

# Mortgage Arrears Resolution Process 2017

## Introduction

This Mortgage Arrears Resolution Process (MARP) booklet sets out how Dubco follows best practice when helping Members who have arrears on their Home Loan or those who are at risk of developing arrears (known as pre-arrears). Each case of arrears is unique and is considered on its own merits. Dubco is committed to handling all cases sympathetically and positively, with the aim of assisting the Member to meet their Home Loan obligations.

## Application of this MARP

This MARP applies only to your Home Loan which is secured by a 1<sup>st</sup> legal charge in favour of Dubco Credit Union Limited on your Principal Private Residence.

It is very important that you review and consider the terms of any Alternative Repayment Arrangement ('ARA') before agreeing to it. We recommend you seek independent legal and financial advice before agreeing to any ARA.

This Alternative Repayment Arrangement may affect your Credit rating and thus your ability to borrow in the future.

It is important that you continue to update Dubco for changes to your circumstances that may occur during the period of the agreed ARA, as we may have to consider a more suitable arrangement if your circumstances change.

## The Process

### The Mortgage Arrears Resolution Process (MARP) has four steps

- Step 1 – Communication**
- Step 2 – Your financial information**
- Step 3 – Our assessment**
- Step 4 – Resolution**

#### Step 1 - Communication

This is the most important step in MARP. Where you are at risk of not being able to meet your Home Loan repayments as they fall due, and to ensure that the MARP process can apply, you must communicate with Dubco Credit Union Limited ('Dubco') as soon as you are aware of these circumstances. Any communication should include the reasons as to why your repayment difficulties are arising / likely to arise. The more pro-active a Member is in this regard the more successful the outcome of MARP.

If you are concerned about your ability to make your next Home Loan repayment or have already fallen into arrears please contact the Arrears Support Team at Dubco for help and guidance. You can do so by ringing 01 887 0400 (Mon – Fri 9:00am to 5:00pm excl. bank holidays) and asking for the Member Services Manager or the Credit Controller, and advising them that the call is in relation to current or potential home loan repayment difficulties (MARP). You may also email: [info@dubco.ie](mailto:info@dubco.ie) with MARP in the subject line.

Once you make contact, our Arrears Support Team (the Member Services Manager and the Credit Controller) will explore potential suitable solutions that may apply to your case.

Dubco sends letters to all Members in arrears, detailing the amount of arrears outstanding and other key information about your mortgage. Each correspondence will also reference the MARP and the steps you will need to follow. If we do contact you it is very important that you respond promptly so that we can deal with the matter efficiently and effectively.

We aim to ensure that our communications are easy to understand and are not aggressive or intimidating. We will keep communications to the least amount needed and will ensure that they are proportionate to the prevailing circumstances. In each communication, you will be given a clear instruction as to what action you must take and a timeframe within which you should have completed the required action. We will allow enough time for you to complete that action before any follow up call is made.

Further details and a copy of this booklet are available to download at [www.dubco.ie](http://www.dubco.ie)

### **Step 2 - Financial Information**

To assess your situation, the Arrears Support Team will require an update regarding your current personal and financial circumstances. This is necessary for us to understand how your circumstances may have changed and whether the change is expected to be temporary or permanent. To gather this information, we will send you a Standard Financial Statement. This will allow you to detail your income, expenditure, assets, and outstanding debts. You must include supporting documentation such as pay-slips, recent bank statements and other relevant documentation to support the information given in the Standard Financial Statement. This step is crucial to us finding the best solution for you. Should you need help in completing the Standard Financial Statement, please call the Arrears Support Team. We will be happy to help with any queries you may have.

The Central Bank of Ireland has a helpful consumer guide to completing the Standard Financial Statement on their website [www.centralbank.ie](http://www.centralbank.ie). It is also recommended that you consider seeking independent financial advice from the Money Advice and Budgeting Service (MABS) or an independent financial advisor.

### **Step 3 - Assessment.**

When the Arrears Support Team has received the Standard Financial Statement and any other information it requires, it will assess your circumstances and consider any alternative repayment arrangements that may be suitable for you. Information considered by the Arrears Support Team may include:

- Your current personal circumstances and how they might have changed
- Your overall personal debt
- The information given in the Standard Financial Statement
- Payment protection policies (if applicable)
- Your current and earlier repayment capacity
- Any other case specific relevant information

It is possible that further information or clarification may be required from you throughout the MARP process.

### **Step 4 - Resolution**

Once a thorough review has been completed, if possible the Arrears Support Team will propose the most suitable alternative repayment arrangement (ARA) for you based on your specific circumstances. While we can't guarantee that an Alternative Repayment Arrangement will be possible in every case, we are committed to exploring every reasonable option to find a resolution to your current or potential home loan repayment difficulties that is fair and sustainable.

The following are examples of the types of Alternative Repayment Arrangements that we may consider in assessing your individual circumstances.

**Interest only payments (Moratorium 1):** An agreement for a specific period to pay interest only on your loan. This is considered suitable for Members whose change in circumstances are short term in nature and will be able to resume normal payments after that time period.

<p><b>Advantages:</b> Your payments will be reduced to a level that suits your current level of income with a review after an agreed period.</p>	<p><b>Disadvantages</b> The current balance on your mortgage will reduce at a slower rate than normal during this period. As such you will pay more interest than if the loan was being reduced at the originally agreed rate.</p> <p>When you resume full payments, your monthly payment amount may be increased to a level that will see the loan cleared over the remaining term of the loan.</p> <p>Loan arrears will be reported on the Central Credit Register / Irish Credit Bureau (ICB) and may affect your ability to borrow in the future.</p>
--	---

**Reduced Payments (Moratorium 2):** This is a short-term arrangement during which you will make a reduced monthly payment that will pay interest and some element of principal. This is suitable for Members who experience a temporary loss of income, or who have met an unforeseen level of expenditure after which their circumstances are expected to return to normal.

<p><b>Advantages:</b> Your payments will be reduced to a level that suits your current level of income for an agreed period</p>	<p><b>Disadvantages</b> The current balance on your mortgage will reduce at a slower rate than normal during this period. As such you will pay more interest than if the loan was being reduced at the originally agreed rate.</p> <p>When you resume full payments, your monthly payment amount may be increased to a level that will see the loan cleared over the remaining term of the loan.</p> <p>Loan arrears will be reported on the Central Credit Register / Irish Credit Bureau (ICB) and may affect your ability to borrow in the future.</p>
---	---

**Term Extension (Reschedule):** The term of the mortgage will be extended. This is also known as a reschedule of the agreement. This is a long-term solution which is offered when there is some level of certainty that the Members circumstances have stabilised.

<p><b>Advantages:</b> Your monthly payments will be reduced to a level that you can afford.</p> <p>The term of the loan will be extended to a period that will allow you clear principal and interest at this new affordable level of payment.</p>	<p><b>Disadvantages</b> The current balance on your mortgage will reduce at a slower rate than normal during this period. As such you will pay more interest than if the loan was being reduced at the originally agreed rate.</p> <p>You will pay more interest on the loan as the period of credit has been extended</p> <p>The revised terms will be reported on the Central Credit Register / Irish Credit Bureau (ICB) and may affect your ability to borrow in the future.</p>
--	--

### Other Resolution Options

If Dubco is unable to offer an alternative repayment arrangement option, the following options may be suitable depending on your individual circumstances and our review of your Standard Financial Statement. These options may be necessary where the change in circumstances are of such a severe nature that they make a suitable sustainable Alternative Repayment Arrangement impossible.

**Voluntary Sale:** You volunteer to sell your property to repay the outstanding Home Loan.

<b>Advantages:</b> The sales proceeds from the property will reduce or clear your mortgage	<b>Disadvantages</b> If the sale proceeds do not clear the Home Loan in full, you will be liable to repay the remaining balance over an agreed period.  Loan arrears will be reported on the Central Credit Register / Irish Credit Bureau (ICB) and may affect your ability to borrow in the future.
---	--

**Mortgage to Rent:** You sell your property to the local housing authority, staying in the property as a tenant and paying an agreed rent to the authority. For further information [www.keepingyourhome.ie](http://www.keepingyourhome.ie)

<b>Advantages:</b> You stay in your home and your rent is more affordable than the mortgage payments.	<b>Disadvantages</b> You will lose any entitlement to ownership of the property.  Any personal investment in the property will be lost.  You pay rent to the housing authority  Loan arrears will be reported on the Central Credit Register / Irish Credit Bureau (ICB) and may affect your ability to borrow in the future.
--	--

**Voluntary Surrender:** You surrender your property to the Credit Union so that we can sell it and use the proceeds to reduce the balance on your Home Loan.

<b>Advantages:</b> The sales proceeds will be used by the Credit Union to reduce your loan balance.	<b>Disadvantages</b> If the sale proceeds do not clear the mortgage in full, you will be liable to repay the remaining balance over an agreed period.  Loan arrears will be reported on the Central Credit Register / Irish Credit Bureau (ICB) and may affect your ability to borrow in the future.
--	---

**Non-Cooperation:** It is crucial that you co-operate with all stages of the MARP as outlined in this booklet.

You will be considered non-cooperating if:

1. You do not make a full and honest disclosure of information relevant to your current financial situation
2. You do not give the requested information in the specified period
3. There has been a 3-month period during which:
  - You have not entered an Alternative Repayment Arrangement and you have failed to meet your mortgage payments in full or
  - You have been in arrears for 3 consecutive months and you have since resumed your mortgage repayments in full but the arrears remain unaddressed or

- You have entered an Alternative Repayment Arrangement but have not made repayments as agreed in the Alternative Repayment Arrangement or
- You have failed to contact or respond to any communication from the Credit Union or
- You have made contact and responded to our communications but have not engaged in any meaningful way to allow us to complete an assessment of your circumstances

If the circumstances above prevail we will issue a warning letter letting you know that

- you are considered non-cooperating
- the implications of being classified as non-cooperating
- giving you a specified period to submit required information or
- any steps that you are required to take

If you do not take the required steps and/or provide the information requested, within the specified timeframe, the Arrears Support Team will inform you in writing that you have been classified as 'Non-cooperating' and that you will no longer enjoy the protections afforded you by this MARP.

#### Independent Financial Advisory Services

The Irish Government, together with the Central Bank of Ireland, have implemented laws and regulations to assist people experiencing financial difficulties. The following are a list of information sources which may be of assistance to you.

#### Central Bank of Ireland

The Central Bank is responsible for regulating the financial services market. The Code of Conduct on Mortgage arrears is an example of one such regulation. A full copy of the code is available to download from [www.centralbank.ie](http://www.centralbank.ie). The Central Bank can also be contacted by calling 1890 777 777 or 01 224 5800.

#### Citizens Information Board

The Citizens Information Board gives information and advice on the broad range of public services available to Irish citizens. They can be contacted on 0761 07 4000 or visit [www.citizensinformation.ie](http://www.citizensinformation.ie)

#### MABS – Money Advice and Budgeting Service

MABS is state funded and gives free advice and aid to people experiencing financial difficulties. They can give information on insolvency legislation and can aid Members in preparing Prescribed Financial Statements. They can be contacted at 076 107 2000 or visit [www.mabs.ie](http://www.mabs.ie)

#### [www.keepingyourhome.ie](http://www.keepingyourhome.ie)

This website is provided jointly by MABS and the Citizens Information Board. It is an important source of information for Members who have a mortgage and are experiencing financial difficulties, or believe that they will soon due to changing circumstances.

#### Department of Social Protection

Any Member who has experienced a change to their personal or financial circumstances should make an appointment to meet with a representative at their local Intro office. To find out where your closest office is call 1890 66 22 44 or visit [www.welfare.ie](http://www.welfare.ie)

#### Free Legal Advice Centre (FLAC)

FLAC provides basic free legal services in the areas of social welfare, credit and debt and public interest law. It is important when considering an Alternative Payment Arrangement, or other alternative solution, that Members seek independent legal and financial advice. FLAC can be contacted on 1890 350250 or visit [www.flac.ie](http://www.flac.ie)

#### National Consumer Agency (NCA)

The NCA is a statutory body which is charged with protecting the interests of consumers. The NCA is a source of useful information that helps consumers understand their rights when buying goods and services and may assist Members in managing their money and making more informed consumer decisions. They can be contacted on 1890 432 432 or visit [www.consumerhelp.ie](http://www.consumerhelp.ie)

#### [Insolvency Service of Ireland – \(ISI\)](#)

The ISI is a state body that is charged with the responsibility for all matters concerning Personal Insolvency. They are charged with informing borrowers of their rights and the legal remedies available. They also keep Registers for each of the Insolvency Protocols. A register of approved Personal Insolvency Practitioners is available on their website. They can be contacted on 076 106 4200 or by visiting [www.isi.gov.ie](http://www.isi.gov.ie)

#### [Financial Services Ombudsman](#)

The Financial Services Ombudsman is an independent body which deals with complaints from consumers about their dealings with regulated financial service providers such as Dubco Credit Union Limited. It is a free service and they can be contacted on 1890 88 20 90 or 01 662 0899 or by visiting [www.financialombudsman.ie](http://www.financialombudsman.ie)

#### [Office of the Revenue Commissioners](#)

It may be helpful for Members who have experienced a change in their circumstances to contact the revenue commissioners to ensure that they have maximised their entitlement to tax credits. To find relevant numbers visit [www.revenue.ie](http://www.revenue.ie)

## WARNINGS

**WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.**

**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.**

If you have a variable rate mortgage:

**WARNING: THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.**

If you have interest only repayments on a temporary basis:

**WARNING: THE ENTIRE AMOUNT THAT YOU HAVE BORROWED WILL STILL BE OUTSTANDING AT THE END OF THE INTEREST-ONLY PERIOD.**

**WE WILL STAY IN TOUCH WITH YOU DURING YOUR ARRANGEMENT, HOWEVER PAYING THE MORTGAGE REMAINS YOUR RESPONSIBILITY. IF YOUR FINANCIAL CIRCUMSTANCES CHANGE, YOU SHOULD ENSURE THAT YOU REMAIN IN CONTACT WITH US.**

**IT IS IMPERATIVE THAT YOU FULLY CO-OPERATE WITH US, YOUR MORTGAGE LENDER REGARDING YOUR MORTGAGE ARREARS OR YOU MAY BE AT RISK OF BEING CLASSIFIED AS NOT CO-OPERATING.**

**YOU MUST ALSO BE AWARE THAT IF THERE IS ANY OUTSTANDING DEBT OUTSTANDING ONCE THE MORTGAGE REACHES THE END OF THE TERM THIS COULD BE RECOVERED THROUGH ADMINISTRATION OF YOUR ESTATE.**

**Dubco Credit Union Limited, is regulated by the Central Bank of Ireland.**