Kilmallock Credit Union

Mortgage Arrears Resolutions Process

A Guide for Members Experiencing Financial Difficulties

Introduction

This Mortgage Arrears Resolution Process (MARP) booklet sets out how Kilmallock Credit Union 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. Kilmallock Credit Union is committed to handling all cases sympathetically and positively, with the aim of assisting the Member to meet their Home Loan obligations.

Member Focused

At Kilmallock Credit Union we understand that when lending money to our member's it is probable that the members' financial and personal circumstances are going to change during the term of the loan. The longer the term of the loan the greater the probability of the change in circumstances. While we hope that member's circumstances will always change for the better, we accept that there will be occasions during the term of the loan that some members will experience financial and personal difficulties that affect their ability to meet their loan repayments as expected.

Working Together

If you are worried that you won't be able to meet some or all your next mortgage repayment it is critical that the first thing you do is contact the Arrears Support Unit of Kilmallock Credit Union to update us on your circumstances and consider the various options that are available to help you through this difficult time.

This Booklet outlines the Mortgage Arrears Resolution Process (MARP) that Kilmallock Credit Union Ltd provides. The booklet outlines the various steps involved and the information we will require from you to understand your current circumstances and decide on the most appropriate course of action. "In the absence of a payment we need communication and Information."

Ultimately, we want to help you through this difficult time and find a way to get you back on a repayment plan that will be sustainable for you and see your loan cleared over a reasonable period.

Like many homeowners your financial situation may have changed in recent years. You may have fallen into arrears on your mortgage repayments, or you may be concerned about falling into arrears in the future. Whatever the cause of your financial problems, the most important thing to do is face up to them and examine the practical options available.

We are fully committed to helping you with this and using our expertise to find a resolution, where possible. If you are in arrears with your mortgage, or falling behind with your repayments, take the first step and talk to us. We can't ignore the fact that you may be in arrears, but we can help you get a realistic view of your financial situation and the options available to you.

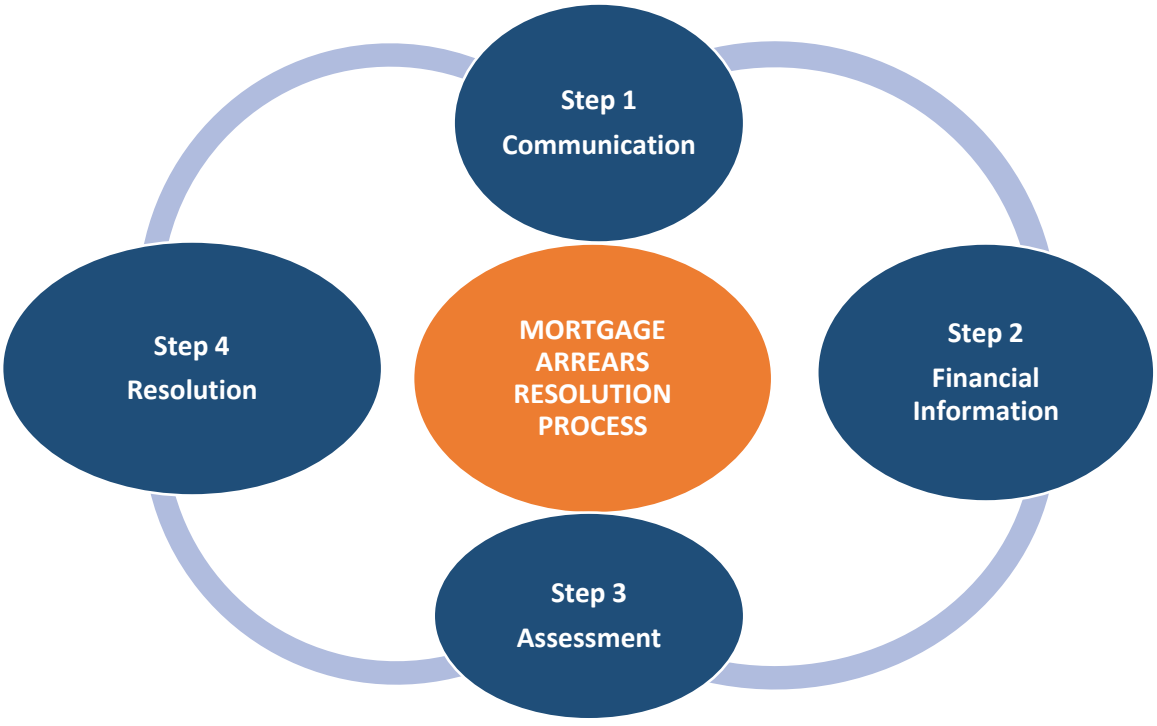
Our focus is to keep our members in their family home wherever possible, where they are working with us to prioritise their mortgage repayments.

What to do if you are in arrears or facing arrears?

If you are concerned about your mortgage repayments or are already in arrears on your repayments, talk to us today. This is the first and most important step you need to take to find a resolution.

Call into our office to speak with us, or you can phone us on 087-2784704 or 063-98355

The Mortgage Arrears Resolution Process (MARP)



Step 1 - Communication

Under the mandate of the Central Bank's Code of Conduct on Mortgage Arrears (CCMA), Kilmallock Credit Union has introduced a four-step process called the Mortgage Arrears Resolution Process, or MARP. This process aims to engage with, support and find resolution for our mortgage customers who are in arrears, or are at risk of going into arrears.

Note: The protection of the Code of Conduct on Mortgage Arrears applies to your "primary residence": this is either a residential property which you occupy as your family home, or is your only residential property in the State that you may not currently be living in.

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.

If you would like to know more about MARP or would like to get the process started, come and talk to us today. We have put in place a number of support services to provide you with help and advice.

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.

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. 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 on 087-2784704 or 063-98355. We will be happy to help with any queries you may have.

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.

The Central Bank of Ireland has a helpful consumer guide to completing the Standard Financial Statement on their website 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.

Our goal is to keep our members in their family home wherever possible, where they are working with us to prioritise their mortgage repayments.

Step 3 – Assessment

Once the ASU has received the SFS and other relevant information we will assess your circumstances and determine whether any of our alternative repayment arrangements are suitable to you. As part of this stage of the process we will consider a number of factors which will include;

- *Your current personal circumstances and how they might have changed*
- *Your overall personal debt*
- *The information provided in the SFS*
- *Payment protection policies (if applicable)*
- *Your current and previous repayment capacity*
- *Any other case specific relevant information*

We may require further information or clarification at this stage and will contact you if this is the case.

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.

Filling out our Standard Financial Statement is the best way to get a clear picture of your finances and see if there are any expenses you can reduce or eliminate immediately so as to help you prioritise your mortgage repayments.

Step 4 – Resolution

Once a thorough review has been completed, if possible we will propose the most suitable alternative repayment arrangement (ARA) based on your specific circumstances. This could prevent your mortgage from falling into arrears, or further into arrears.

While we can't guarantee that an ARA will be possible in every case, we are committed to explore every avenue possible to find a resolution to your financial difficulty, that is fair and sustainable and will assist you in your financial recovery.

Each of the options for Alternative Repayment Arrangements has strict qualifying criteria, with each case assessed on an individual case-by-case basis.

Resolution Options Available

Alternative Repayment Arrangements

Following the assessment of your Standard Financial Statement, we will endeavour to agree an alternative repayment arrangement with you. We outline below the alternative repayment arrangements available, how the arrangements work and the key features of these arrangements.

Loan arrears will be reported on the Central Credit Register / Irish Credit Bureau (ICB) and may affect your ability to borrow in the future.

- ***'Interest Only Repayments'*** *– An agreement for a specific period to pay interest only on the loan. This is considered suitable for members whose change in circumstances are short term in nature and will be in a position to resume normal payments after that time period.*
- ***'Moratorium'*** *– No repayments will be made for an agreed short term period.*

- ***'Reduced Repayments'*** *– This is a short term arrangement during which you will make a reduced monthly payment that will pay interest and some element of capital. This is suitable for members who have experiences a temporary loss of income, or who have encountered an unforeseen level of expenditure, and after a period of time their circumstances are expected to return to normal.*

- ***'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 stabilise.*

- ***'Arrears Capitalisation' –*** *Arrears t together with any unpaid interest that exist on members mortgage will be added to the current balance outstanding and repaid over the remaining term of the mortgage. This is a long term solution that may be suitable when a members circumstances have reverted to normal.*

Other Resolution Options

Where KCU are unable to offer one of the alternative repayment arrangement options, the following options may be suitable depending on the members individual circumstances and our review of their SFS. These options may be necessary where the change in circumstances are of such a severe nature, that they make a suitable sustainable ARA impossible and/or the nature of the change is permanent.

- ***'Voluntary Sale'*** *– You agree to sell their property in order to repay the debt outstanding.*

- ***'Mortgage to Rent'*** *– You sell your property to local housing authority, remaining in the property as a tenant and paying an agreed rent to the authority.*

- ***'Voluntary Surrender'*** *– You surrender your property to KCU so that KCU can sell it and use the proceeds to reduce the balance on your home loan.*

It is very important for our members to review and consider the terms of any alternative repayment arrangement before agreeing to it. We recommend that our members seek independent legal and financial advice before proceeding.

Members need to be aware if they enter an agreement for an ARA, the process may still impact their Credit rating and thus their ability to borrow in the future.

It is important that members continue to update Kilmallock Credit Union for changes to their circumstances that may occur during the period of the agreed ARA, as we may have to consider a more appropriate action if their circumstances change.

Confidentiality Agreement

KCU's communications with you in relation to your mortgage will be confidential and any meetings in relation to arrears or pre-arrears will be conducted with utmost privacy.

Where we offer you an Alternative Repayment Arrangement or one of the other options outlined above, we may require you to enter into a confidentiality agreement. Under such an agreement, you will confirm that you will keep information relating to the ARA or the other option confidential and, in particular that you will not disclose the terms of the ARA or the other option to anyone else.

We will require such an agreement where we think it is in our reasonable interests to do so or where we think that it is appropriate to the circumstances of your case.

Non Co-operation

As previously stated, we at Kilmallock Credit Union wish to assist our members, especially if they find themselves in financial difficulty. It is therefore very important that members co-operate with all stages of the MARP outlined. The CCMA has provided Guidelines as follows:-

Members will be considered non-cooperating if: –

1. *You fail to make a full and honest disclosure of information relevant to your current financial situation.*

2. *You fail to provide requested information in the specified period.*

3. *There has been a 3 month period during which:-*
   a) *You have not entered an ARA and you have failed to meet your mortgage repayments in full, or you have met with mortgage payments in full but your account has been in arrear for 3 consecutive months;* ***or***

   b) *You have entered an ARA but have not made repayments as agreed in the ARA;* ***and***

   c) *You have failed to make contact with or responded to any communication from the Credit Union;* ***or***

   d) *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 KCU will issue a ***warning letter*** *advising you that you are considered non-cooperating, advising you of the implications if you are classified as non-cooperating and giving you a specified period to submit the required information or take the required steps as appropriate.*

In the event that you fail to take the required steps within the specified timeframe the Arrears Support Unit will inform you in writing that you have been classified as Not –Cooperating and that you will no longer enjoy the protections afforded to you by MARP under the CCMA.

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 our members.

Central Bank of Ireland – The Central Bank are responsible for regulating the financial services market. The Code of Conduct on Mortgage arrears is an example of such regulation. A full copy of the code is available to download from their Website **www.centralbank.ie**
The Central Bank Of Ireland can also be contacted by calling **1890 777 777**

Citizens Information Board – The Citizens information gives information and advice on the broad range of public services available to Irish citizens from the state. These cover rights under being made redundant, social welfare entitlements and other rights as a consumer. They can be contacted on **0761 07 4000 or visit www.citizensinformation.ie**

MABS – Money Advice and Budgeting Service - Mab's is the state's money advice service. They provide free advice and assistance to people experiencing financial difficulties. They can also provide information on the recent Insolvency legislation and can assist members in preparing Prescribed Financial Statements. The can be contacted at **076 107 2000 or visit www.mabs.ie**

MABS/Citizens Information -This website **www.keepingyourhome.ie** is provided jointly by Mabs and the Citizens information board and is a very important source of information for members who have a mortgage and are experiencing financial difficulties, or believe that they will in the near future 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 the closest office to you is call **1890 66 22 44 or visit 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 advice as well as financial advice. FLAC can be contacted on **1890 350250 or visit 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 purchasing 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**

Insolvency Service of Ireland – (ISI) -The ISI is a state body that is charged with the responsibility for all matters concerning the Personal Insolvency legislation 2012. They are charged with informing borrowers of their rights and informing them of the legal remedies available to borrowers who find themselves in financial difficulty. They also maintain the various Registers for each of the Insolvency

Protocols. A register of approved Personal Insolvency Practitioners is also available on their website. They can be contacted on **076 106 4200 or visit** **www.isi.gov.ie**

Financial Services Ombudsman - The Financial Services Ombudsman is an independent body which deal with complaints from consumers about their dealings with regulated financial service providers such as Killarney Credit Union Limited. It is a free service and they can be contacted on **1890 88 20 90 or 01 662 0899 or visit** **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**

Kilmallock Credit Union Limited is regulated by the Central Bank of Ireland