Mortgage Arrears Resolution Process (MARP) Booklet

Important information for customers experiencing financial difficulties.

Mallow Credit Union Ltd

THE MORTGAGE ARREARS RESOLUTION PROCESS (MARP)

We at Mallow Credit Union Ltd recognise the financial difficulties being experienced by borrowers. If you have fallen into arrears on your mortgage payments, or if you are concerned about falling into arrears in the future, we encourage you to contact us and maintain communications with our Arrears Support Team on 022-21121.

We are fully committed to working with you to try to find the most appropriate solution to the financial difficulties you are experiencing with repaying your mortgage.

As required under the Central Bank's Code of Conduct on Mortgage Arrears (CCMA), we have put in place a Mortgage Arrears Resolution Process (MARP) to help our borrowers who are in arrears or are at risk of going into arrears. This code applies to the mortgage loan of a borrower which is secured by his/her primary residence.

This booklet will guide you through the steps we will follow in trying to assist you during this difficult time.

The Mortgage Arrears Resolution Process involves the following 4 steps:

Step 1: Communication

Step 2: Financial Information

Step 3: Assessment

Step 4: Resolution

Step 1: Communication

Financial difficulties can affect anyone at any time. If you are concerned about your finances and the making of your next or future mortgage repayments, we encourage you to contact us as soon as possible.

The earlier we are given the opportunity by you to understand the financial difficulties you are experiencing, the sooner we can work together to find a solution where possible.

We have a dedicated professional team ready to talk to you and take you through the MARP process. Please contact our Arrears Support Team on 022-21121.

Mallow Credit Union Ltd can only work with you to help find a solution to your mortgage arrears if you keep in meaningful contact with us. Therefore, we would ask that you keep the lines of communication open by ensuring we always have up-to-date contact details for you, promptly returning our phone calls and responding to our correspondence and requests in a timely manner.

Mallow Credit Union Ltd Communications Policy governs that all communication between Mallow Credit Union Ltd and borrowers is appropriate, proportionate, and not excessive. We commit to communicating promptly and clearly with you to establish the reasons for your financial difficulty, to assess your circumstances from the information given by you in your Standard Financial Statement (SFS) to ascertain what Alternative Repayment Arrangements (ARAs), if any, may be available to you and do so in an open and transparent manner. While we appreciate that such conversations can at times be difficult, we believe it is of paramount importance that we all communicate in an honest and real manner while working together to explore the possible ARAs available.

Failure to communicate and engage properly with us can have implications for the protection afforded to you by the MARP process. If you do not keep in contact with us or do not respond to any of our communications, we may classify you as 'Not Co-operating' and you will lose these protections.

A full explanation of the meaning of 'Not Co-operating' and the implications of being classified as this can be found in Appendix 1 of this booklet. This is very important to read and understand.

Please Note: In addition to the on-going communications mentioned above, while your account is in arrears, you will receive letters from us from time to time outlining key arrears information on your mortgage account. These letters are a requirement of the Code of Conduct on Mortgage Arrears.

Step 2: Financial Information

We need to fully understand your current circumstances and the key to this is the completion of an SFS. This is an industry wide document issued by the Central Bank of Ireland.

A copy of this SFS is available on our website https:/mallowcu.ie along with a link to the Central Bank of Ireland's 'A Consumer Guide to Completing a Standard Financial Statement'. Alternatively, we can send it to you in the post for your completion.

It is important that you complete the SFS form, fully and accurately in a timely manner, as we will use this to understand your financial circumstances. You may be asked to provide supporting documentation (such as payslips, utility bills and bank statements) in relation to the information

supplied on your SFS. You may wish to seek independent advice to assist with completing your SFS, e.g. from the Money Advice and Budgeting Service (MABS) or an appropriate alternative *The contact details for MABS can be found in Appendix 2 of this booklet.*

Where you require assistance or further clarification when completing the SFS you can contact our Arrears Support Unit on 022-21121.

Failure to make a full and honest disclosure and/or failure to return any information requests within the timeframe specified by us can have implications for the protections afforded to you by the MARP process. If you do not comply with these requirements, we may classify you as 'Not Co-operating' and you will lose these protections.

A full explanation of the meaning of 'Not Co-operating' and the implications of being classified as this can be found in Appendix 1 of this booklet. This is very important to read and understand.

Step 3: Assessment

We will use the information you provide in your SFS to assess your financial situation. During the assessment process we will review each ARA to determine whether you meet our eligibility criteria and the ARA that is suitable and sustainable for you.

Consideration will be given to the following:

- Your personal circumstances;
- Your current income and expenditure and your ability to make sustainable monthly repayments to your mortgage;
- The past payment history on the mortgage;
- Any other borrowings and efforts made to reschedule these; and
- Your willingness to engage with us in an open and honest way and to provide the necessary paperwork to allow us to understand your situation.

When the SFS is completed in full, and the assessment is done, we will proceed to review the ARAs available to you.

Step 4: Resolution

Following the assessment of your financial situation we may be in a position to offer you an ARA which is appropriate to your circumstances and sustainable for the duration of the arrangement. These ARAs may be temporary or permanent in nature depending on your particular circumstances.

The ARAs that Mallow Credit Union Ltd has available for borrowers in financial difficulty are detailed below, however these are subject to regular review and may be changed at any time by Mallow Credit Union Ltd:

Temporary Alternative Repayment Arrangements

These types of ARAs are temporary in nature for situations when your financial difficulties may only be short-term. They may be used in two circumstances. The first is where the ARA allows you to resolve your financial situation and make your full contractual repayments. The second is where you do not have a suitable payment history and you need time to establish that with a view to qualifying for a permanent ARA.

Increased Monthly Repayment - For the temporary period you agree to make a monthly repayment in excess of your contractual monthly mortgage repayment.

Contractual Monthly Repayment - For the temporary forbearance period you make your contractual monthly mortgage repayment.

Reduced Monthly Repayment (interest only, reduced capital and interest or full deferral of the monthly mortgage repayment) - For the temporary forbearance period you are permitted to make a monthly mortgage repayment that is less than your contractual monthly repayment.

You should note that interest is charged on arrears at the rate of interest on your mortgage account in accordance with the terms and conditions of your original mortgage offer letter.

Permanent Alternative Repayment Arrangements

These types of ARAs are for the remaining term of your mortgage and are designed to make your mortgage repayments affordable and sustainable. Your monthly repayments will be recalculated on the current balance using the new terms of your ARA.

Capitalisation of Arrears— The arrears on your mortgage are capitalised thereby spreading the arrears owing over the remaining term of the mortgage. Capitalisations are considered on a case-by-case basis, where firstly your SFS must demonstrate affordability and secondly your repayments confirm this over the requisite period, in order to qualify.

Capitalisation of Arrears with Rate Restructures —This arrangement means your arrears are capitalised, as above, and your current variable interest rate will be permanently reduced to a lower variable interest rate offered by Mallow Credit Union Ltd, the purpose of which is to reach a

monthly repayment amount that is sustainable and one that you can afford to pay. This amount has to be of a repayment level and at an interest rate that is acceptable to Mallow Credit Union Ltd.

Capitalisation of Arrears and Term Extension — Your arrears are capitalised, as above, and the term of your mortgage is extended where possible. This reduces the amount of your repayments by spreading your mortgage repayments over a longer period of time. ln certain circumstances, it may be appropriate to extend the term of your mortgage past the normal retirement age to further increase the sustainability of this arrangement.

Alternative Solutions

If an assessment of your circumstances from the details provided by you in your SFS indicates that No sustainable ARAs are available, Mallow Credit Union Ltd will advise you of this and explain the next steps. The protections of MARP will no longer apply (subject to your right to appeal) however Mallow Credit Union Ltd will continue to work with you to review the possible alternative solutions that are available for you to consider.

Mallow Credit Union Ltd always regards repossession as a last resort. With that in mind, where your mortgage repayments are unsustainable, you should immediately consider the following solutions.

These fall into two categories — those requiring input from a state body and those that do not.

The solution requiring State body input is:

Mortgage to Rent (MTR) Under this scheme an Approved Housing Association (AHA) buys your home, but you will remain in your home as a social housing tenant of the AHA. There are certain qualifying criteria set down by both the AHA and Mallow Credit Union Ltd that will determine your eligibility for this scheme. Please contact us if you wish to explore this scheme and we will explain the process in place for assessing your eligibility for Social Housing Support from your local authority.

Solutions not requiring State body input are:

Voluntary Sale— You may wish to voluntarily sell your property. We are available to discuss this process with you and would like to ask that you make contact with us should you wish to consider this solution.

Voluntary Surrender— You may wish to voluntarily surrender your property to us. We are available to discuss this process with you and would like to ask that you make contact with us should you wish to consider this solution.

(Repossession: If you mortgage is deemed to be unsustainable (i.e. we cannot offer you an ARA) you will be classified as outside the protections of MARP and we may {as per the ECMA) commence legal proceedings for repossession of your property 3 months from the date of the letter informing you of our decision or 8 months from the date the arrears first arose, which ever date is the later.

Mallow Credit Union Ltd will make a contribution towards the cost of you obtaining Independent financial advice from the approved panel of accountants listed on www.mabs.ie and also towards the cost of obtaining independent legal advice in relation to these specific Alternative Solutions.

Additional Information

Personal Insolvency Arrangement (PIA) You may wish to consider a PIA. A PIA is a mechanism introduced by the Personal Insolvency Act 2012 for people who cannot afford to pay their personal debts. The PIA applies to the agreed settlement and/or restructure of secured debts up to a total of €3 million along with unsecured debts. Some of the benefits of PIA are as follows:

- Offers a solution that has certainty and is court approved.
- May involve write down and/or write-off of debt.
- Your Mortgage is restructured to a level that you can afford.
- Allows you to stay in your home.
- Gets you back on track financially with all your debts (including any unsecured loans) resolved.

We are available to discuss this process with you and would ask that you contact us should you wish to consider this solution or alternatively further information can be found at www.backontrack.ie

IMPORTANT POINTS TO NOTE

Case Assessment

You should note that the availability of all our Alternative Repayment Arrangements is subject to individual case assessment and the meeting of our qualifying criteria.

Cost of Credit

Some of the Temporary and Permanent ARAs may increase the total amount of repayments over the term of your mortgage.

Independent Advice

You need to fully understand the implications of any new loan arrangement before you formally accept it. Mallow Credit Union Ltd strongly recommends that you obtain independent legal and financial advice before agreeing to any resolution arrangement, in particular if you have any questions as to the legal or financial implications of the arrangement.

Confidentially Agreements

We may require you to sign a settlement/confidentiality agreement as part of an ARA or Alternative Solution. We recommend that you take independent legal advice prior to entering a settlement/ confidentiality agreement.

Review Process

Once you remain within the MARP process, we will regularly monitor any ARA put in place. In addition, we will carry out reviews (frequency as stated in your offer letter) to establish if there has been any change in your financial circumstances since the arrangement first began. However, a review will take place immediately if you do not keep to the terms of your arrangement.

Outstanding Debt

If, after completion of one of the listed ARAs or Alternative Solutions, a balance remains on your mortgage account you will remain liable for the outstanding debt, including any accrued interest, charges, legal, selling, and other related costs.

What happens to your credit rating if your account is in arrears?

Central Credit Register: Under the Credit Reporting Act 2013, Mallow Credit Union Ltd. Are required to send data to the Central Credit Register regarding your loan. Lenders can request an individual': credit report, if a loan is in arrears or if they are considering a loan application, or a change to the terms of an existing loan.

Please note that the existence of an adverse payment profile on your account could impair your access to future credit from other institutions.

Mortgage Protection (Life Assurance)

We would recommend that you contact your Independent Financial Advisor/intermediary to ensure that the life policy you may have in place to cover your mortgage loan is now sufficient to cover your existing loan balance, due to any arrears you may now owe.

Payment Protection Insurance

Where you have purchased payment protection insurance in relation to your mortgage, contact your relevant insurance company to enquire if you can make a claim on that policy in respect of the arrears.

Appeals

You have the right to submit an appeal to our MARP Appeals Board in relation to a decision made by our Arrears Support Unit, including the following:

a) We offered you the option of an Alternative Repayment Arrangement which you subsequently declined;

b) We did not Offer you an Alternative Repayment Arrangement; or

c) We classified you as 'Not Co-Operating'.

Your appeal must be submitted within **30** business days of the date of our letter that notifies you of any of the above decisions.

Once completed, this must be sent to:

MARP Appeals
Mallow Credit Union Ltd
135 Bank Place
Mallow
Co Cork

We will acknowledge your appeal within 5 business days of receipt. We aim to complete our investigation and provide a response within 20 business days of receiving your Appeal Request. However, if we are unable to respond within the 20 business days, we will write to you to let you know when you can expect to receive our response.

Should our investigation extend beyond the period of 20 business days, we are required to reach a decision within 40 business clays. We will write to you within 5 business days of the date of our decision.

Should you remain dissatisfied with the outcome of your appeal, it is your right to refer your appeal to the Financial Services and Pensions Ombudsman whose contact details can be found in Appendix 2 on of this booklet.

If you are unhappy with our treatment of your case under the Code of Conduct on Mortgage Arrears (CCMA) or do not believe we have complied with the requirements on this code, please note that you have the right to make a complaint. You can call or write to our Arrears Support unit using the details given in Appendix 3 on this booklet.

Appendices

1) Explanation and Implications of 'Not Co-operating
2) Helpful Contacts List and Additional Information
3) Complaints Process
4) Glossary
5) Regulatory Warnings and Information

Appendix 1

Explanation and Implications of 'Not Co-operating'

WARNING: It is very important that you co-operate with us in relation to your mortgage difficulties. Whilst you are co-operating the CCMA offers you protection, however if you do not co-operate with us under the CCMA then the implications could include the following:

(i) Loss of the protection afforded to you by the Mortgage Arrears Resolution Process (MARP);

(ii) Legal proceedings may commence for repossession of your property immediately after classifying you as not co-operating;

(iii) It could impact your eligibility for a Personal Insolvency Arrangement in accordance with the eligibility criteria set out in the Personal Insolvency Act 2012.

WARNING: With regard to the potential for legal proceedings for repossession of your property, irrespective of how the property is repossessed and disposed of, you will remain liable for the outstanding debt, including any accrued interest, charges, legal fees, selling and other related costs.

Under the CCMA you can only be considered as not co-operating when:

1. Any of the following apply to your case:
    a) you fail to make a full and honest disclosure of information to us, that would have a significant impact on your financial situation;

    b) you fail to provide information, relevant to your financial situation, within specified timelines.(Our timeline for returning appropriate supporting information, including completed Standard Financial Statement is 20 days); or

    c) a three month period elapses:

        a. where you have not entered into an alternative repayment arrangement, and during which you:

i. have failed to meet your mortgage repayments in full in accordance with the mortgage contract;

ii. meet your mortgage repayments in full in accordance with the mortgage contract but have an arrears balance remaining on the mortgage.

b. where you have entered into an alternative repayment arrangement, and during which you have failed to meet in full repayments as specified in the terms of an alternative repayment arrangement; and

i. during which you:

a. have failed to make contact with, or respond to any communications from us or a third party acting on our behalf; or

b. have made contact with, or responded to communications from us or a third party acting on our behalf but have not engaged in such a way that enables us to complete an assessment of your circumstances; and

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

Appendix 2

Helpful Contact List and Additional Information

Abhaile

Abhaile is a State-funded scheme to help homeowners find a resolution to their home mortgage arrears. It provides free, confidential, financial and legal advice from independent, qualified and regulated professional, which can be accessed through MABS.
Telephone Helpline: 0818 07 2000 (Mon to Fri 9am-8pm)

Central Bank of Ireland

Their public contacts helpline is open Monday to Friday from 9am-6pm
Telephone: 0818 681 681
www.Centralbank.ie/publicinformation

Citizens Information Board

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.
Telephone: 0818 07 4000
www.citizensinformation.ie

Consumer Help Website
To know exactly where you stand financially, it is important to have a clear understanding of the words we use. The Competition and Consumer Protection Commission website has a 'jargon buster' section which you may find helpful.
www.consumerhelp.ie/jargon-buster

Department of Social Protection

You may be eligible for State supports. We recommend you visit the website of the Department of Social Protection which has information in relation to these and any other welfare benefits you may be entitled to.
Telephone: Lo Call 071 919 3302
www.welfare.ie

Financial Services and Pensions Ombudsman

The Financial Services and Pensions Ombudsman is a statutory officer who deals independently with unresolved complaints from consumers about their individual dealings with all financial service providers. Financial Services and Pensions Ombudsman
Lincoln House, Lincoln Place,
Dublin 2, DOZ VH29.
Phone: +353 1 567 7000

Email: info@fspo.ie
www.fspo.ie

Insolvency Service of Ireland (ISI)

The ISI will provide information on the processes under the Personal Insolvency Act 2012 (as amended).
Telephone: (01) 764 4200
Free Text: GETHELP to 50015
www.backontrack.ie

Money Advice and Budgeting Service (MABS)

Are you claiming all of the benefits that you are entitled to? There may be additional benefits that you could be entitled to but not currently claiming. With offices nationwide, MABS is a Government agency that offers a free and confidential service covering all areas of personal finance.
Their team of professional Money Advisers can help draw up a budget, renegotiate repayments with other lenders and advise you on any benefits that you may be entitled to.
Telephone Helpline: 0818 07 2000 (Mon to Fri 9am-8pm)
www.mabs.ie

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

Mallow Credit Union Ltd Arrears Support Unit (ASU)

If you are concerned you will have difficulty in meeting your next mortgage repayment, or if you already find yourself in arrears, we are here to help. Call our Arrears Support Team today on 022-21121.

Visit our website for all the information contained in this booklet and other helpful information.

Appendix 3

Complaints Process

HOW WE DEAL WITH YOUR COMPLAINTS

Should you be unhappy with our treatment of you under the CCMA, or you are unhappy with any aspect of our compliance with the requirements of the CCMA, you may inform us by phone or in writing of your wish to register a complaint.

Contact by Phone: 022-21121, or on email info@mallowcu.ie

Contact by Post: Customer Services Department
Mallow Credit Union Ltd
125 Bank Place
Mallow
Co Cork

The following is an outline of how we will deal with your complaint:

All complaints are acknowledged within 5 business days.

We aim to complete our investigations and provide a response to your complaint within 20 business days. However, should we be unable to respond within this timeframe, we will write to you with regular updates at least every 20 business days, explaining the reasons for the delay.

In the unlikely event that 40 business days have elapsed since receipt of your complaint and the investigation is still ongoing, you will be advised of the anticipated timeframe within which we hope to have your complaint resolved. Also, if we have not responded to your complaint at this point, you are entitled to refer the matter to the Financial Services and Pensions Ombudsman. The contact details can be found in Appendix 2 of this booklet.

Following our investigations we will issue our Final Response letter outlining our findings.

Should you remain dissatisfied, it is your right to refer your complaint to the Financial Services and Pensions Ombudsman. Contact details can be found in Appendix 2 of this booklet.

Appendix 4

Glossary

Arrears

This is where a borrower has not made a full mortgage repayment, or only makes a partial mortgage repayment, in accordance with the original mortgage contract, by the scheduled due date.

Arrears Support Unit (ASU)

This is our dedicated support unit that manages the Mortgage Arrears Resolution Process and is our contact point for borrowers in or facing mortgage arrears.

Business Day

This means any day except Saturdays, Sundays, bank holidays and public holidays.

Central Credit Register (CCR)

Under the Credit Reporting Act 2013, the Central Bank of Ireland has created the Central Credit Register to provide a full and accurate record of loans and loan applications. Mallow Credit Union Ltd are required to send data to the Central Credit Register regarding your loan.

You can request a copy of your own personal credit report from the Central Credit Register. Lenders can request an individual's credit report, if a loan is in arrears or if they are considering a loan application, or a change to the terms of an existing loan.

Please note that the existence of an adverse payment profile on your account could impair your access to future credit from other institutions.

For more information see www.centralcreditregister.ie

Code of Conduct on Mortgage Arrears (CCMA)

This is a binding code published by the Central Bank of Ireland which sets out how lenders must deal with borrowers in or facing mortgage arrears.

A copy of the most recently published version of this code can be downloaded from the following link: https://www.centraIbank.ie/docs/default-source/ReguIation/consumer-protection/other codes-of-conduct/24-gns-4-2-7-2013-ccma.pdf?sfvrsn=4

Insolvency Service of Ireland (ISI)

The ISI is an independent statutory body. It was established on 1 March 2013. The aim of the ISI is to help restore people who are insolvent to solvency in a fair, transparent and equitable way. The

ISI will provide information on the processes under the Personal Insolvency Act 2012.

Money Advice and Budgeting Service (MABS)

MABS is a Government agency that provides free, confidential and independent advice on your debt and other financial problems.

Mortgage

A mortgage describes a loan provided to a borrower by a lender, for which a legal claim against property acts as security for the loan. The lender becomes the holder of a legal charge on the property being provided as security. When the loan is repaid the mortgage is discharged and the lender has no interest in the property.

Mortgage Arrears Resolution Process (MARP)

This is the process and framework that all lenders must follow when dealing with borrowers in or facing mortgage arrears. The requirements of this process are contained within the Code of Conduct on Mortgage Arrears.

Repossession

Repossession refers to any situation where the lender takes possession of the property including, without limitation, 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 (SFS)

This is a form, which was developed by the Central Bank of Ireland, for lenders to use when collecting financial information from borrowers under the Mortgage Arrears Resolution Process (MARP) framework set out in the Code of Conduct on Mortgage Arrears (CCMA).
This is used to collect financial information, so that a borrower's circumstances can be assessed to arrive at a solution to their financial difficulties.
This form is available on our website www.

Personal Insolvency Act 2012

This is an Act which sets out options to address the circumstances of insolvent debtors.

Personal Insolvency Arrangement

This means:
(a) an arrangement entered into by a debtor, or
(b) an arrangement for which a proposal is made under Chapter 4 of Part 3 of the Personal Insolvency Act 2012.

Primary Residence

This means a property which is:

a) the residential property which the borrower occupies as his/her primary residence in the State, or

b) a residential property which is the only residential property in this State owned by the borrower.

Appendix 5

Regulatory Warnings and Information

CONSUMER CREDITACT 1995

WARNING:

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

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

ENDOWMENT LOANS: 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.

CONSUMER PROTECTION CODE 2012

CREDIT

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.

For further information, please refer to our website: www.mallowcu.ie