

A HELPFUL GUIDE TO OUR

**MORTGAGE**

**ARREARS**

**RESOLUTION**

**PROCESS**



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## INTRODUCTION

At MoCo, we understand homeowners' circumstances can change over time and that customers may experience difficulty meeting their mortgage repayments at any time. We are here to support and guide our customers through these difficult periods. If you're worried about falling into arrears or you've missed any repayments on your mortgage, this guide will show you how we can help. We are fully committed to helping our customers find a solution and get back on track.

This guide provides information on the Mortgage Arrears Resolution Process (MARP). This is a 4-step process implemented by MoCo under the mandate of the Central Bank's Code of Conduct on Mortgage Arrears (CCMA). The Code applies to a mortgage taken out on your primary residence which is the residential property you occupy as your home or your only residential property in the State even if you don't currently live in it. However, it is important to bear in mind that you may lose the protections of the Code if you don't co-operate with us during the MARP. More information on non-cooperating borrowers can be found on page 12.

If your financial situation has changed for any reason and you are struggling to pay your mortgage, the first step is to talk to us about your situation as early as possible.

## THE 4 STAGES OF MARP

### 1 COMMUNICATION

If you are finding it difficult to meet your mortgage repayments or worried about falling into arrears on your mortgage, the first step is to contact us as early as possible. This will allow us to start working with you right away to find a solution. We have a dedicated team who are ready to help. You can contact us on 0818 210 255 from 9am - 5:00pm Monday to Friday.



## 2 FINANCIAL INFORMATION

The next step is to complete and return a Standard Financial Statement (SFS). This will provide us with an understanding of your circumstances as well as your income and expenditure. An SFS will be issued to you by post.

When completing the SFS form it is important to give a full and honest account of your financial circumstances. We may also ask you to provide some documentation to support the information you have provided (for example, payslips).

Things to note when completing the SFS:

- To help you complete the form, we recommend gathering all receipts, documents and bills that show all income and expenditure on a monthly basis
- It's important to include all basic living expenses
- Think of any expenditure you may be able to reduce, in order to assist your financial position
- Ensure you have investigated all means of maximising your income. There may be some State supports you can avail of. Please see Useful Contacts on Page 15

Our dedicated team of advisors will be able to assist you with completing this form. You can also seek independent advice or help from MABS (Money Advise & Budgeting Services). You can find their contact information under Useful Contacts on page 15.



### 3 ASSESSMENT

Once we have received your completed SFS along with any supporting documentation, we will review the information you have provided to establish a clear understanding of your situation. We will then be able to determine if an alternative repayment arrangement (ARA) may be a viable option.



When assessing your case, we will review the following:

- Your personal circumstances
- Your overall level of debt
- The information you provided in your completed SFS
- Your current ability to make repayments
- Your future ability to make repayments
- Your previous repayment history
- Any other relevant personal information

## RESOLUTION

Once the assessment has been completed, we will be able to advise you if your individual situation meets the criteria for an alternative repayment arrangement (ARA). We have a number of ARA options we will explore to try and prevent your mortgage from falling into arrears or further into arrears.

Each case for an alternative repayment option is assessed on an individual case-by-case basis and is subject to the lender's qualifying criteria. Some ARA options may result in you paying additional interest over the remaining term of the mortgage. It is important that you consider seeking legal and/or financial advice before availing of an ARA.



## ALTERNATIVE REPAYMENT OPTIONS

### INTEREST ONLY

You only pay the interest on your mortgage for an agreed period. Your monthly repayment reduces during this period as you are not paying anything towards reducing the capital balance of your mortgage. At the end of the interest only period, your monthly repayments will increase to ensure you pay off the balance of the mortgage within the original term.

## REPAYMENT BREAK

Your mortgage repayments are deferred meaning you have no monthly repayments - generally for a period of up to 3 months. At the end of the repayment break your monthly repayments will increase to ensure you pay off the balance of the mortgage within the original term.

## REDUCED MONTHLY REPAYMENTS

Your mortgage repayments are reduced for an agreed period, usually between 12-36 months. The agreed repayments will match your current affordability to repay the mortgage. After the reduced repayment period your monthly repayments will increase to ensure you pay off the balance of the mortgage within the original term.

## TERM EXTENSION

The remaining term on your mortgage is extended so you pay the mortgage over an increased number of years. This lowers the monthly mortgage repayments as repayments are spread over a longer period.

## CAPITALISING ARREARS

Outstanding arrears are added to the remaining balance of your mortgage. This means that your mortgage would no longer be in arrears. Your monthly repayments will increase to ensure you pay off the balance of the mortgage within the remaining term.



## INTEREST RATE REDUCTION

The interest rate on the mortgage is reduced resulting in lower monthly repayments. This can be either a temporary or permanent interest rate reduction. The capital balance is paid within the original term.

## SPLIT MORTGAGE

The remaining balance of your mortgage is split into two parts, the main mortgage account and the split mortgage account. You continue to make full capital and interest repayments on the main mortgage account. The balance on the split mortgage account is set aside for a period and you are not required to make repayments. At the end of your mortgage term, the balance on the split mortgage account becomes repayable in full.

## COMBINATION OF ABOVE

Combination of any of the above alternative repayment arrangements.



If we are unable to agree an ARA with you, other options may be available to you. Each alternative option is assessed on an individual case-by-case basis and is subject to the lender's qualifying criteria. Some options may result in you paying additional interest over the remaining term of the mortgage. It is important that you consider seeking legal and/or financial advice before availing of one of the options below.

## OTHER OPTIONS

### VOLUNTARY SALE

You agree to sell the property yourself and the proceeds from the sale are used to clear the mortgage balance and any arrears on the mortgage. This option may be suitable if you feel the balance of the mortgage is no longer affordable. If the property is sold for less than what is owed and there is a shortfall, this shortfall is repaid by you under new agreed terms.

### ASSISTED VOLUNTARY SALE

The Assisted Voluntary Sale (AVS) scheme is designed to support you in the sale of the property. Financial support may be provided to assist you with the sale costs, while allowing you to remain in the property until it is sold.

### MORTGAGE TO RENT (MTR)

This is a government scheme where you agree to sell the property to an Approved Housing Association (AHA) at the current market value. The proceeds are used to pay off the balance of the mortgage. If the property is

valued at less than what is owed and there is a shortfall, this shortfall is repaid by you under newly agreed terms. The housing association will allow you to remain in the property as Social Housing tenants of the AHA.

## VOLUNTARY SURRENDER

You agree to hand over ownership of the property to MoCo who will place the property on the market and sell it. MoCo will have full discretion on the final price for which the property is sold. The proceeds from the sale of the property will be used to clear the balance of the mortgage and any arrears. If the property is sold for less than what is owed and there is a shortfall, this shortfall is repaid by you under new agreed terms.

## THINGS TO NOTE

### COMMUNICATIONS

MoCo has a communications policy that provides a framework for how we communicate with borrowers in financial difficulty. In summary, we aim for open two-way communication with all customers in financial difficulty with the aim of finding a solution. All communications will be carried out in a timely manner and customers will be given plenty of time to respond. We will ensure communications are clear, accurate and easy to understand. All customers will be treated fairly, and their circumstances and financial situation will be taken into consideration.



### USE OF CONFIDENTIALITY AGREEMENTS

All communications with you in relation to your mortgage will be confidential. When an alternative repayment arrangement or other option is being proposed to you, you may be required to enter into a confidentiality agreement. Under this agreement, you must keep all information relating to the proposal confidential and not disclose the terms of the proposal to any third party except to your advisors or agents and you are obliged to ensure that such persons also keep the information confidential.

## LIFE COVER

If you fall into arrears, it is important to be aware that your mortgage protection/life cover may not be sufficient to cover the total balance outstanding on your mortgage. You should ensure your Life cover is sufficient, considering the alternative repayment arrangement. We strongly recommend that you get advice on your mortgage protection/life cover from your broker.

## NON CO-OPERATING BORROWERS

It is important that you cooperate and engage with us to ensure we can assess your financial situation, otherwise you may be classified as non-cooperating. The definition of non-cooperating is outlined in chapter 2 of the CCMA. You can be considered non co-operating when:

- You do not make a full and honest disclosure of all relevant information that would have a significant impact on your financial situation
- You do not provide information we require to assess your situation within the timelines we specify

- For a period of 3 months:  
You have not communicated or engaged with us in a way that enables us to complete an assessment of your circumstances

AND

You have either failed to meet your mortgage repayments in full (per your original contract or the terms of an alternative repayment arrangement) or your account has been in arrears.

If you are considered non-cooperating, a warning letter will be issued to you with specific actions to carry out to avoid being classified as non co-operating. If you fail to carry out the actions specified in the letter, you will be classified as non co-operating.

The implications of being classified as non-cooperating are:

- You will lose the protections of Mortgage Arrears Resolution Process.
- Legal proceedings may commence immediately for repossession of your property. Irrespective of how the property is repossessed and disposed of, you will remain liable for the outstanding debt, including any accrued interest, charges, legal, selling, and other related costs.
- If your property is repossessed or sold, you would still have to pay any outstanding debt, interest, our charges, and our legal and selling costs.
- If arrears remain on your account for more than 30 days this may have an impact on your credit rating which could affect future borrowings.
- You may no longer be eligible for a Personal Insolvency Arrangement under the Personal Insolvency Act 2012.

For more information on Personal Insolvency Arrangements see [www.mabs.ie](http://www.mabs.ie) (see Useful Contacts, page 15)

## APPEALS

You have the right to appeal a decision made by us, including:

- A decision to offer you an ARA that you are not willing to accept
- A decision not to offer you an ARA
- A decision to classify you as a non-cooperating borrower

You can appeal any of the above decisions by writing to us within 20 business days from the date you received a letter notifying you of the decision. We will send you a written acknowledgement within 5 days of receiving your appeal. If you are unhappy with the outcome of your appeal, you have the right to refer the matter to the Financial Services and Pensions Ombudsman (FSPO) (See Useful Contacts, page 15)

## COMPLAINTS

You have the right to make a complaint to us in relation to:

- The treatment of your case under CCMA
- Our compliance with the requirements of CCMA

You can make a complaint to us by emailing [complaints@moco.ie](mailto:complaints@moco.ie) and we will acknowledge your complaint within 5 business days of receiving it. We will investigate your complaint and will provide you with regular updates. We will aim to resolve your complaint within 40 business days. In the event your complaint is not resolved within 40 business days, we will provide you with a letter outlining the anticipated timeframe within which we hope to resolve your complaint.

If you are unhappy with the response to your complaint, you have the right to refer the matter to the Financial Services and Pensions Ombudsman (FSPO) (See Useful Contacts, page 16).



## USEFUL CONTACTS & INFORMATION

### Arrears Support Unit (ASU)

If you are concerned about meeting your mortgage repayments, please contact our Arrears Support Unit between the hours of 9am to 5pm Monday to Friday excluding bank holidays and public holidays.

**T:** 0818 210 255

### Appeals Board

You have the right to appeal any decision made by us. You must submit your appeal in writing, setting out the grounds for the appeal, within 20 business days from the date you receive it. Appeals should be sent to:

Appeals Board, Pepper Asset Servicing,  
PO Box 13404, Shannon, Co Clare

### Central Bank of Ireland

The Central Bank's website provides independent information on financial products and includes the Code of Conduct on Mortgage Arrears.

[www.centralbank.ie](http://www.centralbank.ie)

### Citizens Information

Website provides information and advice on a range of public services in Ireland. You can also contact the Citizens Information's dedicated Mortgage Arrears Information help line.

	<a href="http://www.citizensinformation.ie">www.citizensinformation.ie</a> <b>T:</b> 076 1074 000
<b>MABS (Money Advice &amp; Budgeting Service)</b>  A free, confidential, independent service for people in arrears or worries about going into arrears. Its website provides useful budgeting tools and help with completing the SFS.  <a href="http://www.mabs.ie">www.mabs.ie</a> <b>T:</b> 076 1072 000	<b>Mortgage Arrears Information Helpline</b>  This helpline is provided by the Citizens Information Board and provides information on the Code of Conduct on Mortgage Arrears and the supports available for people in mortgage arrears or pre-arrears.  <b>T:</b> 076 1074 050
<b>Keepingyouhome.ie</b>  This website is provided by the Citizens Information Board and provides information on the services and entitlements available to you if you are having difficulty paying your mortgage.  <a href="http://www.keepingyourhome.ie">www.keepingyourhome.ie</a>	<b>Department of Social Protection</b>  The Social Welfare website provides details on job seekers allowance, Mortgage Interest Supplement and other welfare benefits that you may be entitled to.  <a href="http://www.welfare.ie">www.welfare.ie</a>
<b>Revenue Commissioners and Department of Social Protection</b>  This website provides information on state supports you may be eligible for.  <a href="http://www.revenue.ie">www.revenue.ie</a>	<b>Insolvency Service of Ireland (ISI)</b>  Established for people can't pay their personal and mortgage debts. Introduced under the Personal Insolvency Act 2012. You have the right to consult with a Personal Insolvency Practitioner.  <a href="http://www.isi.gov.ie">www.isi.gov.ie</a>
<b>Financial Services and Pensions Ombudsman</b>	<b>Data Protection Commissioner</b>



A statutory office that independently deals with unresolved complaints between consumers and financial service providers.

[www.financialombudsman.ie](http://www.financialombudsman.ie)

T: 01 567 7000

This website provides information on individuals' rights and on organizations' responsibilities relating to the storing of personal data.

[www.dataprotection.ie](http://www.dataprotection.ie)



## Glossary

### Arrears

Arrears arise on a mortgage loan account where a borrower has not made a full mortgage repayment, or only makes a partial mortgage repayment, in accordance with the original mortgage contract, by the scheduled due date.

### Borrower

A borrower is any party named on the mortgage loan account.

### Code of Conduct on Mortgage Arrears

This code sets out how mortgage lenders must treat mortgage holders who are in mortgage arrears or facing mortgage arrears. A copy of the Code can be downloaded from the Central Bank's website. ([www.centralbank.ie](http://www.centralbank.ie))

### Fixed Rate Mortgage

A fixed rate mortgage means the interest rate remains the same throughout an agreed term and you pay the same amount each month during that term.

## Mortgage

A mortgage is a loan provided to a borrower by a lender. A legal claim against the property acts as security for the loan.

## Primary Residence

A primary residence is the residential property which the borrower occupies as his/her primary residence in the State or a residential property which is the only residential property in the State owned by the borrower even if he/she doesn't currently live in it.

## Repossession

Repossession refers to when a lender takes possession of the property secured against the mortgage.

## Standard Financial Statement (SFS)

The SFS is a document provided by the lender and completed by the borrower. It is used to obtain financial information from the borrower in order to complete an assessment under MARP.

## Term

Term refers to the period for which the mortgage was taken out.



**Warning: If you do not keep up your repayments you may lose your home.**

**Warning: You may have to pay charges if you pay off a fixed-rate loan early.**

**Warning: The cost of your monthly repayments may increase.**

**Warning: If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.**

