



**Ballyshannon  
& Killybegs**  
CREDIT UNION LIMITED

# *Mortgage Arrears Resolution Process*

Ballyshannon & Killybegs Credit Union Ltd is regulated by the Central Bank of Ireland. Loans are subject to approval. Terms & Conditions apply. 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.

Dear member,

Now and again, we will all experience challenges in meeting our mortgage repayments. The slightest of changes in circumstances can result in huge pressure on your finances. If you find yourself in this situation Ballyshannon & Killybegs Credit Union is committed to helping you get through those difficult times.

It is of the utmost importance to engage with us at the earliest possible opportunity if you are concerned about a change in your circumstances and your financial capacity to meet your mortgage repayments. This will allow us to work together in helping you resolve the difficulties you may be having.

In line with the Central Bank of Ireland's Code of Conduct on Mortgage Arrears is the Mortgage Arrears Resolution Process (MARP) which is in place to help members who are facing challenges in meeting their mortgage repayments now, or believe they may have difficulty in meeting their mortgage repayments in the future.

The following document outlines the four stage process, the options available to you and details of useful communications and contact details.

Helping you, helping your community.





# MARP – THE FOUR STAGE PROCESS

## COMMUNICATION



The most important step is to open a line of dialogue with us as soon as you realise that you may have trouble meeting a mortgage repayment or if you have concerns that you may have trouble making a repayment in the future. We will be here to help. Our dedicated Mortgage Arrears Advisors will be only too happy to discuss your situation with you over the phone or in-person in one of our branches, and together we will find a solution.

If you are facing difficulty with your mortgage repayments or fear you will in the future, contact Ballyshannon and Killybegs Credit Union Arrears Support Unit directly on 0719834073 or 0873423997 or email us at [creditcontrol@bkcreditunion.ie](mailto:creditcontrol@bkcreditunion.ie)

## FINANCIAL INFORMATION



Our dedicated Mortgage Arrears Advisers will help you conduct a comprehensive review of your financial situation using a Standard Financial Statement (SFS). This will allow us to understand your current financial situation and how we can help you to navigate the difficulties you are having.

## ASSESSMENT



Once we have established a complete picture of your current financial situation it will be dealt with on a case-by-case basis and the best option available will be tailored to you and your circumstances.

The following factors will be considered:

- income and expenditure
- indebtedness & repayment history
- your forecast on any future changes that might impact on your ability to repay

## 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.



## **RESOLUTION OPTIONS AVAILABLE: ALTERNATIVE REPAYMENT ARRANGEMENTS (ARA)**

Following the assessment of your situation, we will endeavour to agree an alternative repayment arrangement (ARA) with you. Outlined below are a list of potential ARA 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 – this means that you will only pay the interest owed on your loan during this period and not the capital amount owed.
- 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.
- 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.
- 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.
- 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.

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.

**EACH OF THE OPTIONS FOR ARA HAS STRICT QUALIFYING CRITERIA,  
WITH EACH CASE ASSESSED ON AN INDIVIDUAL CASE-BY-CASE BASIS.**



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## WHEN NO ARA IS SUITABLE FOR YOU

Sometimes none of the alternative arrangements are suitable for or available to you and you may need to sell your property. If this is the case, we will work with you to help find the most appropriate approach to selling your home. The possible approaches to this include the following:

- Voluntary surrender – this involves the voluntary surrender of your property, by you to us. Where a shortfall exists, the shortfall will be repayable by you under new terms agreed by us.
- Mortgage to rent – this is a government initiative to help homeowners who have engaged with the MARP process to remain in their existing property, but on a rental basis. Mortgage to rent allows you to voluntarily surrender your property to the lender. The lender sells the property to an Approved Housing Association (AHA) and you will remain in the property as social housing tenants of the AHA.
- Negative equity trade down – if your home is in negative equity, you may be able to sell this property and purchase a new property at 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.
- Voluntary sale of your property – this involves you selling your property to clear or reduce the balance of your mortgage. Where the balance can be cleared in full, revised terms may be agreed by us whilst the property is being sold, to match your affordability. 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 us.

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## IMPORTANT POINTS TO NOTE IN RELATION TO ALTERNATIVE REPAYMENT OPTIONS:

- An ARA 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 ARA 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.
- Life assurance cover should take account of ARA such as 'interest only' or 'repayment breaks'.
- 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.
- 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:
  - i. 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
  - ii. we decline to offer you an alternative repayment arrangement
  - iii. we classify you as 'not co-operating'

**IF YOU WISH TO APPEAL, 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: THE MORTGAGE APPEALS OFFICER AT YOUR CREDIT UNION.**



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## OUR COMMUNICATIONS

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.

### **Non co-operation**

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

1. 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.
2. 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.
3. If you have not entered into an ARA 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 WISH TO APPEAL, 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:  
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## OUR COMMUNICATIONS

4. 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 make 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/or 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:

- 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'
- 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 can be found in the 'useful contact information' section of this document.

### **Additional Important Information**

#### **Mortgage/Payment Protection Insurance**

- If you have previously purchased payment protection insurance for your mortgage, 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 Central Credit Register (CCR). 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).

## Mortgage Interest Supplement

- Mortgage Interest Supplement provides short term support to help pay mortgage interest repayments. You should contact the Community Welfare Officer at your local Health Centre who will advise if you qualify and what documentation is required. You may be eligible but are required to submit certain information, such as a copy of the original loan documentation with your claim. This can be arranged by contacting us at Ballyshannon & Killybegs Credit Union who will follow up on these queries.

## Useful Contact Information:

Money Advice and Budgeting Service (MABS)  
Tel: 0761 07 2000  
[www.keepingyourhome.ie](http://www.keepingyourhome.ie)

Ballyshannon and Killybegs Credit Union Ltd.  
Tel: 071 98 34073 (Arrears Support Unit)  
[www.bkcreditunion.ie](http://www.bkcreditunion.ie)

Stepchange Debt Charity Ireland  
Freephone: 1800 937 435  
[www.stepchangedebtcharity.ie](http://www.stepchangedebtcharity.ie)

The Central Bank of Ireland  
Tel: 1890 777 777  
[www.centralbank.ie](http://www.centralbank.ie)

Citizens Information  
Tel: 0761 074 050  
[www.citizensinformation.ie](http://www.citizensinformation.ie)

Itsyourmoney.ie  
Tel: 1890 432 432  
[www.itsyourmoney.ie](http://www.itsyourmoney.ie)

Revenue Commissioners  
[www.revenue.ie](http://www.revenue.ie)

Insolvency Service of Ireland  
[www.isi.gov.ie](http://www.isi.gov.ie)

Financial Services & Pensions Ombudsman  
Lo call: 1890 88 20 90