm and is free to call from landlines and mobiles.

The Central Bank of Ireland
The Central Bank's website provides independent information on financial products and includes a consumer guide to dealing with your lender on the Code of Conduct on Mortgage Arrears. **Telephone 1890 777 777 - www.centralbank.ie**

Citizens Information
The Citizens Information Board is the statutory body which supports the provision of information, advice and advocacy on a broad range of public and social services including health, employment, social welfare and money.

If you are in mortgage arrears or are worried about mortgage arrears, you can contact the Citizens Information's new dedicated Mortgage Arrears Information help line, phone **0761 074 050** (9.30am–5pm Monday to Friday) - **www.citizensinformation.ie**

Department of Social Protection
The Social Welfare website provide information relating to job seekers allowance, mortgage interest supplement and other welfare benefits you may be eligible for. **www.welfare.ie**

Mortgage Interest Supplement

Mortgage Interest Supplement provides short term support to help pay mortgage interest repayments. You should contact the Community Welfare Officer at your local Health Centre who will advise if you qualify and what documentation is required. You may be eligible but are required to submit certain information, such as a copy of the original loan documentation with your claim. This can be arranged by contacting your credit union who will follow up on these queries.

Office of the Revenue Commissioners

This website will provide you with information on all tax credits and benefits you may be entitled to. **www.revenue.ie**

Financial Services & Pensions Ombudsman Bureau, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2.

Phone: **1890 88 20 90 (lo call)**
Fax: **01 662 0890**
E-mail: **enquiries@financialombudsman.ie**

Insolvency Service of Ireland

Under the Personal Insolvency Act 2012, you have the right to consult with a Personal Insolvency Practitioner. For more information, please refer to their website at **www.isi.gov.ie**

Itsyourmoney.ie

Itsyourmoney.ie provides consumer information and education functions from the Central Bank of Ireland.

Consumer Helpline: 1890 432 432 Website: www.itsyourmoney.ie

Other important information we must give you.

Payment Protection Insurance

If you have previously purchased payment protection insurance for your mortgage loan, it is important that you contact your insurance provider as you may be entitled to make a claim on that policy. If your mortgage is in arrears, the amount of your protection insurance may not be sufficient to cover the outstanding balance.

Credit reference agencies

If you are in arrears, details will be recorded by credit reference agencies such as the Central Credit Register. This could make it more difficult for you to get credit from us or other financial institutions in the future.

For example, you may have difficulty getting a loan, overdraft or credit card.

Legal proceedings

We only start legal proceedings to repossess and sell your home as a last resort. If the proceeds we receive from selling your home do not cover all amounts you owe us (including unpaid interest and charges, and any legal and selling costs), you will have to pay the outstanding amounts.

If we take legal action to repossess a property, we estimate that the costs will be more than €3,000 (and could be far more). That estimate is for Circuit Court proceedings and takes account of solicitor's fees, expenses and VAT (but not barrister's fees or other fees and costs that arise in some cases).