



MORTGAGE ARREARS RESOLUTION PROCESS

A helpful guide



OUR CUSTOMER PROMISE

At **permanent tsb**, we know that in these difficult economic times, meeting mortgage repayments can be challenging. Our priority is to work with you to help you stay in your home.

If you have missed a mortgage repayment or fear that you may miss a repayment in the near future, do please talk to us. This booklet provides details of our 'Mortgage Arrears Resolution Process'. It outlines the steps we take to help customers who are experiencing difficulties, or customers who fear they may encounter difficulties, in making their monthly mortgage repayments.

Our commitment to you is this: we will work with you to try to find a way to help you manage your money so that you can meet your financial commitments.

So, if you have fallen behind with your repayments, or if you are worried that you might do so, talk to us before a small problem becomes a big one.

A handwritten signature in white ink that reads "J. Masding". The signature is written in a cursive, slightly stylized font.

Jeremy Masding
Group Chief Executive
permanent tsb Group



HELPING YOU WITH MORTGAGE REPAYMENT DIFFICULTIES

We have a Mortgage Arrears Resolution Process (MARP) in place to help our Home Loan customers who are experiencing difficulties in making their mortgage repayments now, or who may have difficulties making their mortgage repayments in the future. This process is part of our commitment under the Central Bank of Ireland (CBI's) Code of Conduct on Mortgage Arrears (CCMA).

Step 1

TALK TO US

The most important step is to talk to us as early as possible, whether you are having trouble meeting mortgage repayments now or are worried that you may have trouble in the future. We are here to help and will do everything we can to help you get back on track. One of our dedicated mortgage consultants will be happy to support you – together we can try to find a way to make things more manageable. Our consultants can be contacted on our dedicated phone line below.

We are committed to discussing your financial difficulties with you as early as possible and will take your specific circumstances into consideration. We will give you enough time to complete any actions agreed between us.

Get in touch



Call us

Call us on 1800 855 010 or 021 601 3700. We have a dedicated team available to take your call. Opening hours: Monday to Friday, 9am to 8pm (excluding bank holidays) and Saturdays 9am to 1pm.



Call in to any permanent tsb branch

We have a team of trained staff at all of our branches that will help you if you feel you may have difficulties repaying your mortgage. We are here to help.



Visit

www.permanenttsb.ie

We have a dedicated arrears section on our website with useful information for customers experiencing difficulties repaying their mortgage.

Step 2

FINANCIAL INFORMATION

To get started, you need to complete and sign the Standard Financial Statement (SFS), which will give us a clear picture of your current financial situation. You can do this in your local **permanent tsb** branch with the help of one of our mortgage consultants. Or, you can call us on 1890 66 44 33 or 021 601 3801 and we will post an SFS to you. It is also available to download online at www.permanenttsb.ie

In order to complete the SFS, you and all other customers on the mortgage must provide:

- Your three most recent bank statements* for your main current account.
- Proof of your income (for example two recent payslips, your most recent P60 or any receipts for Social Welfare, Mortgage Interest Supplement and Family Income Supplement payments).

If you are self-employed, you'll also need to provide:

- The last six months of your business bank account statements* and
- One of the following proofs of your income:
 - A letter from your accountant confirming your current year's earnings.
 - or
 - A copy of your most recent tax balancing statement including your income for that tax year.

We reserve the right to ask for more information, including financial statements, where appropriate.

You may wish to get independent advice when completing the SFS, such as from your local Money Advice and Budgeting Service (MABS). After you've completed the form and have gathered all the supporting documentation, contact us to make an appointment with a mortgage consultant. We'll assist you and discuss your next steps.



*permanent tsb will arrange this for existing customers

Step 3

ASSESSMENT

We have an Arrears Support Unit (ASU) with a team of dedicated professionals who will assess your SFS and supporting documentation. We will take the following factors into consideration when assessing your situation:

- Your income and expenditure, including any extra income available to repay your mortgage.
- Your overall level of debt and repayment history.

- Your financial outlook and any possible changes that may affect your ability to meet your mortgage repayments.

Our consultants will be in contact with you once the assessment has been completed. They will inform you of the decision that has been made. Each of the possible alternative repayment arrangements has strict conditions for qualifying and the offer will vary from case to case. We may not always be in a position to offer you an arrangement - this will depend on your individual circumstances.

Step 4

RESOLUTION

When reviewing your mortgage with you, we will consider the following alternative repayment arrangements. The availability of the arrangements will depend on your individual circumstances and our assessment of your SFS.

Listed below are the options that may be available.

Possible alternative repayment arrangements

Short-term arrangements

We may offer you a short-term arrangement if you are experiencing temporary, short-term difficulty (usually 6 to 12 months) in making your

repayments. Short-term solutions include:

Capital Payment Holiday

You pay only the interest on your mortgage for a specified period of time.

Warning: Your current capital balance will still be outstanding at the end of the interest-only period.

Capital Payment Holiday Plus

You pay more than interest only, but not as much as your normal, full repayment.

Capital Payment Holiday Minus

You pay less than interest only.

Warning: Arrears will continue to grow during a capital payment holiday minus arrangement.

Moratorium

This option allows you to stop paying all or part of your mortgage repayment (capital and interest) for a specified period of time. For example, this might be suitable if you have a temporary shortfall in income.

Long-term arrangements

We may offer you a long-term arrangement if a short-term arrangement won't be enough to address the arrears on your mortgage. Long-term solutions include:

Capitalisation

Your outstanding arrears will be added back onto your remaining capital balance. This will allow you to repay them both over the life of your mortgage. This means that your mortgage will no longer be in arrears. Because the balance is larger, this will increase the size of interest repayments over the total life of the mortgage.

Term extension

Where there are no arrears on your mortgage account, this arrangement extends the term (or length) of your mortgage, which reduces your monthly repayment amount and means you will have a longer period of time to re-pay the mortgage.

Part Capital and Interest

This allows you to pay the full interest on your mortgage as well as make part repayments towards your mortgage balance. At the end of the mortgage

term, any outstanding mortgage balance will be due.

Split Mortgage

Your mortgage is split into two accounts to reduce your monthly repayments: a 'main mortgage account' and a 'warehouse account'. With the main mortgage account, you are required to make capital and interest repayments based on your current financial ability. With the warehouse account, payments are delayed for a period of time until your financial ability or circumstances improve. The arrangement will be reviewed on a regular basis. When your financial circumstances improve, a portion of the 'warehouse account' will be transferred back to your main mortgage account.

Term Extension and Capitalisation

We will capitalise your arrears (including interest) by adding the arrears to your capital balance. We then extend the length of your mortgage. Although this arrangement will result in you paying more interest over the life of your mortgage, it allows you to spread all your arrears over the new, extended term of your mortgage.

Where we are unable to agree an alternative repayment arrangement with you, and depending on your individual circumstances, the options below may be available to you. The availability of any one of these options depends on an individual assessment of your case and meeting appropriate qualifying conditions (ours or a third party's).

1. Voluntary sale

You may find that the best option for you is to sell your property. Selling your property will enable you to use the proceeds from the sale to clear your outstanding arrears (if any) and repay, or significantly reduce, your mortgage balance. This may involve you selling your property at a loss if the property is in negative equity.

2. Negative equity trade-down

This means that you trade down to a lower-value property, if your property is in negative equity. After selling your property, the funds are then used to pay off your arrears and reduce the remaining mortgage balance. The cost of your new property and any shortfall from the sale of your existing property becomes your new mortgage.

3. Voluntary Surrender

If you decide to give up or 'surrender' the property, you should contact us on 1800 855 010 or 021 601 3700 for information on the voluntary surrender process. If you do surrender the property, **permanent tsb** will take it into possession and then place the property on the open market for sale. **permanent tsb's** agent will try to get the best

possible sale price for the property. We will use the proceeds of the sale to clear your mortgage arrears (if any) and to repay or reduce your outstanding mortgage balance.

4. Mortgage To Rent

The Mortgage To Rent option is a State assisted scheme where you agree to sell your property to an Approved Housing Body and the Approved Housing Body allows you to remain in your property, as a tenant paying rent to the Approved Housing Body.

Full suitability for this option is subject to set criteria agreed under the scheme.

For more information on how to qualify for the Mortgage To Rent Scheme please visit <http://www.housingagency.ie>

INFORMATION ON ALL ALTERNATIVE REPAYMENT ARRANGEMENTS AND OPTIONS

Costs

Costs relating to the sale of the property including repairs, advertising and stamp duty will apply as necessary. Solicitor and auctioneer costs will vary depending on the auctioneer/solicitor, but these are usually around €5,000.

Liability for any outstanding debt

If the property is disposed of, including sale or repossession by the Bank, all the customers listed on the mortgage will be jointly and severally liable for any shortfall between the remaining debt (including any accrued interest, charges, legal, selling and other related costs) and the proceeds from the sale of the property. Until your mortgage is paid in full, you must continue to make your monthly repayments. Please note that interest will continue to accrue on the debt until the loan and all costs from the sale of the property have been repaid in full.

Credit rating

Please note that your mortgage repayment history may be recorded on your Irish Credit Bureau (ICB) profile or any other credit reference agency or credit register, where permitted by contract or required by law, and may affect your future ability to borrow. Participation in the mortgage to rent scheme, voluntary surrender of your property and repossession may also be recorded and may affect your future ability to borrow.

Reviews

We will review your situation regularly to ensure that you are on the most appropriate arrangement for your circumstances. All borrowers to the mortgage must co-operate with these reviews, for example by submitting an updated SFS.

Keep us informed

You are required to tell us if your ability to repay your mortgage changes at any time, whether it improves or where you are unable to make the agreed repayments. This will allow us to make a timely and informed decision about the most appropriate way forward in light of your new situation.

If your ability to repay improves

We will review your situation and try to help you move back towards making full mortgage repayments if your financial situation improves.

It is important that you seek outside legal and financial advice in relation to the options above.

We strongly recommend that you review your existing policies with your **life assurance provider(s)** to make sure that they cover the revised terms of your mortgage. If your policy has lapsed, it is in your best interest(s) to arrange suitable cover.

USE OF CONFIDENTIALITY AGREEMENTS

Where an alternative repayment arrangement or other option is being proposed to you by **permanent tsb**, you may be required to enter into a confidentiality, non-disclosure or other similar agreement with the Bank. This means that you must keep the following information confidential:

- The existence of the agreement and the terms of the proposal.

- The fact that discussions and/or negotiations are taking place between the Bank and you.
- The details of those discussions/ negotiations.

You may not disclose this information to anyone except to your advisors, agents, employees and/or directors, and you must ensure that they also keep the information confidential.

A SUMMARY OF OUR COMMUNICATIONS POLICY

permanent tsb has a communications policy that provides a framework to make sure that we act in a way that encourages borrowers to engage with us. We aim for open, two-way communication. Where possible, we will work with borrowers to achieve sustainable solutions to mortgage repayment difficulties. **permanent tsb** will:

- Treat our customers fairly and consistently, and take the position of their mortgage into consideration.

- Make sure that communications are clear, accurate and easy to understand.
- Make sure that customers are given a reasonable amount of time to respond to any of our requests.
- Let customers know when we will be in touch about next steps.

NOT CO-OPERATING BORROWERS

It is essential that you co-operate with **permanent tsb** in relation to your current financial situation. If you fail to co-operate with us, you will be classified as 'not co-operating', which may result in the following:

- You will lose the protection given by the Mortgage Arrears Resolution Process (MARP).
- Legal action may be taken immediately. Where legal proceedings have begun, you will be responsible for legal costs. If legal action is necessary, it is important to be aware that regardless of how the property is repossessed and disposed of, you will remain liable for any outstanding debt, including any accrued interest, charges, legal, selling and other related costs.
- This may affect your eligibility for a Personal Insolvency Arrangement in accordance with the Personal Insolvency Act 2012.
- Charges and/or interest may be imposed on any arrears that arise on your mortgage account.

Under the CCMA, you can be classified as not co-operating when:

1. Any of the following apply to your particular case:
 - a) You fail to make a full and honest disclosure of information to

the Bank that would have a significant impact on your financial situation.

- b) You fail to provide information relevant to your financial situation within specified timelines.
- c) A three-month period goes by:
 - (i) Where you have not entered into an alternative repayment arrangement, and during that time you have either:
 - Failed to meet your mortgage repayments in full in accordance with the mortgage contract;
 - or
 - Met your mortgage repayments in full in accordance with the mortgage contract but continue to have an arrears balance on the mortgage;
 - or
 - (ii) Where you have entered into an alternative repayment arrangement, and failed to fully meet repayments as specified in the terms of the alternative repayment arrangement.

AND IN (i) OR (ii) ABOVE, YOU HAVE EITHER:

- Failed to make contact with, or respond to any communications from the Bank or a third party acting for the Bank;

or

- Made contact with, or responded to communications from, the Bank or a third party acting for the Bank, but have not

engaged in a way that enables the Bank to complete an assessment of your circumstances.

and

2. A warning letter has been issued to you and you have not carried out the action(s) specified in that letter.

APPEALS

We hope that you have no reason to raise an appeal with us – however, if you do, we want to hear from you so we can address your concerns as quickly and as fairly as possible.

You have a right to appeal:

- Our decision to classify you as ‘not co-operating’.
- Our decision on your request for an alternative repayment arrangement.

You can appeal in writing at any time up to 22 business days from the date you receive the letter explaining **permanent tsb**'s decision. The appeal letter should be sent to:

The Appeals Board,
c/o Customer Resolution Centre,
permanent tsb,
Church Yard Lane,
Douglas,
Cork.

If you are unhappy with the outcome of your appeal, you may refer the matter to the Financial Services Ombudsman (FSO). The Ombudsman is an independent mediator whose services are available free of charge to customers.

Contact details for the Financial Services Ombudsman are at the back of this booklet.

CUSTOMER COMPLAINTS

We are committed to providing our customers with the highest standard of service. If you believe we have not been compliant with the Code of Conduct on Mortgage Arrears (CCMA) or have not treated your case fairly under the CCMA, we will address the issue as quickly and as fairly as possible.

Our promise

You can be sure that we will deal with your complaint promptly, fairly and courteously. We'll log and fully investigate your complaint and we will correct the situation to the best of our ability so that it doesn't happen again. If the mistake is ours, we'll provide you with an explanation and an apology.

You can make a complaint at any time by:

- Phoning our Arrears Support Unit (ASU) on 1800 855 010 or 021 601 3700
- Visiting or phoning the relevant branch on 1890 500 121 or 01 212 4101
- Writing to our Customer Resolution Centre at **permanent tsb**, Churchyard Lane, Douglas, Cork. (please provide your phone number so we can discuss your complaint with you if necessary)

We'll make every effort to agree a fair and reasonable resolution with you.

What if I want to take the matter further?

If you are unhappy with our final response to your complaint, you have the right to refer the matter to the Financial Services Ombudsman. Contact details for the Financial Services Ombudsman are at the back of this booklet.

OTHER USEFUL INFORMATION

Mortgage interest relief

Mortgage interest relief is a tax relief based on the amount of qualifying mortgage interest that you pay in a given tax year for your principal private residence (your home). A tax year means the period from 1 January to 31 December. Mortgages taken out after 31 December 2012 do not qualify for mortgage interest relief.

Mortgage interest relief is administered via Tax Relief at Source (TRS). This means that your mortgage provider gives you the benefit of tax relief on the amount of mortgage interest paid. Mortgage interest relief will be abolished entirely after 31 December 2017. For more information, contact the Office of the Revenue Commissioners (www.revenue.ie).

Mortgage interest supplement

Mortgage interest supplement (MIS) provides short-term support to help pay your mortgage interest repayments. The supplement concerns only the interest portion of the mortgage repayments but does not help with payment of the capital portion of the loan or with house insurance. Only the portion of the loan that relates to the essential purchase, repair or maintenance of the property is taken into account.

The interest is assessed as the total monthly interest minus mortgage interest relief and any mortgage allowance or mortgage subsidy payable towards the interest portion of the mortgage.

Please Note: The Mortgage Interest Supplement Scheme closed to new entrants on 1 January 2014.

This measure does not affect current claimants immediately (people who were getting Mortgage Interest Supplement before 1 January 2014). The scheme will be wound down for these claimants over a 4-year period.

Mortgage payment protection insurance

If you took out a payment protection insurance policy on your mortgage account, which subsequently went into arrears, you may wish to make a claim on your policy.

Customers in receipt of Tax Relief at Source (TRS)

From Nov 2013 if you are paying less than the interest due monthly, you may receive lower TRS.

USEFUL CONTACTS

Below are the contact details of some institutions and agencies that you may find helpful.

Money Advice and Budgeting Service (MABS)

MABS is a free, national, confidential and independent service for people in debt or in danger of getting into debt.

MABS Helpline: 0761 07 2000 (Monday to Friday 9am-8pm)

Website: www.mabs.ie/www.keepingyourhome.ie

Mortgage Arrears Information Helpline

The Mortgage Arrears Information Helpline provides information in relation to the Code of Conduct on Mortgage Arrears and the supports available for people in arrears or in danger of going into arrears.

Phone: 0761 07 4050 (Monday to Friday 9.30am-5pm)

Website: www.keepingyourhome.ie

The Central Bank

The Central Bank's website provides independent information on financial products and includes a consumer guide to dealing with your lender in relation to the Code of Conduct on Mortgage Arrears.

Phone: 1890 777 777

Website: www.centralbank.ie

Citizens Information Board

The Citizens Information Board helps people access accurate, comprehensive and clear information relating to social services.

Citizens Information Centres are located around the country.

Lo Call: 0761 07 4000 (Monday to Friday 9.30am-5.30pm)

Website: www.citizensinformation.ie

USEFUL CONTACTS

Department of Social Protection

The Social Welfare website provides information relating to mortgage interest supplement, job seekers allowance and other welfare benefits you may be eligible for.

Please Note: The Mortgage Interest Supplement Scheme closed to new entrants on 1 January 2014.

Website: www.welfare.ie

Financial Services Ombudsman

The Financial Services Ombudsman deals independently with unresolved complaints from consumers about their individual dealings with all financial service providers. It is a free service to the complainant.

Financial Services Ombudsman,
3rd floor,
Lincoln House,
Lincoln Place,
Dublin 2.

Lo Call: 1890 88 20 90

Phone: (01) 662 0899

Website: www.financialombudsman.ie

Insolvency Service of Ireland

Under the Personal Insolvency Act 2012, you have the right to consult with a Personal Insolvency Practitioner. The Insolvency Service of Ireland's objective is to get people back to solvency in a fair, transparent and equitable way.

Insolvency Service of Ireland,
Block 2,
Phoenix House,
Conyngham Road,
Dublin 8.

Phone: 076 106 4200 (Monday to Friday 9am-6pm)

Website: www.backontrack.ie

GLOSSARY

Arrears

Arrears arise on your mortgage loan account when you do not make a full mortgage repayment or only make a partial mortgage repayment (as agreed in the original mortgage contract) by the scheduled due date.

Arrears Support Unit (ASU)

The Arrears Support Unit (ASU) is the unit within **permanent tsb** that is responsible for dealing with mortgage holders who are currently in arrears or at risk of going into arrears.

Capitalisation

Your outstanding arrears will be added back into your remaining capital balance. This will allow you to repay them both over the life of your mortgage. You will no longer be reported as having arrears. Because the balance is larger, this will increase the size of interest repayments over the total life of the mortgage.

Code of Conduct on Mortgage Arrears (CCMA)

The Code of Conduct on Mortgage Arrears (CCMA) is published by the Central Bank of Ireland. The Code sets out how mortgage lenders must treat mortgage holders who are in mortgage arrears or facing mortgage arrears. A copy of the Code can be downloaded from the Central Bank's website (www.centralbank.ie).

Cost of Credit

The difference between the amount you've borrowed and the total amount you will repay (including interest) by the time you have paid off the loan in full – assuming you do not settle the loan early. This shows you the total cost of the loan.

MARP

Mortgage Arrears Resolution Process (MARP) is the name given in the Code of Conduct on Mortgage Arrears (CCMA) to the process on how banks deal with customers in or at risk of mortgage arrears.

Mortgage

A mortgage describes a loan provided by a lender for which legal claim against the property acts as security for the loan.

Mortgage holder

Also called 'the borrower'. The mortgage holder/borrower includes all parties named on the mortgage loan account.

Mortgage Term

The set period of time you have to repay your mortgage (e.g. 20 or 30 years).

GLOSSARY

Pre-arrears

A pre-arrears case is when:

- You, as the borrower, contact your lender to inform them that you are in danger of getting into financial difficulties and/or are concerned about going into mortgage arrears.

or

- The lender decides that you, as the borrower, are in danger of getting into financial difficulties which may affect your ability to meet your mortgage repayments.

Primary Residence

A primary residence is a property which is either:

- A residential property that the borrower occupies as their primary residence in the State

or

- A residential property which is the only residential property in the State owned by the borrower.

Standard Financial Statement (SFS)

A Standard Financial Statement (SFS) is a budgeting tool which lists all of your monthly household income and outgoings. It is used by the ASU as part of the assessment process under the MARP and is available from any **permanent tsb** branch.

Fixed rate

If you have a fixed-rate mortgage, the interest rate remains constant throughout an agreed term – regardless of changes in base rate – and you pay the same amount each month during that term. A borrower may switch from a fixed-rate mortgage, but a fixed-rate recovery charge may apply.

Variable rate

If you have a variable-rate mortgage, the interest rate can change. This means that your monthly mortgage repayment may go up or down as interest rates change.

Unsecured debts

This is a debt that is not attached to any asset.

Tracker mortgage

This kind of mortgage has an interest rate which follows the base rate of the European Central Bank (ECB). The monthly mortgage repayment goes up when the base rate goes up, and goes down when the base rate goes down.

This brochure is in compliance with the Code of Conduct on Mortgage Arrears (2013). Information is correct as of 30/11/2015 but may change.

Housing Loans under Consumer Credit Act 1995

Please note carefully the following information relating to Housing Loans within the meaning of the Consumer Credit Act 1995.

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

Variable Rate Loans

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

Endowment Home Loans

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.

The early surrender of the Insurance Policy in respect of your Endowment Loan may result in a return to you which would be less than you have paid in and other charges.

Interest Only Mortgages

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

Fixed Rate Loans

WARNING: YOU MAY HAVE TO PAY CHARGES IF YOU PAY OFF A FIXED-RATE LOAN EARLY.

Arrears

Arrears are any element of a mortgage repayment that have not been made and remain outstanding. Interest at the mortgage rate will be applied to the outstanding balance of your loan which includes any payments missed. This may result in increased cost of credit.

Tracker Mortgage Loans

1. The interest rate applicable to Tracker Mortgage Loans is made up of the European Central Bank Refinancing Rate ("the ECB Rate") plus a percentage over the ECB Rate. The amount of the percentage over the ECB Rate will depend on the amount of the loan and that percentage will not be exceeded during the term of the loan.
2. The ECB rate may be increased or decreased from time to time by the European Central Bank (ECB). We will apply all increases or decreases within one month of the date announced by the ECB as the effective date.
3. If we cannot use the ECB Rate for this loan, we will use another reference rate or calculation that is fair and reasonable.
4. If more than one Tracker Mortgage Loan exists on the property, these loans cannot be added together to get a different interest rate over the ECB rate.



56-59 St. Stephen's Green, Dublin 2.
Phone: 1890 500 121 (Option 4)
www.permanenttsb.ie

Reference: BMK1988 (Rev 08/17)

permanent tsb p.l.c. is regulated by the Central Bank of Ireland.