



**MORTGAGE ARREARS**

# **RESOLUTION PROCESS**



# We are here to help.

We understand that your financial circumstances can change and this can result in you being concerned about falling into arrears or you could already be in arrears on your mortgage repayments. Savvi Credit Union are committed to helping you.

**This guide is to help you or if you have any concerns about meeting a repayment on your mortgage. Whatever the cause of your financial problems, the most important thing is that you communicate with us so that we can examine all the practical options available to you. The earlier we know about your difficulties, the earlier we can help you.**

## How we can help you.

The Central Bank of Ireland has a Code of Conduct on Mortgage Arrears (CCMA) to provide protection mortgage holders. Under the CCMA, Savvi Credit Union implemented a four-step process called the 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.

Note: The Code applies to a mortgage taken out as your primary residence which is the residential property you occupy as your home or your own residential property in the state even if you do not currently live in it.

STEP

1

# Communication

**The most important step is to contact us as soon as possible. We understand that facing your financial problems can be daunting but the sooner you contact us, the sooner we can start working on finding a solution. It is also important that you respond to any communication we send to you.**

There are letters we are required to send under the Code. These letters will include information such as the amount of arrears on your mortgage, contact information amongst other details.

We may also need to contact you if you have not responded to a required timeline, if we need to clarify information or if there are other options that we need to discuss with you. We may also need to contact you if you have not met a payment arrangement that we have made with you.

We will make sure that we only contact you if necessary and we are here to explain anything you need in more detail.

We have trained and knowledgeable staff if you would like to discuss any aspect of your mortgage. Just ask to speak to one of your credit union's Credit Controllers.

You can also contact the Money Advice and Budgeting Service (MABS). They provide independent financial advice free of charge.

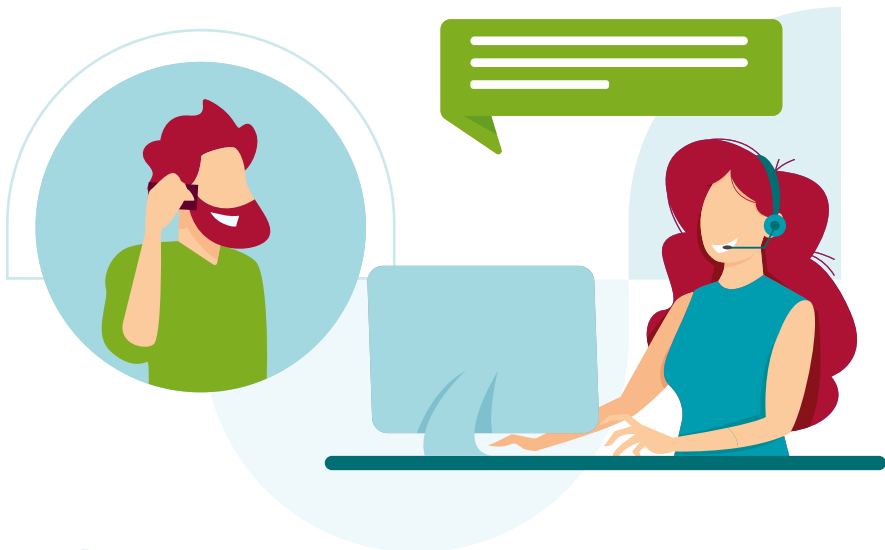


**THE FIRST AND MOST IMPORTANT STEP YOU CAN TAKE IS TO TALK TO US AS SOON AS YOU KNOW YOU ARE IN DIFFICULTY OR ARE AT RISK OF GETTING INTO DIFFICULTY.**

## Our Communications Goal

**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.



## STEP

# 2

## Financial information

**We need to get a clear picture of your finances. We will provide you with a Standard Financial Statement (SFS) to fill in. This is a form specially designed to give us a detailed understanding of your finances. You can get the SFS through our website or you can call one of our team to send this out to you.**

If you need help to fill out your SFS, don't ever be afraid to ask as there are several options:

There is a 'Guide to completing the SFS', at our website [www.Savvi.ie](http://www.Savvi.ie) or you can call us on 01 632 5100 and request one to be sent to you.

One of our team can help you. We can do this over the phone, or we can arrange a meeting in our offices or by another digital means.

You can also get independent advice to help you fill in the SFS or help from MABS— see 'Useful contacts' on page 16.

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 an alternative repayment arrangement (ARA) we will use the information provided by you in the SFS to assess your individual situation. We will consider the following criteria in order to assess your case for an ARA.

- **The information provided in your SFS**
- **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**



We will also need to consider the long-term sustainability of the mortgage. 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, 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.**

We outline below a list of potential ARA's 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'

You will only pay the interest owed on your loan during this period.

Your monthly repayment arrangement reduces as you are not paying anything towards reducing the capital balance of the mortgage.

After the interest-only period, either your payments increase to a higher amount that ensures you repay your mortgage within the original term or where appropriate, the term of your mortgage will be extended.

## 'Reduced Monthly Repayments'

Your monthly repayment is reduced to match your affordability for a fixed amount of time — this generally can be 12 to 36 months. Both interest and capital will be repaid.

After the reduced repayment period, either your payments increase to a higher amount that ensures you repay your mortgage within the original term or where appropriate, the term of your mortgage will be extended.

## 'Repayment Break'

You can enter into 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 — generally for up to 3 months.

After the deferral period, either your payments increase to a higher amount that ensures you repay your mortgage within the original term or where appropriate, the term of your mortgage will be extended.

## 'Extension of Loan Term'

The term is extended so you pay the mortgage over a longer period, resulting in a lower monthly repayment.

### 'Capitalisation of the Arrears and Interest'

The outstanding arrears and interest are added to the capital balance, so you are no longer in arrears.

To ensure the arrears amount is paid off, either your payments increase to a higher amount that ensures you repay your mortgage within the original term or where appropriate, the term of your mortgage will be extended your repayments by spreading the amount of any arrears and interest over the remaining term of your mortgage agreement.

**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 your credit unions Credit Controller for more details
- 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 the credit union's compliance with the MARP process. Complaints can be made in various ways, for example, by telephone, in person, through your local branch, in writing or by email. Please refer to the Complaints Procedure on our website.
- 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 we:

Do not offer you an ARA, for example where we have concluded that the mortgage is unsustainable, and an ARA is unlikely to be appropriate; or

Offer you an ARA and you are not willing to accept them.

We will inform you in writing of other options that are available to you. In those circumstances, we may commence legal proceedings for repossession of your home either 3 months from the date the letter informing you of your options is issued, or 8 months from the date that the arrears first arose on your mortgage, whichever date is later. Irrespective of how the property is repossessed and disposed of, you will remain liable for the outstanding debt, including any accrued interest, charge, legal, selling and other related costs.



# You can appeal

You can appeal a decision made by us during the MARP, including where:

1

We offer you an ARA, but you are not willing to enter into the ARA offered.

2

We decline to offer an ARA.

3

We have classified you as not co-operating.

**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:**

**APPEALS,  
27/28 Herbert Place,  
Dublin 2,  
D02 DC97**



The Appeals Board will acknowledge your appeal in writing within 5 business days of receiving your appeal.

The Appeals Board will provide you with regular written updates on the progress of your appeal at intervals of not more than 20 business days. The Appeals Board will consider and adjudicate on your appeal within 40 business days of receiving the appeal and will notify you in writing of their decision within 5 business days of their decision.

If you are unhappy with a decision of the Appeals Board, you have the right to refer the matter to the Financial Services Ombudsman (see Useful Contacts on page 16)

# What does not co-operating mean?

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

**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.

**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.

**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;
- you have failed to contact or respond to any communications from us, or a third party acting for us.

**or**

- 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.



**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;
- have failed to contact, or respond to any communication from us, or a third party acting for us;

**or**

- 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.

The MARP no longer applies.

- 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'. In this case, irrespective of how a 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.
- 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 18.



# Useful contacts

## Abhaile

Abhaile is a State-funded scheme to help homeowners find a resolution to their home mortgage arrears. It provides free, confidential, and legal advice from independent, qualified and regulated professionals, which can be accessed through MABS.

**Telephone 0761 07 2000 (Mon to Fri 9am – 8pm)**

## 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 **0761 07 2000**.

A website — [www.keepingyourhome.ie](http://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](http://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

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](http://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](http://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](http://www.welfare.ie)

## KeepingYourHome.ie

Provided by the Citizens Information Board and MABS, this website provides comprehensive information on the services and entitlements available if you are having difficulties making your mortgage repayments. It also provides information on MARP. [www.keepingyourhome.ie](http://www.keepingyourhome.ie)

## 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](http://www.revenue.ie)

## Financial Services & Pensions Ombudsman Bureau

**3rd Floor, Lincoln House, Lincoln Place, Dublin 2.**

Phone: **1890 88 20 90 (to call)**

Fax: **01 662 0890**

E-mail: [enquiries@financialombudsman.ie](mailto: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](http://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](http://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 Irish Credit Bureau. 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).

## Warning

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



## Warning

Your home is at risk if you do not keep up payments on a mortgage or any other loan secured on it.



If you have a variable interest rate mortgage:

**The payment rates on your housing loan may be adjusted by the lender from time to time.**



If you have an endowment mortgage:

## Warning

**There is no guarantee that the proceeds of the Insurance Policy will be sufficient to repay the loan in full when it becomes due for repayment.**

Early surrender of the insurance policy in respect of an endowment loan may result in a return to you which would be less than the premiums paid and other charges.



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