

# Mortgage Arrears Resolution Process

A helpful guide for mortgage holders  
to assist in managing your finances.

## Introduction

Liquidity crisis, financial crisis, economic crisis, recession. The current economic situation has many names, but what impact is it having on your personal finances? For many it means having challenges in meeting your mortgage repayments. Even small changes in your circumstances can result in huge pressure on your finances and huge pressure on you as you try to cope with this new challenge and worry.

But you have options and there are solutions and Danske Bank is committed to helping you. Below are some useful hints, tips and suggestions to help you get on top of your finances. The most important thing is to talk to us and any other lenders early if you are worried about your debts so we can give you as much help as possible. Together we can help you get back in control.

Danske Bank has introduced a four step Mortgage Arrears Resolution Process (MARP) to help customers who are having challenges in meeting their mortgage repayments now or who feel they may have difficulty meeting their mortgage repayments in the future. The MARP was introduced under the Central Bank of Ireland's Code of Conduct on Mortgage Arrears which came into effect on 1 January 2011, subsequently revised by the 2013 Code of Conduct on Mortgage Arrears.

The MARP only applies if the mortgage relates to your primary residence or a residential property which is the only property in the Republic of Ireland owned by you. If you have purchased payment protection insurance in relation to your mortgage account and you have subsequently missed your mortgage repayments you should investigate whether you are now entitled to make a claim under that policy.

Danske Bank A/S ('Danske') have appointed Pepper Finance Corporation (Ireland) Limited, trading as Pepper Asset Servicing, to take over the servicing of Mortgage and Personal Loans on Danske's behalf, Pepper Asset Servicing may contact you in relation to your loan with Danske.

# Mortgage Arrears Resolution Process- a simple four step process

## 1. Communication / Talk to us

The most important step is to talk to us as early as possible, whether you have had trouble meeting mortgage repayments or are concerned that difficulties may arise in meeting your repayments 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 advisors will be happy to meet you or talk to you over the phone - together we can try to find a way to make things more manageable. Our advisors can be contacted on our dedicated phone line below - calls will be recorded in line with our regulatory requirement to do so.

You may also find useful the dedicated Danske Bank section on Pepper Asset Servicing's\* website [www.peppergroup.ie](http://www.peppergroup.ie).

Telephone 1890 923 346

Calls will be recorded in line with our regulatory requirement to do so.

We are committed to discussing your financial difficulties with you as early as possible and to ensuring that the level of communication between us is supportive and proportionate, taking your specific circumstances into consideration. We will give you sufficient time to complete any actions agreed between us.

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## 2. Financial Information / Understanding your finances

Please call one of our dedicated advisers who will help you complete a full review of your financial situation using a Standard Financial Statement (SFS). This will help us to work out a picture of your finances. Before we can do this it would be useful if you could prepare a budget that shows what you are being paid and all your expenditures including all other loans and financial commitments. The Bank will also require the following additional information to be provided along with a completed Standard Financial Statement :

- Your current account statements for the last 3-6 months
- Your account statements for Credit Card Accounts and Loan Accounts held in other financial institutions for the last 6 months
- Proof of benefits
- Most recent 3 months payslips
- Details of your pension (other than State pension)

If you are self employed, you will also need to provide the following :

- Most recent audited accounts
- Up to date Management Accounts
- Bank statements for your business (last 6 months)
- Accountant's confirmation that tax affairs are up to date

You may wish to seek independent advice when completing the SFS, such as from your local Money Advice & Budgeting Services (MABS) office. A copy of the SFS is available on request or on our website.

### 3. Assessment

Once we have a full picture of your finances, one of the advisors in our dedicated Arrears Support Unit will look at your financial situation on a case by case basis. They will then work with you to see what the best options for helping to get you back on track are.

We will take the following factors into consideration when assessing your position :

- your income and expenditure, including surplus income available to repay your home loan.
- your level of overall indebtedness and repayment history.
- your projections and any future changes that may impact on your mortgage repayment.

### 4. Resolution

When reviewing your home loan with you we will consider the following alternative repayment arrangements with the aim of arriving at a mutually agreeable outcome. The availability of the following alternative repayment arrangements will depend on your individual circumstances and our assessment of the information provided by you to us.

#### **Temporary Forbearance Arrangements** (normally up to 12 months)

- Interest only payments - where you only pay the full interest on your mortgage for a period of time.
- Interest and part capital payments - where you pay the full interest and a reduced amount of capital.
- Payment moratorium - where you suspend your full payment for a period of time.
- Temporary Interest Rate reduction - where the interest rate on your home loan (for non tracker mortgages) can be reduced for a short period of time

When a short term forbearance arrangement has been agreed we will review it with you (i) at least 30 calendar days in advance of the alternative repayment arrangement coming to an end, or (ii) at any time on your request, or (iii) immediately if you cease to adhere to the terms of the alternative repayment arrangement.

#### **Long Term Arrears Management Solutions**

- Assisted Voluntary Sale (AVS) - the Bank provides support and assistance to the borrower to sell the property at the best selling price while keeping the costs as low as possible
- Voluntary Surrender (VS) - the Borrower agrees to voluntarily hand over ownership of the property to the Bank. The Bank will actively market and sell the property in order to achieve the best sale price.

- Trade Down Mortgage – where you sell your existing home and trade down to a lower value property. Under this arrangement, part of the negative equity can be incorporated into your new home loan or “warehoused” until your financial position improves. This will reduce your monthly repayment amount.
- Term Extension – where the term of your home loan is extended. This will reduce your monthly repayment amount.
- Permanent Interest Rate Reduction – where the interest rate on your home loan (for non tracker mortgages) can be reduced for a period of time.
- Mortgage To Rent – where you transfer ownership of your home to a Housing Association and in turn enter into an arrangement where you pay an affordable rent to the Housing Association. Under this arrangement, you remain responsible for the repayment of any outstanding balance on your mortgage, after the Housing Association has purchased your home.
- Capitalising the arrears and interest – this may often be arranged in conjunction with another long term solution

When a long term solution has been agreed we will review it with you (i) at least 30 calendar days in advance of the alternative repayment arrangement coming to an end, or (ii) at any time on your request, or (iii) in line with the agreed review date for your solution (if applicable), or (iv) immediately if you cease to adhere to the terms of the alternative repayment arrangement.

Please note:

- We do not apply additional charges or surcharge interest to mortgage customers who are in arrears, provided that you are co-operating with us.
- If a reduced payment or a payment moratorium is agreed this may increase the term of the mortgage and the overall amount of interest paid.
- If part of your home loan is “warehoused”, interest will not accrue on this Warehoused Balance and only the Warehoused Balance will become payable at the end of the loan period.
- We may report any arrears on your mortgage or loan to the Irish Credit Bureau and any credit reference agency, where permitted by contract or required by law. This may affect your credit rating, which may limit your ability to access credit in the future. If you enter into an alternative repayment arrangement with us, this may also affect your credit rating, which may limit your ability to access credit in the future.
- Your home loan, including any “warehoused” part thereof will remain secured by the mortgage provided by you to us.
- If you have a tracker home loan account we will not require you to change it to another mortgage type as part of an alternative repayment arrangement.
- Any interest rate reduction agreed will be subject to annual review of your financial circumstances

If you enter into an alternative repayment arrangement, such as a Term Extension you should check if your mortgage protection cover is still suitable for the new arrangement. You should continue to insure your home.

If we are unable to enter into an alternative repayment arrangement with you, the following options may be open to you:

- Voluntary surrender of your home to us.
- Voluntary sale of your home.

Under either of these arrangements, you remain responsible for the repayment of any outstanding balance on your mortgage and associated costs, after your home has been sold.

The availability of options such as voluntary surrender, voluntary sale, trade down mortgage or mortgage to rent will depend on your individual circumstances.

If you are considering the process of voluntarily surrendering your home, you should also consider the options open to you in respect of alternative accommodation, to meet your housing needs. The options may include applying for social housing support. If necessary and in circumstances where you are no longer able to make the repayments due in respect of the mortgage and are unlikely to do so in the future, we can provide you with a letter, to this effect, which you can use for the purposes of applying for the support. While this letter may be required as part of the assessment process, it does not confer eligibility for social housing support. Your eligibility will depend on your local housing authority's assessment of your circumstances. You are advised to seek further information on the Citizens Information website, [www.citizensinformation.ie](http://www.citizensinformation.ie) or to contact your housing authority directly for more information in relation to alternative accommodation.

The availability of the mortgage to rent option will also be subject to an assessment process as well as the applicant being eligible for Social Housing Support in the local authority in whose area their property is allocated and approval of the property by the relevant Housing Association.

We may require you to sign a settlement / confidentiality agreement as part of an alternative repayment arrangement or other arrangement. We recommend that you take independent legal advice prior to entering into a settlement / confidentiality agreement.

### **Not Co-operating**

Where the Bank request you to provide the information outlined above and you fail to do so within 21 business days

and without reasonable explanation, you shall be deemed to be not co-operating.

If you are deemed to be not co-operating with us in relation to the arrears on your mortgage account, this will have a number of implications for you, including that:

- you will be considered outside the scope of the Mortgage Arrears Resolution Process (MARP) and the protections of the MARP will no longer apply;
- charges or surcharge interest on arrears may arise on your mortgage account;
- we will become entitled to commence legal proceedings for repossession of your home; and
- it may negatively affect your eligibility for a Personal Insolvency Arrangement in accordance with the Personal Insolvency Act 2012.

Should we be forced to repossess your home, our intention would be to sell the property with a view to recouping the arrears owing to us and the total amount outstanding under your mortgage loan, including accrued but unpaid interest, charges, legal, selling and other costs. Should any of these amounts remain outstanding following the sale of your home, you will remain liable to us for any outstanding debt.

### **Appeals**

If you are unhappy with the decision of the Arrears Support Unit in relation to your alternative repayment arrangement, or with our decision to classify you as Not Co-operating you can submit an appeal in writing to our Appeals Board at the following address within 21 business days of receipt of the decision;

Danske Bank Appeals Board  
PO Box 12548  
Dublin 2

Or

If you do not believe we have been compliant with the Code of Conduct on Mortgage Arrears or have not treated your case fairly under the code, you can submit a complaint at any time to;

The Manager  
Customer Service Standards  
Danske Bank  
PO Box 689,  
Shannon,  
Co Clare



Following this if you are unhappy with the decision of the Appeals Board or the manner in which your complaint has been handled by Customer Services Standards, you have the right to refer the matter to the Financial Services Ombudsman at 3rd Floor, Lincoln House, Lincoln Place, Dublin 2 [www.financialombudsman.ie](http://www.financialombudsman.ie)  
Telephone 1890 882090 or 01 6620899

## Sources Of Additional Information

It can be hard to know where to turn when you are in financial difficulty but you have options. Here is a list of agencies and some recent publications that can offer you help and guidance on controlling your debt as well as providing information regarding state benefits which you may be entitled to.

### MABS (Money Advice and Budgeting Service)

As soon as money becomes a problem, we recommend you also make an appointment with MABS. A Government agency with offices all over Ireland. MABS can give you free, confidential and independent advice on your debt problems.

[www.mabs.ie](http://www.mabs.ie)

Telephone **1890 283438**

### Keeping your home website

This website is provided by the Citizens Information Board and MABS and provides information on services and entitlements available to mortgage borrowers who may be experiencing difficulties making mortgage repayments.

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

### Mortgage Arrears Information Helpline

The Mortgage Arrears Information Helpline will offer independent and confidential information to borrowers in mortgage arrears or at pre-arrears stage. To contact the Mortgage Arrears Information Helpline,

Telephone **076 1074050**

### Mortgage Arrears Information and Advice Service (MAIAS)

The Bank strongly recommends that you obtain independent financial advice before entering into a Long Term Sustainable Solution. The Bank will make a contribution of €250 plus VAT (if applicable) towards the costs incurred by you in obtaining financial advice, in relation to the Long Term Sustainable Solution, from a participating accountant. The list of participating accountants can be found at [www.keepingyourhome.ie](http://www.keepingyourhome.ie) or by calling the Mortgage Arrears Information Helpline at 0761 07 4050. Please note that this Website and Helpline operate independently of Danske Bank A/S.

The participating accountant from whom you seek independent financial advice will ask you to complete a form confirming you have been in receipt of Independent Financial Advice and authorising them to invoice the Bank directly.

### **Department of Social Protection**

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You may be entitled to help with your situation so you should be aware of any entitlements such as - if you are having difficulty paying your mortgage and you are getting a social welfare or Health Service Executive payment, you may qualify for Mortgage Interest Relief or a Mortgage Interest Supplement.

[www.welfare.ie](http://www.welfare.ie)

Telephone **1890 662244**

### **Central Bank of Ireland**

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The Central Bank's website provides independent information on financial products and includes the Code of Conduct on Mortgage Arrears.

[www.centralbank.ie](http://www.centralbank.ie)

Telephone **1890 777777**  
or **01 2246000**

### **National Consumer Agency**

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Itsyourmoney.ie website under the remit of the NCA provides independent information on financial products to help you take control of your finances.

[www.itsyourmoney.ie](http://www.itsyourmoney.ie)

Telephone **1890 432432**  
or **01 4025555**

### **Citizens Information Board**

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The Citizens Information Board is the national agency responsible for supporting the provision of information, advice and advocacy on social services and for the provision of the Money Advice and Budgeting Service.

[www.citizensinformationboard.ie](http://www.citizensinformationboard.ie)

Telephone **1890 777121**

### **The Insolvency Service of Ireland**

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The ISI is an independent statutory body established to administer the various provisions of the Personal Insolvency Act 2012. The mission of the ISI is to help restore people who are insolvent to solvency in a fair, transparent and equitable way.

[www.isi.gov.ie](http://www.isi.gov.ie)

Telephone **076 1064200**

## WARNINGS

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

THE COST OF YOUR MONTHLY REPAYMENTS MAY INCREASE (DOES NOT APPLY DURING ANY PERIOD OF FIXED INTEREST RATE).

IF YOU DO NOT KEEP UP YOUR REPAYMENTS YOU MAY LOSE YOUR HOME.

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.

THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME (DOES NOT APPLY DURING ANY PERIOD OF FIXED INTEREST RATE).

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

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

ENDOWMENT MORTGAGE: 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.

IN THE EVENT OF EARLY SURRENDER OF THE LIFE INSURANCE POLICY IN RESPECT OF AN ENDOWMENT LOAN, THE POSSIBILITY EXISTS THAT THE SURRENDER PROCEEDS COULD BE LESS THAN HAS BEEN PAID IN PREMIA.

Danske Bank A/S (trading as Danske Bank) is authorised by The Danish FSA in Denmark and is regulated by the Central Bank of Ireland for conduct of business rules.

Danske Bank A/S is a plc registered in Copenhagen, CVR-no. 61 126228, at the Danish DCCA. Registered branch in Ireland Company No. 905623 with office at 3 Harbourmaster Place, IFSC, Dublin 1. Registered office in Denmark: 2-12, Holmens Kanal, DK-1092, Copenhagen K, Denmark.

Details of all Danske Bank A/S directors can be viewed at its registered offices.

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