

Mortgage Arrears Resolution Process (MARP)

A practical guide for St. Raphael's Garda Credit Union borrowers



ST. RAPHAEL'S
GARDA CREDIT UNION
YOUR FINANCIAL FORCE

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If you are experiencing difficulty

The personal financial circumstances of a homeowner evolve and change over time, which may on occasions lead to some pressure and concerns about payment priorities.

In St. Raphael's, we are committed to supporting our members at all stages through their life journey and encourage any member in financial difficulty to contact us. This can be when a payment has already been missed, for whatever reason, or where there is a concern that a payment commitment cannot be met, leading to the mortgage potentially falling into arrears in future.

Early engagement is beneficial and strongly advocated to members, irrespective of the difficulties being experiencing, so that the solutions best matched to each member's individual situation can be quickly explored.

Enabling members to be able buy and pay for a family home over time is an important priority for the credit union. As a responsible lender, we have a duty to support borrowers in difficulty, while protecting the savings of the wider membership. So, we ask any member experiencing difficulty to engage and work constructively with us, to help us ensure servicing of the mortgage is prioritised to protect the family home. We can help borrowers get a realistic view of their financial situation and the options open to them.

The earlier problems are identified, and action taken, generally the better the outcome for all concerned.

If you are in arrears/facing arrears contact us as soon as possible by phone or email

Phone: 0818 247 365

Email: creditcontrol@straphaelscu.ie

Mortgage Arrears Resolution Process (MARP)

The Central Bank of Ireland set out a framework for lenders to follow when dealing with borrowers experiencing difficulty in making payments in relation to their family home in their Code of Conduct on Mortgage Arrears (CCMA).

St. Raphael's has voluntarily adopted the principles and spirit of the code, in the best interests of our mortgage borrowing members.

This code specifically regulates mortgage arrears practices and, also, provides valuable protections for the mortgage holder. In particular, it sets out the steps mortgage providers are required to take at each stage of the arrears process and, also, explains what the borrower's obligations are to protect their home.

Within the CCMA, a four-step process, called the Mortgage Arrears Resolution Process (MARP), was established to ensure a consistent and structured approach to the resolution of mortgage arrears difficulties where these arise.

Mortgage Arrears Resolution Process (MARP)

Step 1
Communication

Step 2
Information

Step 3
Assessment

Step 4
Resolution

For our part, we have adopted MARP to enable us deal with members who are in arrears, or are at risk of going into arrears, on their mortgage with us in a fair and transparent way.

In adopting the MARP approach, we are committing to the highest standards of support for you and, in doing so, it is very important that you take the opportunity to work with us. The Code places obligations on us and, it is important you are aware, it also:

- places obligations on you, the borrower, to work with us to reach a solution, and
- requires you to co-operate with us to resolve your payment difficulties, otherwise
 - you will be considered to be 'Not Co-operating' and
 - you could lose the protections given to you by MARP

Our Commitment

We will handle all mortgage arrears cases sympathetically and constructively. Where you work with us to prioritise your mortgage repayments, we commit to exploring solutions that:

- a. deliver repayments you can manage, and
- b. enable you retain your family home

It is in the credit union's interest that you can pay your mortgage and retain your family home. Our goal is to work positively with you to understand your personal situation, so that together we can consider the best ways to resolve your difficulties in a way that is mutually beneficial.

Note:

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

Step 1

Communication

Communication is a key part of resolving any issue and it is only by hearing from you that we will know and understand the difficulties you are experiencing.

You are encouraged to contact us as soon as possible, whether you have missed a repayment or fear you may not be able to meet your commitments. We recognise it may not always be easy to deal with financial issues, but early action is generally best and provides more scope for us to help. The sooner you contact us, the sooner we can consider how best we can help.

We are required to report details of your loans performance to the Central Credit Register (the "CCR") in accordance with our statutory obligations. Information held on the CCR may be used by lenders when making decisions on lending requests and a history of arrears may limit your ability to access credit in the future.

It is important you are aware that we are required under MARP to contact you on occasions and, in particular, if:

- your mortgage is in arrears e.g. for 30 / 90 days
- you have not responded to a request for information
- we need to clarify information or discuss options with you

We will endeavour to contact you only if necessary and in line with our regulatory requirements. Letters will include information quoting the amount of arrears on your mortgage, our contact details and seeking your engagement to clear the arrears or contact us. Our communications with you are designed to be informative and to assist you in resolving issues as quickly and effectively as possible. Where we require you to complete any action or provide documentation/information, we will provide you with sufficient time to either complete the requested action or to collate the information we have requested.

It is really important you always communicate with us or contact us when we request that you do so. You can seek support from a third party to help you if you wish.

If you choose not to communicate with us, or provide us with inaccurate or incomplete information, you risk being classified as 'Not Co-operating'. This can potentially lead to very serious consequences for you.

Our experienced team understands that difficulties arise and is willing to discuss any aspect of your mortgage or personal situation in confidence. Please just ask to speak to one of our Credit Control team members if you need to or feel it would help.

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

Step 2 Financial Information

To understand fully your personal situation, we will need to get a clear picture of your finances.

MARP sets out a standard format to help with this in the form of a Standard Financial Statement (SFS). 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 contact the Credit Control team, who can send this to you and talk with you to explain what is needed.

We recognise this may be an onerous process for some, and for that reason stress that if you need help to fill out your SFS, don't be afraid to ask us - this can be done over the phone or by other means.

We encourage you to complete SFS fully and accurately, as best you can, and provide what supporting documentation you can, including payslips, statements, etc. This will give us a good start in understanding your position and how we might help.

Note: If you have purchased a payment protection insurance policy for your mortgage, you may wish to contact your insurance provider to make a claim under the policy.

WE RELY ON THE INFORMATION YOU PROVIDE US TO ASSESS YOUR REQUEST -
FULL AND ACCURATE COMPLETION OF STANDARD FINANCIAL STATEMENT WILL ENSURE
THE SOLUTION OPTIONS MOST SUITABLE TO YOUR PERSONAL NEED ARE CONSIDERED

Step 3 Assessment

Once you have submitted your completed SFS, we will review the information you have provided and commence our assessment of the situation. If we need additional information or clarity on some of the information provided, we can contact you to let you know.

Our assessment of your SFS will take account of:

- Your personal circumstances, including income and expenditure commitments
- Your overall financial position, including your debts and liabilities
- Your repayment record with us and your future repayment potential
- Any other relevant factors you have advised us of

Using this information, we will be able to assess and explore the possible solutions options that may be available to you. This means finding a solution where the repayments are sustainable for you for the time needed, be this a short term need or a longer-term requirement.

In most cases, we would expect to complete an assessment of your information within 2 weeks and identify, for progressing in the next stage (Resolution), what we believe is the most appropriate solution option(s) for you based on your advised personal circumstances.

INCOMPLETE OR INACCURATE INFORMATION COULD AFFECT OUR ASSESSMENT,
RESULTING IN A SOLUTION OFFER THAT DOES NOT PROVIDE YOU WITH THE OPTIMUM
OFFER

Step 4 Resolution

Once we have gathered and assessed all relevant information relating to your financial position, we will work with you to explore all possible options and agree the best approach for you.

We are committed to finding an appropriate resolution for you, wherever possible and where you are prioritising payment of your mortgage, bearing in mind the need to preserve the long-term sustainability of the mortgage.

Our solution options take the form of an Alternative Repayment Arrangement (ARA) proposal.

We will inform you in writing of any ARA or other measures we propose, for your consideration. A list of potential ARA's, and the key features of each, are listed for illustrative purposes only below. Note, only some of these will be suitable for your personal situation.

Each solution is unique to the financial circumstances and needs of the member. To reflect this, we require that the member(s) sign a Confidentiality Agreement and agree to abide by its terms and not to share details of the solution with any 3rd party not involved (excluding any 3rd parties acting on your behalf).

AN OFFER OF AN ALTERNATIVE REPAYMENT ARRANGEMENT IS DEPENDENT ON A FULL ASSESSMENT OF YOUR PERSONAL FINANCIAL CIRCUMSTANCES AND ON YOU MEETING OUR CRITERIA FOR A SUSTAINABLE SOLUTION

Borrower Co-operation and Impact of Not Co-operating

MARP lays out specific steps that are to be taken by each party where mortgage arrears arise. For our part, we are obliged to contact the mortgage borrower at specific times if the mortgage is in arrears and provide options where appropriate to help the borrower get back on track. Equally, it is expected the mortgage borrower will engage and co-operate fully with us if the mortgage is in arrears or when we require them to.

Borrowers in difficulty are strongly encouraged to contact us so that we can work together to ensure all available options for a solution are considered. The best long term solution in each situation can be achieved by working amicably together through open and honest engagement.

Implications of Not Co-operating

There are implications for us both if we do not fulfil our respective obligations. Where a mortgage borrower fails to co-operate with us, they will be classified as Not Co-operating and this can have serious consequences, specifically:

- The valuable protections set out under MARP for the borrower may be lost
- Legal proceedings can be initiated immediately, and the borrower will incur legal costs and remains liable for the full debt, including accruing interest charges and any shortfall in the event of the secured property being sold
- Failure to co-operate could impact eligibility for a Personal Insolvency Arrangement in accordance with the Personal Insolvency Act 2012

Definition of Not Co-operating

A mortgage borrower is at risk of being classified as Not Co-operating if they do not make their full repayments, are in arrears and do not engage in a way that enables us complete a full assessment of their circumstances.

A mortgage borrower in arrears can be deemed to be Not Co-operating after 3 months, where a warning letter has been issued, they do not engage fully with the credit union and

- a. Fail to meet mortgage repayments in full, in accordance with the mortgage contract, or fail to clear outstanding arrears
- b. Fail to make agreed repayments on an agreed ARA
- c. Fail to make a full and honest disclosure to us of significant information affecting their overall financial situation
- d. Fail to provide relevant financial information within a reasonable time-frame or the time limit requested (generally we expect appropriate supporting information, including a completed Standard Financial Statement (SFS), to be returned within 20 working days)
- e. Fail to accept an ARA offer within 3 months during which time repayments have not been fully paid and / or arrears have not been cleared

We will take all reasonable steps to help mortgage borrower that is in difficulty, but we cannot ignore a mortgage loan if it is in arrears. We will write to the borrower advising our intention to classify them as not Co-Operating and setting out the implications and specific actions that should be taken by the borrower to rectify the position.

Alternative Repayment Arrangement Options (ARA's)

In this section we provide more detailed information on the ARA options that will be considered under our MARP. Again, please be aware that in deciding the solution we believe is most appropriate for you, we will conduct a full assessment of your individual circumstances. The options include a combination of short term, longer term and some that involve a more comprehensive approach. All options are subject to periodic review and provision of updated financial information at the request of the credit union.

Interest Only Period

- This is a temporary arrangement where you pay the interest only on your mortgage for an agreed period (typically 6/12 months)
- Your monthly repayment is reduced temporarily as you are not paying anything towards reducing the capital balance for this period
- After the agreed interest-only period ends, your payments increase back to the original level, with the mortgage term extended, or increased to a higher level, with the term remaining unchanged, to cover the capital payments missed during the arrangement period

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 – during which both interest and part capital are repaid
- After the reduced repayment period ends, your payments increase back to the original or higher level, with the mortgage term adjusted as required, to cover the payment shortfall during the arrangement period

Payment Break

- A pause in your payments is agreed for a specific period of time to ease the immediate financial pressure on you – generally for up to 3 / 4 months
- After the break period ends, your payments increase back to the original or higher level, with the mortgage term adjusted as required, to cover the payment shortfall during the arrangement period

Extension of Loan Term

- The term of your mortgage is renegotiated, so that your regular payment is reduced permanently with the term over which you repay your mortgage extended out over a longer period

Re-capitalisation of the Principal and Interest Arrears

- If your mortgage is in arrears, the outstanding arrears amount are added to the capital balance, so you are no longer in arrears and in default on your mortgage terms
- Your arrears are in effect spread out over the remaining term of your mortgage, with your regular payments, based on affordability, which:
 - continue at their existing agreed level, with the term of your mortgage extended, or
 - increased to a higher amount so the original mortgage term remains unchanged

Positive Equity

- If there is significant positive equity in the property, the regular mortgage payment may be reduced for an agreed period to match your affordability

- A residual balance will outstanding on expiry of the arrangement, when an appropriate solution to repay this will be agreed

Split Mortgage

- The mortgage is split into 2 parts:
 - Part A** - reduced Base amount which is subject to regular capital and interest payments to match your current affordability are agreed, and
 - Part B** – difference between the outstanding mortgage amount and the Base amount is set aside for an agreed deferred period, during which no ongoing payments or interest apply, with a repayment solution to be agreed on expiry of the deferred period

Mortgage to Rent

- This is a government initiative to help homeowners, that have engaged in the MARP process, remain in their existing property on a lifetime secure rental basis, by agreeing a sale of property and transfer of ownership to an approved housing scheme

Voluntary Sale

- A sale of the mortgaged property is agreed by the borrower to clear or reduce the loan outstanding
- Revised terms, in line with affordability, are agreed pending a sale being progressed by the borrower
- The mortgage is cleared, or substantially reduced, from the property sale proceeds, with repayment terms agreed to clear any shortfall on the mortgage balance

Important points to note when considering our ARA 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 and terms of any new loan arrangement before you formally accept it. We strongly recommend that you obtain independent advice regarding the specific legal, tax and financial impacts of the arrangement
- Amending the repayment schedule, term, or frequency of your mortgage may impact the insurance benefits attaching to your loan
- We strongly recommend that you get independent advice on your Life Assurance and Mortgage Protection insurance 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. Please refer to the Complaints Procedure on our website
- We will monitor any ARA agree to ensure compliance with the terms and the MARP process. If there is any change in your financial situation during the arrangement period you should contact us. If you do not keep to the terms of your arrangement, we will seek a review with you immediately
- You have the right to appeal our decision in the event that:
 - you are not willing to accept the ARA solution offered by the credit union
 - you are not offered an ARA solution
 - we classify you as Not Co-operating
 - have been advised in writing of other possible options that you may wish to consider
 - we decline to offer you an ARA

Appeals

A borrower can appeal the credit union's decision, within 20 business days of being advised of

- an offer of an ARA which the borrower is not willing to accept
- credit union's refusal to provide the borrower with an ARA
- credit union formally classifying the borrower as Not Co-operating
-

The appeal should be addressed in writing to the Credit Control Manager, setting out your account detail and the specify reason(s) for the appeal and include any information not previously taken into account.

The appeal will be considered by a dedicated Appeal Committee made up of management / staff members not previously involved in your case.

Complaints

It is our aspiration to work amicably and fairly with all our borrowers and be able to reach equitable solutions where differences or disputes arise.

However, if a borrower is unable to resolve their position with the assigned staff member, they can escalate the matter within the credit union through our standard internal Complaints Procedure, as outlined on our website, where the issue can be independently investigated.

If the matter is not resolved to the borrower's satisfaction following completion of our internal Complaints Procedure, they have the right to refer the matter to Financial Services & Pensions Ombudsman for independent review (contact details below).

Useful Contacts

<p>The Central Bank 1890 777 777 www.centralbank.ie</p>	<ul style="list-style-type: none"> • Provides independent information on financial products • Includes a consumer guide to dealing with your lenders on the Code of Conduct on Mortgage Arrears
<p>Citizens Information Board 0761 074 050 www/citizensinformation.ie</p>	<ul style="list-style-type: none"> • Statutory Board which supports the provision of information, advice and advocacy on a range of public and social services including health, employment, social welfare and money • Provides a dedicated mortgage arrears information help line
<p>Department of Social Protection www.welfare.ie</p>	<ul style="list-style-type: none"> • Provides information relating to job seekers allowances, mortgage interest supplement and other welfare benefits
<p>Financial Services Ombudsman Bureau 01 5667 7000 Email: info@fsbo.ie</p>	<ul style="list-style-type: none"> • Complaint resolution
<p>Insolvency Services of Ireland www.isi.gov.ie</p>	<ul style="list-style-type: none"> • Legally binding solutions through formal insolvency and bankruptcy protocols to enable return to solvency
<p>Money Advice and Budgeting Service (MABS) 0761 07 2000 www.keepingyourhome.ie</p>	<ul style="list-style-type: none"> • Offers free and confidential independent advice • Provides information on services and entitlements to mortgage borrowers
<p>Office of the Revenue Commissioners www.revenue.ie</p>	<ul style="list-style-type: none"> • Tax credits including mortgage interest supplement / treatment