



Important information to help people in mortgage arrears

September 2015

Contents



Talk to your Lender	3
Explore your Options	4
Contact a Trusted Third Party for Advice	
- MABS (Money Advice & Budgeting Service)	8
- StepChange Debt Charity/ Irish Mortgage Holders Organisation	10
- Insolvency Service of Ireland	11

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** – this means that you will only pay the interest owed on your loan during this period and not the capital amount owed.
- **Deferred Interest Scheme** – an arrangement to restructure your loan, in a similar way to ‘interest only’, where you only pay a minimum of 66% of the interest for period of scheme up to 5 years. The remaining interest is deferred until the end of the scheme, at which time it is added to your capital to be repaid over the remaining term.

- **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.
- **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.
- **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.

- **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.
- **Low Fixed Interest Rate** – an arrangement where a reduced fixed interest rate will be applied to your mortgage for a defined period of time. This means that you will make Capital and Interest repayments at a reduced interest rate that is affordable to you. This arrangement is not available to mortgage accounts on a Tracker Interest Rate.

- **Split Mortgage** – an arrangement where your mortgage is ‘split’ into two portions so that it is more affordable. The first portion is made 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 where you will not be required to make payments.

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

Explore your Options



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:

- **Negative Equity Trade Down** – if your home is in negative equity, you may be able to sell this property and purchase a new property of 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.

- **Mortgage to Rent** – this is a Government initiative to help homeowners remain in their existing property, but on a rental basis. Mortgage to Rent allows you to voluntarily surrender your property to the Bank. The Bank sells the property to the Approved Housing Association (AHA) at the current market value and you remain in the property as Social Housing tenants of AHA. 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 by you under new terms agreed by AIB.

- **Voluntary Surrender** – this involves the voluntary surrender of your property, by you to the bank. 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 by you under new terms agreed by AIB.
- **Voluntary Sale of your Property** – this involves you selling your property, maybe at a loss if the property is in negative equity. 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 AIB.

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.

Contact a Trusted Third Party for Advice



Following work with BPF, 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.



Another option available to you if you need advice and assistance to deal with mortgage arrears is The Irish Mortgage Holders Organisation (IMHO) who provide free independent advice.

The IMHO will provide you with a designated point of contact where you will be assisted with and advised on the completion of a Standard Financial Statement (SFS). This assistance can be provided over the phone, online or in person. The IMHO will then submit the relevant information on your behalf to a designated team in the AIB arrears support unit for consideration and agreement to next steps.

You can contact the IMHO by phone on **1890 623 624**, online at www.mortgageholders.ie or talk to them in person.



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 (BPF) 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