



Banking & Payments
Federation Ireland



Important Information to help people in mortgage arrears

September 2015

Talk to your Lender

Banking & Payments Federation Ireland represents Ireland's principal mortgage lenders. These lenders are committed to working with borrowers who face genuine difficulty in maintaining mortgage repayments because of changed financial circumstances.



If you find yourself in this situation, here's what you should do:

- **Contact your mortgage lender as soon as possible** – in this way your lender may be able to identify a possible solution for you. Don't ignore the problem – that's the worst thing you can do.
- **Look at your financial situation** to make sure that you're maximising your income and draw up a budget based on your most important spending commitments. To help you do this, complete what's known as a Standard Financial Statement (SFS).
- **Respond to communications from your mortgage lender.** At all times your lender is willing to engage to see if a solution can be found for the problem you are having in repaying your mortgage.

Explore your Options

If you are unable to make your mortgage repayments, ask your mortgage lender to explore with you how your mortgage might be restructured – taking into account your particular circumstances. Depending on your circumstances and on what you can afford to pay, it may be possible to restructure your mortgage in one or a combination of the following ways:

- **Interest Only** – you pay the interest on your mortgage for an agreed period of time.
- **Deferred Interest** – you defer/delay paying an element of the interest on your mortgage for an agreed period of time.
- **Reduced Repayment** – you pay less than the full amount for an agreed period.
- **Repayment Break** – you defer paying all or part of your mortgage for an agreed period of time.



- **Capitalisation of the Arrears** - you spread the amount of arrears and interest over the remaining terms of your mortgage.
- **Term Extension** – you pay your mortgage over a longer period of time so as to reduce the monthly repayments.
- **Split Mortgage** –your mortgage is split into two parts in order to reduce your monthly repayments.

Note: following an assessment of your SFS, your lender will decide whether to offer to restructure your mortgage and what form that will take.



Any action taken to reduce your monthly mortgage payments today is likely to add to the overall cost of your mortgage in the future. But, this action could be critical to your mortgage debt and keeping your home. If or when your financial circumstances improve, you can increase the amount of your mortgage repayment which will help reduce the overall cost.

Around 143,000 mortgage accounts are already in a restructured arrangement with mortgage lenders.



If your mortgage lender is unable to restructure your mortgage, your lender will explore with you the suitability of one or other of the following options:

- **Trading Down** –you sell your property and buy a cheaper one, thereby reducing the size of your mortgage and monthly repayments.
- **Mortgage to Rent** – you qualify for a Government scheme where you transfer the ownership of your home to an approved housing body to which you pay rent as a tenant.
- **Voluntary Surrender** – you agree for your lender to take ownership of the property and you remain liable (responsible) for any amounts that you owe which are not covered from the sale of the property.
- **Voluntary Sale of your Property** – you sell your property and repay your mortgage with the proceeds of the sale; where there's a shortfall you will remain liable for that amount.

Contact a Trusted Third Party for Advice

If you need advice and assistance to deal with mortgage arrears or other debt, you can contact the State's Money Advice and Budgeting Service (MABS).

The MABS service is a free, independent, confidential and non-judgemental service which is provided by skilled and experienced advisors for people who are in debt or at risk of getting into debt.

The MABS Helpline, 0761 07 2000, is open Monday to Friday, 9am to 8pm.

The MABS face-to-face service is available in over 60 locations nationwide – see **www.mabs.ie** to find your nearest MABS office.

MABS can help you to:

- Develop a budget that works for you and your family.
- Find out if there are any entitlements you should be getting and help you to access them.
- Complete your Standard Financial Statement (SFS).





- Develop a plan to pay off your debts – always prioritising your family home.
- Give you information and advice on your mortgage debt and all of the options open to you, even if you're facing repossession proceedings.
- Deal with your creditors.
- Negotiate on your behalf if it's needed.

Visit www.keepingyourhome.ie for further information.

BPFI and MABS have drawn up agreed steps for dealing with unsecured debt - such as personal loans, overdrafts and credit cards. These cover how lenders are to work with you - a borrower with a loan. They also cover the time lines for lenders to help you with your request to restructure your loan. This is where the lender may lower the payments, extend the term, freeze the interest or settle some of your loan.



Following work with BPFI, StepChange Debt Charity will shortly be providing **free, expert debt advice** to people who are struggling with debts with more than one lender.

StepChange Debt Charity is an independent charity with over 20 years' experience. They will look impartially at your income, outgoings, debts and assets. They will then advise you as to the best solution for your particular circumstances.

Where it's the most appropriate solution, StepChange Debt Charity will work on your behalf to put a new repayment plan in place with lenders. This will help you to better manage your debts and, where possible, help you to remain in your home.

Visit www.stepchangedebtcharity.ie for more information.



The Insolvency Service of Ireland (ISI) is an independent, Government organisation set up to help sort out your personal debt problems and to get you back on track. If you owe money and cannot afford to repay it, one of the following options may be open to you:

- **Debt Relief Notice:** you may apply for this through MABs or another approved body. If you have unsecured debts below €35,000, a low income and few assets – this gives you freedom from your debts normally after three years.
- **Debt Settlement Arrangement:** you may apply for this through a Personal Insolvency Practitioner (PIP) - your outstanding unsecured debts are written off over a period of time, normally up to 5 years.
- **Personal Insolvency Arrangement:** you may apply for this through a Personal Insolvency Practitioner (PIP). This allows you to settle and/or restructure your secured and unsecured debts over a period of time, normally up to 6 years. (A mortgage is a typical example of a secured debt.)
- **Bankruptcy:** you may apply to the High Court to be declared bankrupt.

Visit www.backontrack.ie for further information.





Banking & Payments Federation Ireland (BPFI) is the voice of banking and payments in Ireland, representing over 70 member institutions and associates, including licensed domestic and foreign banks and institutions operating in the financial marketplace here.