West-Midlands CREDIT UNION

MORTGAGES



GUIDE TO OUR MORTGAGE ARREARS RESOLUTION PROCESS

West Midlands Credit Union Ltd. is regulated by the Central Bank of Ireland.


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Our Promise to You

Mortgage repayment difficulties? We're here to help. We understand that sometimes people experience financial difficulties for any number of reasons.

Should you find yourself in a position where you are finding it difficult to manage your mortgage repayments, please contact us as soon as possible. Our focus is to keep members in the family home wherever possible where they are working with us to prioritise their mortgage repayments.

We promise to work with you and help in any way we can

We also promise that at all times, our communications with you;

- Will be in clear language. Where we need to use specific terms, like those taken from law or regulations, we'll always try to explain what these terms mean.
- Will be proportionate. We will only communicate as much as we need to and will not bombard you with calls and letters. Where possible we will agree frequency of communications with you.
- Will be respectful and never aggressive, intimidating or harassing.
- Will be reasonable. Where we ask you to respond to us or provide further information, we'll always allow you reasonably sufficient time to do so.

This Information Booklet sets out guidance for our Members who have a mortgage with us and are;

1. **In arrears on their repayments; or**
2. **Worried about falling into arrears**

This Booklet firstly gives details on our Mortgage Arrears Resolution Process (MARP) and the steps involved. The most important thing in dealing with difficulties repaying your mortgage is to contact us as early as possible, we're here to help.

We then explore in more detail, some of the options that can be available under MARP, we call these Repayment Arrangements. There are some positives and negatives to each option so we'll set those out also. Please be aware that your individual circumstances will need to be assessed before deciding if any of these arrangements are suitable for your circumstances.

This Booklet also includes some handy additional information, like explanations for some of the common terms used when discussing mortgage arrears, useful supports and contact details available to anyone experiencing difficulties managing their mortgage repayments.

We have dedicated contacts if you are in mortgage arrears or worried about falling into arrears;

Telephone: 0818 246 497
Email: asu@wmcu.ie
In branch: Please call to arrange a meeting with a mortgage arrears support officer

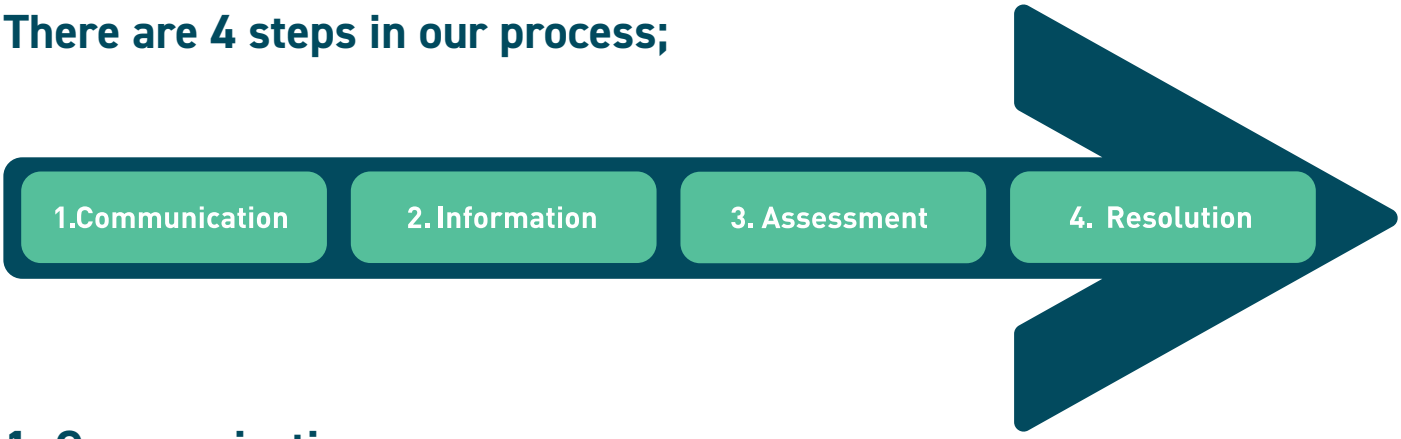
Section 1 – The Mortgage Arrears Resolution Process

1.1 Introduction and Steps in MARP

Our Mortgage Arrears Resolution Process (MARP) aims to follow the Code of Conduct on Mortgage Arrears. This Code was published by the Central Bank of Ireland in 2013 and sets out the framework that lenders must use when dealing with borrowers experiencing difficulty in managing their mortgage repayments on their family home. The Code does not apply to Credit Unions; however, we will voluntarily follow the Code as best we can under our regulatory framework.

Under our MARP we will handle all mortgage arrears cases sympathetically and positively, with the objective at all times of helping people to meet and prioritise their mortgage obligations.

There are 4 steps in our process;



1. Communication

The first step in the process is to engage with us. Whether you have missed a repayment or fear you might not be in a position to meet a repayment, it is important for you to engage with us as early as possible so that we can 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. We have dedicated contacts if you are in mortgage arrears or worried about falling into arrears;

Telephone: 0818 246 497
Email: asu@wmcu.ie
In branch: Please call to arrange a meeting with a mortgage arrears support officer

Our staff are trained, experienced and help people in loan arrears every day so there's no need to feel anxious when getting in touch. We promise that you will be treated with respect at all times and of course everything you tell us will be in strictest confidence.

It's very important that throughout the process you keep communicating with us so that we can work together to find a solution in a timely manner. If you wish, you can instruct us to communicate with a third-party advisor acting on your behalf.

If you choose not to communicate with us, or if you do communicate but the information you provide to us is dishonest or incomplete, you risk being classified as 'not co-operating'. There are very serious consequences to this and we explore these in more detail in Section 3.

2. Information

The next step is for you to provide us with the information that we will need to carry out a full assessment of your circumstances. Primarily, this will involve completing a Standard Financial Statement (SFS).

You can get a copy of our SFS;

- On our website
- By calling us
- By emailing us
- In branch

The SFS is quite long and might seem a little daunting but don't worry, our staff are available to help you complete it so please don't hesitate to make an appointment. You can also seek independent help and advice. For example, Abhaile is a State funded service for people whose home is in mortgage arrears. You can find more information about this service by calling 0818 07 2000 or at www.mabs.ie.

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 to help you prioritise your mortgage repayments.

3. Assessment

Once you have submitted your SFS we will confirm with you that we have everything we need to conduct a full assessment of your circumstances. Where we need additional information or need to clarify some of the information provided before we can begin our assessment, we will inform you of this also.

Our assessment will take account of many different factors, including;

- The information provided in your SFS
- Your overall indebtedness
- Your current repayment capacity
- Your previous repayment history
- Your personal circumstances

Taking those and any other relevant factors into consideration, we will explore the various solutions that may be available. Our primary consideration is to find a solution that is appropriate for you. This means that repayments are sustainable for you for the duration of the solution. Having conducted a full assessment we will decide on what we believe is an appropriate solution for you having considered your individual circumstances. Once we have decided on a solution, we will inform you of this in writing. The time it should take between us beginning our assessment and informing you in writing of our decision will be around 2 weeks or 14 calendar days.

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

4. Resolution

Depending on the outcome of your Assessment conducted under Step 3, we have a number of solutions that we may offer to you. These solutions are called Repayment Arrangements and we will explain these in more detail in Section 2 of this Booklet.

Please be aware that the availability of a Repayment Arrangement is dependent on a full assessment of your individual circumstances and on you meeting our lending criteria for a sustainable solution.

Section 2 – Repayment Arrangements

In this section we will provide more detailed information on the Repayment Arrangements 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 Repayment Arrangements we will consider will fall under 3 headings;

Temporary Solutions

These are short term solutions and will not be offered for a period of greater than 12 months. Generally, these solutions are designed to help you for a short while, to give us a chance to consider a long-term solution with you or where you have temporary financial difficulties and need a little while to get back on your feet.

Long-Term Solutions

These solutions are designed to help you over a longer duration and may apply to the full remaining term of the mortgage.

Alternative Arrangements

In some cases, none of the solutions considered above are appropriate. This means that when we consider even reduced repayments, we do not believe that a borrower can afford mortgage repayments while maintaining a reasonable standard of living. Alternative arrangements may involve selling the property secured by the mortgage and we will describe below the options that we would consider facilitating.

2.1 Temporary Solutions

Solution	Description	Positive	Negative
Interest Only	You pay the interest portion of your mortgage repayment for a period of up to 12 months. Because you are not paying anything towards your capital balance (the amount you borrowed), your repayments will be lower.	Repayments are lower for a short period of time to allow you the chance to return to full repayments or enter a long-term solution.	Because you have not been making payments against capital for the duration of the arrangement, when you return to making full payments; -The amount of your regular repayments will increase to make up for the lower payments made under this arrangement. -Your total cost of credit can increase because the capital balance was not reducing as quickly as expected.
Reduced Payments	For a limited period of time of up to 12 months, the amount of your regular repayments will be reduced to a lower amount.	Repayments are lower for a short period of time to allow you the chance to return to full repayments or enter a long-term solution.	Because you have not been making full repayments for the duration of the arrangement, when you return to making full payments; -The amount of your regular repayments will increase to make up for the lower payments made under this arrangement. -Your total cost of credit can increase because the capital balance was not reducing as quickly as expected.
Temporary Repayment Break (Moratorium)	For a limited period of time of up to 12 months, your regular repayments will be suspended. This means you will not be making any repayment.	Repayments are suspended for a short period of time to allow you the chance to return to full repayments or enter a long-term solution.	Because you have not been making repayments for the duration of the arrangement, when you return to making full payments; -The amount of your regular repayments will increase to make up for no payments being made under this arrangement. -Your total cost of credit will increase because the capital balance was not reducing as quickly as expected.

2.2 Long-Term Solutions

Solution	Description	Positive	Negative
Capitalisation of the arrears and interest	This means that your arrears and interest are added to your capital balance outstanding (the amount you originally borrowed).	You will no longer be in arrears. You will no longer be reported to credit reference agencies as being in arrears.	Because your principal balance increases; -Your regular repayments may increase. We may combine arrears capitalisation with another option below to offset this. -Your total cost of credit will increase because your mortgage has increased. -You may need to speak with your financial advisor to ensure you have adequate mortgage protection insurance to cover the increased capital balance.
Term Extension	This means that the remaining term of your mortgage is extended, generally by adding a number of years.	Your regular repayments will be lower because you will be spreading your payments over a longer repayment period.	You will not repay your mortgage as quickly as expected. In some cases, this may not be an appropriate option, for example, for someone approaching retirement age. Because the amount you borrowed is not repaid as quickly as expected, your total cost of credit will increase.

2.3 Alternative Arrangements

Solution	Description	Positive	Negative
Voluntary Surrender	You move out of the property secured by the mortgage and give possession of it to the Credit Union. We will then sell the property and use the proceeds of sale against the outstanding mortgage amount.	The amount that the property is sold for will be used to reduce the mortgage amount less any accrued interest and selling costs. You will not have to pay the legal fees associated with contesting a repossession application in court.	Should there be any shortfall between the sale price and the outstanding mortgage amount, you will remain liable for repaying that amount. We will work with you to agree an affordable repayment plan for any outstanding amount.
Assisted Sale	You move out of the property secured by the mortgage and we will work with you in selling it. The proceeds from the sale will be used to pay down the outstanding mortgage amount.	The amount that the property is sold for will be used to reduce the mortgage amount less any accrued interest and selling costs. You will not have to pay the legal fees associate with contesting a repossession application in court.	Should there be any shortfall between the sale price and the outstanding mortgage amount, you will remain liable for repaying that amount. We will work with you to agree an affordable repayment plan for any outstanding amount.
Trading Down	This means that we will assist you in moving out of the property secured by the mortgage and purchasing a new property for a lower value.	You will be supported in purchasing a new home.	This option is only available where the proceeds of sale will cover moving to a lower value property. Should there be a requirement for a mortgage on the new property, the repayments must be affordable for you and you must meet our lending criteria.
Mortgage to Rent	A State backed scheme supporting homeowners in arrears stay in their home by selling the property to an Approved Housing Association and renting it back to them.	You can remain in your home. The Credit Union will provide up to €500 for legal advice and up to €250 for financial advice.	You no longer own your home. The scheme has eligibility criteria and is not available to everyone, please visit www.mortgagetorent.ie for more information.

Section 3 Co-operating with Us

Please communicate with us at all times openly and honestly. If you don't, you risk being classified as 'not co-operating' and there are very serious consequences to this which we will explore in this section.

3.1 Definition of Not Co-operating

The Central Bank's Code of Conduct on Mortgage Arrears defines how a person will be classified as not co-operating.
You will be at risk of being classified as not co-operating where;

1. You do not communicate with us or with a third party acting on our behalf.
2. You do communicate, but not fully, openly and/or honestly, preventing us from carrying out a full assessment of your circumstances. This applies especially if you withhold information that would have a serious impact on our assessment.
3. You fail to return a Standard Financial Statement or supporting documents within the timeframe we specify when requesting it from you.
4. For a period of 3 months, you do not make full repayments on your mortgage, or carry an arrears balance, and fail to engage with us in a way that allows a full assessment of your circumstances.

3.2 Implications of Not Co-operating

Where you are classified as not co-operating, there are serious consequences, including;

1. A not co-operating borrower will be deemed to fall outside of the Mortgage Arrears Resolution Process and will no longer be in a position to avail of the protections or resolutions afforded under this process.
2. That we may commence legal proceedings for repossession of the mortgaged property immediately after classifying a borrower as 'not co-operating'.
3. Following repossession, we may dispose of the property to recover the outstanding amount owed under the mortgage. While every effort will be made by us to obtain the highest sale price possible under the given circumstances, should there be any shortfall between the sale price and the outstanding mortgage amount, you will remain at all times fully liable for repayment of such shortfall. The outstanding mortgage amount will include the outstanding debt together with any accrued interest, legal fees, selling fees or other related costs.
4. Being classified as 'not co-operating' may impact a borrower's eligibility for a Personal Insolvency Arrangement in accordance with the Personal Insolvency Act 2012.

Section 4 Useful Resources

4.1 Relevant Contact Details

Name	Description	Contact Details
Credit Union Resources		
Credit Union Arrears Support Unit	Dedicated team within the credit union offering mortgage arrears support	T: 0818 246 497 E: asu@wmcu.ie
Appeals - (Board of Directors)	If you wish to make an appeal in writing	Board of Directors West Midlands Credit Union, Dublin Rd, Tuam, Co. Galway.
Complaints	If you wish to make a complaint	T: 0818 246 497 E : info@wmcu.ie
Other Relevant Resources		
MABS (Money Advice and Budgeting Service)	A State agency providing free and independent advice to people in debt	T: 0818 07 2000 W: www.mabs.ie
Abhaile	A State service offering free advice and support to people in mortgage arrears	T: 0818 07 2000 W: www.mabs.ie/en/abhaile
Keeping Your Home	Informational website operated by MABS and Citizens Information Board for people in mortgage arrears	W: www.keepingyourhome.ie
Citizens Information Board	A State body offering free and impartial advice on a range of public services and supports	T: 0818 07 4000 W: www.citizensinformation.ie

4.2 State Supports Available

Name	Description	Contact Details
Central Bank of Ireland	Information on the Code of Conduct on Mortgage Arrears	T: 1890 777 777 W: www.centralbank.ie
Department of Social Protection	Information on State income supports	W: www.welfare.ie
Revenue Commissioners	Information on tax supports such as Mortgage Interest Supplement and Mortgage Interest Relief	W: www.revenue.ie
Mortgage to Rent Scheme	A State backed scheme supporting homeowners in arrears stay in their home by selling the property and renting it back.	T: 0818 07 2000 W: www.mortgagetorent.ie
Financial Services & Pensions Ombudsman	State office dealing independently with complaints from consumers about financial service providers	T: 1890 882 090 W: www.fspo.ie
Insolvency Service of Ireland	Information on the options under the Personal Insolvency legislation	T: 076 106 4200 W: www.isi.gov.ie
Competition and Consumer Protection Commission	State body providing a range of information to consumers on their rights generally	T: 1890 432 432 W: www.ccpc.ie

Section 5 Other Information

5.1 Making An Appeal

You can appeal the following decisions made by us under MARP;

1. Where we have offered you a Repayment Arrangement (as described in Section 2) but you are not willing to enter the arrangement we have offered;
2. Where we have decided not to offer you a Repayment Arrangement;
3. Where we have classified you as not co-operating (as described in Section 3).

Your appeal must be made in writing to our Board of Directors. (address available under Section 4).
Your appeal should include your name, account number and must set out your grounds for appeal and any other information you feel the Board should consider.
You must appeal within 20 business days of receiving notice from us of the decision you wish to appeal.
Should we receive a written appeal we will write to you within 5 business days acknowledging receipt of your appeal and we will undertake to adjudicate on your appeal within 40 business days.
If you are not satisfied with the determination made by the Credit Union's Appeals process you have the right to contact the Financial Services & Pensions Ombudsman (you can find their contact details in Section 4).

5.2 Making a Complaint

The Credit Union will always treat you respectfully and in a professional manner, providing you with all of the protections you are entitled to under our MARP. If you feel at any time that we or any of our staff or representatives have fallen short of the high standards you rightfully expect of us, you can make a complaint under one of the following categories;
a) Our treatment of your case under the Code of Conduct on Mortgage Arrears; or
b) Our compliance with the requirements of the Code of Conduct on Mortgage Arrears.
Please be aware that the Code of Conduct on Mortgage Arrears does not apply to Credit Unions, however, we will voluntarily follow the Code as best we can under our regulatory framework.
A complaint may be made in branch, in writing or by phone or email. Some direct contact details for lodging a complaint are set out in Section 4.
Once we receive a formal complaint, we will respond to you in writing in accordance with our Complaints Policy.
If you are not satisfied with the outcome of our investigation of your complaint, you have the right to contact the Financial Services & Pensions Ombudsman (you can find their details in contact details in Section 4)

5.3 Confidentiality Agreements

If we propose or offer any Repayment Arrangement as described in Section 2, or when we discuss those options with you, the Credit Union may require you to sign a Confidentiality Agreement. This may also be called a Non-disclosure Agreement.
The Confidentiality Agreement means that you may not disclose the fact that discussions or negotiations are taking place between you and the Credit Union or any information arising out of those discussions or negotiations. It also means that you may not disclose any details about the Repayment Arrangements that may be discussed with you or offered to you.
A Confidentiality Agreement will not prevent you from making any disclosure to an advisor acting on your behalf or, if applicable, from making disclosure to an agent, employee or director. It will also not prevent you from making any disclosure that may be required of you by law.
A Confidentiality Agreement may be incorporated as a clause to a letter from us offering you a Repayment Arrangement. Where this is done, we will clearly identify the confidentiality clause and advise you to take independent advice prior to signing it.

5.4 Payment Protection Insurance

You may have taken out a policy of Payment Protection Insurance that would cover you if you are unable to repay a loan because of accident, illness or unemployment. Please be aware that this is a different policy to Mortgage Protection Insurance that you are generally required to obtain when taking out a mortgage and covers mortgage repayment in the event of death.
If you have taken out such a policy and are in financial difficulty, we would advise you to contact your insurance provider or broker to see if you can make a claim under that policy.

5.5 Information Shared with Credit Reference Agencies

If you are in arrears on your mortgage loan this may affect your credit rating which may affect your ability to borrow money in the future. For example, you may have difficulty obtaining loans from us, other Credit Unions, banks or credit card providers.
If you are in arrears on your mortgage, we will report this to the Central Credit Register.

5.6 Possible Costs of Legal Proceedings

We will only seek to repossess your home as a last resort. If we go to court to seek repossession of your property you will become liable for the legal fees. By way of general examples, if you were to contest repossession proceedings in the Circuit Court, we would expect costs to be between €2,000 and €8,000. We would expect High Court costs to be between €3,000 and €10,000. Please be aware that these are general guidelines of costs only, if legal proceedings are complex and protracted, costs could be far more.
Irrespective of whether the repossession is contested in court or by a voluntary surrender, you will also be liable for; your own legal fees, selling fees and any shortfall between the outstanding mortgage amount and the amount the property is sold for

Term	Definition
Arrears	Arrears arise where you don't make a full repayment on your mortgage on a payment due day as agreed in your mortgage contract. If you only make a partial payment, the shortfall will be considered arrears.
Borrower	Where we refer to 'You' or the 'Borrower' in this Booklet it should be taken as referring to every named person on the mortgage including guarantors.
Business Day	Includes every day except Saturday, Sunday, bank holidays and public holidays
Capitalisation	This is where arrears are added to the loan. This means the loan gets bigger and you pay interest on the amount added to the loan.
Code	Any reference to 'the Code' means the Central Bank's Code of Conduct on Mortgage Arrears (July 2013)
Communication	Means every act imparting or exchanging information between Us and You whether verbally, in writing or by any other medium.
Contested	In the context of a repossession, contested means any repossession other than where there is a voluntary agreement from the borrower to surrender possession to the Credit Union or where the borrower abandons the property.
Cost of Credit	This is the total amount you will be charged for a loan. Generally, it is the amount you pay in interest but may also include other charges. Interest is charged on the amount you borrow for as long as you borrow it, so, if the amount you borrow increases, or if you pay it back over a longer period, your cost of credit will increase.
MARP	Any reference to 'MARP' means our Mortgage Arrears Resolution Process, being the process described in this Booklet
Mortgage	Means a loan secured on your primary residence. Secured means a lender has a legal claim to the property if you do not repay the loan as agreed in the contract.
Pre-Arrears	Pre-arrears arise where a borrower contacts the Credit Union to advise that they are worried that they may have financial difficulties or may fall into mortgage arrears. Otherwise, they may arise if the Credit Union identifies that a borrower may be in danger of having financial difficulties.
Primary Residence	Means a property which is either; a) Occupied by the borrower as their main residence in Ireland b) The only property owned by the borrower in Ireland
Repossession	Means any situation where a lender takes ownership of a secured property because of a failure by a borrower to repay a mortgage.
SFS	Any reference to 'SFS' in this Booklet means our Standard Financial Statement.
Term	In the context of a mortgage means the length of time a mortgage will be over. Generally, this is measured in years.
Variable Rate	Where your mortgage is Variable Rate, this means a lender can adjust the rate (the amount you are charged in interest) up or down during the repayment term.

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MORTGAGES

GUIDE TO OUR MORTGAGE ARREARS RESOLUTION PROCESS



West Midlands Credit Union Ltd. is regulated by the Central Bank of Ireland.