



GUIDE TO OUR MORTGAGE ARREARS RESOLUTION PROCESS



Dealing with mortgage repayment difficulties

At KBC Bank Ireland plc, we understand that the current economic environment presents challenges for many of our customers. We would like to assure you that we are fully committed to working with customers who are experiencing financial difficulty in a positive manner.

If your financial situation has changed recently or you are concerned about your finances, we would encourage you to contact us as soon as possible. The earlier we are made aware of the situation, the sooner we can work together to endeavour to find a solution.

How KBC Bank Ireland can help you

KBC Bank Ireland has a five step process to help you if you fall behind in your mortgage repayments or if you are at risk of falling behind. This is called our Mortgage Arrears Resolution Process (MARP) and is part of our obligations under the Central Bank of Ireland's Code of Conduct on Mortgage Arrears (Jan 2011)*.

Step 1 **Contact us immediately**

Step 2 **Complete a Standard Financial Statement**

Step 3 **Assessment of your situation**

Step 4 **Seeking a Resolution**

Step 5 **Appealing a decision**

* This code applies to the mortgage loan on your home in Ireland or on a rental property in Ireland provided that the rental property is the only property you own.

Step 1

Contact us immediately

If you are having difficulties meeting your mortgage repayments or think you will in the near future, please contact our

Customer Support Team on 1850 930 650.

If you have already fallen into arrears, please contact our

Collections Team on 1850 930 235.

These teams are here to help you and will work with you to endeavour to find a solution to assist you in meeting your monthly mortgage payments.

In order to achieve this, it will be necessary for us to keep in touch with you. We would ask that you ensure the lines of communication are kept open by providing us with current contact details, promptly returning our phone calls and responding to our correspondence in a timely manner.

Step 2

Complete a Standard Financial Statement

When you contact us, we will ask you to complete a Standard Financial Statement and give details of your current circumstances. We will also ask for supporting documents, which may include bank statements, business accounts, payslips and your P60.

You may wish to seek independent advice to assist you with completing the Standard Financial Statement (e.g., from MABS or an appropriate alternative).



Step 3

Assessment of your situation

We will use the information you provide us to assess your individual situation. In doing so, we will give careful consideration to:

- **Your personal circumstances**
- **Your overall personal debt**
- **The information provided in the Standard Financial Statement**
- **Your current ability to make repayments**
- **Your previous payment history**
- **Any other relevant information**



Step 4

Seeking a Resolution

We have a number of alternative repayment arrangements that we can look at, depending on your circumstances. These arrangements include:

1. **Paying interest and part of the normal capital payment for a specified time.**
2. **Paying interest only for a specified time.**
3. **Extending your mortgage over a longer term, which will reduce the amount of your monthly repayment.**
4. **Capitalising arrears – adding arrears to the loan and repaying them over an agreed period.**
5. **Deferring part or all of your mortgage repayment for a specified period of time.**
6. **Changing the type of your mortgage, for example from a fixed rate to a variable rate. It is important to note that a fixed rate break funding fee may apply.**

We will write to you outlining your proposed repayment arrangement. Please contact us if you have any queries and we will be happy to discuss these with you.

Please note that while some of these options will decrease your repayment in the short term, they will cause the overall cost of your mortgage to increase. It is important that you fully understand the implications of any new arrangement before you go ahead with it and we recommend that you take independent advice before entering into the arrangement.

If one of these options is deemed appropriate and put in place, we will write to you at least every 6 months to review the appropriateness of the arrangement.

It may not be possible to reach a resolution in all cases, and in such cases we will write to you with the reasons for our decision.

We cannot ignore the fact that you may be in arrears, write off your arrears or ignore broken arrangements, but we can help you deal with your financial challenges.

Mortgages are, by their nature, long term loans. Should your financial circumstances improve, you may decide to accelerate your payments to repay your mortgage over a shorter term or make lump sum payments (if you are on a variable rate). Options and arrangements made today do not necessarily have to stay in place for the remainder of the life of your mortgage.

Under our Mortgage Arrears Resolution Process, you will not be required to change from an existing tracker rate to another mortgage rate as part of any alternative arrangement.



Step 5

Appealing a decision

You may submit an appeal to us in relation to:

- A decision made through our Mortgage Arrears Resolution Process,
- Our treatment of your mortgage repayment arrangement under our Mortgage Arrears Resolution Process, or
- Our compliance with the Code of Conduct on Mortgage Arrears.

This appeal must be made in writing to the KBC Bank Ireland Appeals Board (see “Useful Contacts & Information”) within 21 days of the receipt of our decision notification.

If you are not satisfied with the decision of the KBC Bank Ireland Appeals Board, you have the right to contact the Financial Services Ombudsman (See ‘Useful Contacts and Information’).

Important Points to Consider

- If you do not co-operate with us as specified under the Code of Conduct on Mortgage Arrears, we do not have to wait the 12 months required by this Code before commencing legal action for repossession.
- If your property is repossessed and the proceeds of the sale do not redeem the mortgage in full, you will remain liable for any outstanding debt, including any accrued interest, charges, legal, selling and other related costs if this is the case.
- Your credit rating may be affected if you have an overdue balance on your mortgage account or if your home has been repossessed. This may affect your ability to obtain a mortgage or loan in the future.

State Supports

You may be eligible for State supports such as Mortgage Interest Supplement & Mortgage Interest Relief (see Glossary). We recommend you visit www.revenue.ie & www.welfare.ie for more information.

Useful Contacts & Information

KBC Bank Ireland Customer Support Team

Please contact our Customer Support Team on **1850 930 650** if your financial situation has changed recently or you are concerned about your finances.

KBC Bank Ireland Collections Team

Please contact our Collections Team on **1850 930 235** if you have already fallen into arrears.

KBC Bank Ireland Appeals Board

Appeals should be sent in writing to:

KBC Bank Ireland Appeals Board, KBC Bank Ireland, Sandwith Street, Dublin 2

MABS (Money Advice & Budgeting Service)

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

MABS Helpline: **1890 283 438**, Website: www.mabs.ie

Citizens Information

The Citizens Information Board gives information, advice and advocacy on a broad range of public and social services including health, unemployment, social welfare and money. LoCall: **1890 777 121**,

Website: www.citizensinformation.ie

www.keepingyourhome.ie

This website gives comprehensive information on the services and entitlements available to you if you are having difficulty paying your rent or mortgage. The website is provided by the Citizens Information Board and the Money Advice and Budgeting Service.



Useful Contacts & Information

Central Bank of Ireland

The Central Bank's website includes the Code of Conduct on Mortgage Arrears (Jan 2011).

Helpline: **1890 777 777**, www.centralbank.ie

Department of Social Protection

The website of the Department of Social Protection has details on job seekers allowance, mortgage interest supplement and other welfare benefits you may be entitled to: www.welfare.ie

Office of Revenue Commissioners

The Revenue Commissioners website contains information on all tax credits and benefits that you may be entitled to. It also has full details of the various contact numbers for all local centres. www.revenue.ie

Financial Services Ombudsman

The Financial Services Ombudsman is a statutory officer who deals independently with unresolved complaints from consumers about their individual dealings with all financial service providers.

Financial Services Ombudsman's Bureau,
3rd Floor Lincoln House, Lincoln Place, Dublin 2.
Lo Call: **1890 882 090** Telephone: **01 6620899**
Email: enquiries@financialombudsman.ie
Website: www.financialombudsman.ie

National Consumer Agency

The National Consumer Agency (NCA) is a statutory body which was established by the Irish Government in May 2007 which aims to defend consumer interests and to embed a robust consumer culture in Ireland. Their website www.consumerconnect.ie provides consumers with a range of information in relation to basic rights and updates on topical consumer issues and www.itsyourmoney.ie is a website dedicated to providing price comparisons, guides and tools for consumer financial products and services.

Website: www.itsyourmoney.ie



GLOSSARY OF TERMS

Arrears

Arrears arise on a mortgage account when a borrower has not made the full monthly payment due by the scheduled due date.

Capitalisation

The process of adding arrears to the loan and repaying them over an agreed period.

Code of Conduct on Mortgage Arrears (January 2011)

This code sets out how mortgage lenders must treat borrowers in or facing mortgage arrears, with due regard to the fact that each case of mortgage arrears is unique and needs to be considered on its own merits.

Fixed Rate

Under a fixed rate mortgage, the interest rate remains constant throughout an agreed term – irrespective of changes in the base rate, such as the European Central Bank (ECB) rate and the borrower repays the same amount each month during that term. A borrower may switch from a fixed rate mortgage but a charge may apply.

Mortgage

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

Mortgage Interest Relief

Mortgage Interest Relief is a tax relief based on the amount of mortgage interest that you pay in a given tax year for your principal private residence (your home).

Mortgage Interest Supplement

Mortgage Interest Supplement provides short term support to help you pay your mortgage interest repayments. You should contact your local Social Welfare officer who will advise if you qualify and what documentation is required. If they require any documentation from us to apply for this or any other benefit, we will provide this information to you within 10 working days of the receipt of your request.

Repossession

Repossession refers to any situation where the lender takes possession of the property either by way of voluntary agreement with the borrower, through abandonment of the property by the borrower without notifying the lender or by Court Order.

Standard Financial Statement

Standard Financial Statement is a budgeting tool which lists out all your monthly income and outgoings. This form is available on our website www.kbc.ie

Term

The period for which the mortgage was taken out.

Tracker Rate

A tracker mortgage is a variable rate mortgage that tracks the ECB base rate.

Variable Rate

Variable rates go up and down in response to a variety of factors including changes in the ECB's base rate, lenders' costs of funding and other market forces. This means that the amount the borrower pays goes up and down with the rate changes.

CONSUMER PROTECTION CODE 2012

EFFECT OF MISSING REPAYMENTS

WARNING: IF YOU DO NOT MEET THE REPAYMENTS ON YOUR CREDIT AGREEMENT, YOUR ACCOUNT WILL GO INTO ARREARS. THIS MAY AFFECT YOUR CREDIT RATING, WHICH MAY LIMIT YOUR ABILITY TO ACCESS CREDIT IN THE FUTURE.

TRACKER INTEREST RATE

WARNING: IF YOU SWITCH TO AN ALTERNATIVE INTEREST RATE YOU WILL NOT BE CONTRACTUALLY ENTITLED TO GO BACK ONTO A TRACKER INTEREST RATE IN THE FUTURE.

RESIDENTIAL MORTGAGE

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

VARIABLE RATE MORTGAGE

WARNING: THE COST OF YOUR MONTHLY REPAYMENTS MAY INCREASE.

DEBT CONSOLIDATION MORTGAGE

WARNING: THIS NEW LOAN MAY TAKE LONGER TO PAY OFF THAN YOUR PREVIOUS LOANS. THIS MEANS YOU MAY PAY MORE THAN IF YOU PAID OVER A SHORTER TERM.

FIXED RATE LOAN

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

INTEREST ONLY MORTGAGE

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

PERSONAL LENDING

WARNING: 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.

CONSUMER CREDIT ACT 1995

HOUSING LOAN

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 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 AN ENDOWMENT POLICY IN RESPECT OF AN ENDOWMENT LOAN MAY YIELD A LOWER RETURN TO THE BORROWER THAN THAT PAID IN PREMIA AND OTHER CHARGES.

Arrears

Compound interest is charged on arrears of payments and will attract interest at the same rate applying to the loan advanced. To avoid paying such interest the arrears must be cleared in full. If you have more than one facility with KBC Bank Ireland plc, you should be aware that while you continue to default with one loan facility you may also be in default under any other facility you have with KBC Bank Ireland plc even though the other facilities are not in arrears

Break Funding Fee

If during the Fixed Rate period, the applicant redeems in whole or in part or converts the loan into a variable interest rate or to another fixed rate loan, on that date (the "switching/redemption date"), a break funding fee will be payable to the Lender. If, at the switching/redemption date the Wholesale Rate is higher than the Wholesale Rate at the date the existing fixed rate applying to the Loan was set, no break funding fee arises. If, however, at the switching/redemption date, the Wholesale Rate is lower than the Wholesale Rate at the date the existing fixed rate applying to the Loan was set, then a break funding fee will be chargeable. The break funding fee will be calculated by reference to the following formula:

$B = (W - M) \times T / 12 \times A$, where:

B = the Break Funding Fee

W = the Wholesale Rate prevailing at the date of the existing fixed rate applying to the loan was set.

M = the Wholesale Rate prevailing at the switching/redemption date for the unexpired time period of the Fixed Rate period.

T = Period of time in months to the end of the Fixed Rate period.

A = Principal amount which is subject to the existing fixed rate and which is being switching or redeemed.

"Wholesale Rate" means the rate per cent per annum which the Lender determines to be the market rate applying to an appropriate interest rate swap for the relevant time period.

The following are examples of the calculation of the break funding fee:

A) Where rate increases over the term of the loan:

Wholesale rate at the date the existing fixed interest rate applying to the loan was set (W): 7%

Wholesale rate at switching/redemption date (M): 8%

Break funding rate: 0%

B) Where Wholesale Rate decreases over the term of the loan:

Wholesale rate at the date the existing fixed interest rate applying to the loan was set (W): 8%

Wholesale rate at switching/redemption date (M): 7%

Break funding rate: 1%

Unexpired Fixed Rate period: Six Months

Break funding fee (per €1,000 loan amount): €5

Break funding fee = $(8\% - 7\%) \times 6 / 12 \times 1000 = €5.00$ per €1,000

A processing fee of €38 will be applied to your mortgage account for this amendment.

You retain the right to pay this fee to avoid interest accruing thereon.