

Your Guide to Dealing with Mortgage Repayment Difficulties



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Introduction

All of the country's principal mortgage lenders, who are represented by the Irish Banking Federation (IBF), are fully committed to working with borrowers who face genuine difficulties in maintaining their mortgage repayments on their homes because of changed economic circumstances. The following information is offered as practical guidance to borrowers who find themselves in that situation.

What you should do

1. Contact your mortgage lender as soon as possible if you're having trouble with your mortgage repayments or you are concerned that this might be likely to happen. Don't ignore the problem – that's the worst thing you can do.
2. 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. Assistance is available from MABS - see point 8 below for contact details.
3. Respond to letters or phone calls from your mortgage lender or their legal representative. They have to keep in contact with you to see if a solution can be found for any problem you are having with repaying your mortgage.
4. If you are genuinely unable to make your mortgage repayments, ask your mortgage lender to explore with you one or more of the following options in line with the statutory Code of Conduct on Mortgage Arrears:
 - Putting off for a period of time all or part of your monthly mortgage repayment in order to ease the immediate pressure on you
 - Reducing your monthly mortgage repayment by extending the number of years for which your mortgage runs
 - Reducing your monthly mortgage repayment by changing the type of mortgage you have
 - Tackling any arrears by reducing the amount of your monthly repayment
 - Adding some of the arrears and interest onto the total amount borrowed so that they can be paid at a later date - known as 'capitalising' the arrears and interest.

Note: In exploring these options with you, your lender will have to take your particular circumstances into account – as each situation is different. Also, any action taken to reduce your monthly mortgage repayments today is likely to add to the overall cost of your mortgage in the future. You should ensure that you understand the implications of any new arrangement discussed – if necessary by obtaining independent financial advice.

Full details of this Code can be found on the website of the Financial Regulator at:

<http://www.financialregulator.ie/processes/consumer-protection-code/Pages/codes-of-conduct.aspx>

“Don’t ignore letters or phone calls...”

What your lender will do

5. Your lender must wait a minimum period of time from the time arrears first arise before starting legal proceeding in the courts to repossess your home. This minimum period of time is 12 months for all mortgage lenders under the Code of Conduct on Mortgage Arrears.

Note: This 12-month period does not apply where you are deliberately not engaging with your lender.

6. If, after this 12-month period, you still have genuine difficulty in making your mortgage repayments, your lender will further assist you by trying to agree an arrangement with you – one that is acceptable to both you and your lender. Provided you maintain that arrangement, your lender will not start legal action against you and will review the arrangement with you on a regular basis after that. This commitment to you arises under the IBF Pledge to Homeowners which was published in Nov’09 – full details are on the IBF website at <http://bit.ly/5oIAg8>

7. Your lender may be able to help you to assess and manage your income and expenditure and to draw up a budget to reflect your changed economic circumstances.

Help and information

8. You may need information on managing your money and dealing with debt. You’ll find it at www.mabs.ie, the website of the independent Money Advice and Budgeting Service (MABS). If you need help, you should call the MABS Helpline 1890 283 438 (Mon-Fri, 9am to 8pm) for advice or a self-help pack.

9. Remember to contact your lender at the earliest opportunity if repayment difficulties arise. It is only through engagement with your lender that you can hope to find an arrangement that will work for everyone.

This Guide is issued on behalf of the following mortgage lenders:

ACC Bank
AIB Bank
Bank of Ireland
Bank of Scotland (Irl)
EBS Building Society

Irish Nationwide Building Society
KBC Bank Ireland
Leeds Building Society
National Irish Bank
Permanent tsb
Ulster Bank

The Irish Banking Federation (IBF) is the leading representative body for the banking and financial services sector in Ireland, representing over 70 member institutions and associates, including licensed domestic and foreign banks and institutions operating in the financial marketplace here.

