

A GOVERNMENT INITIATIVE

A Guide to the Mortgage to Rent Scheme

The Mortgage to Rent Scheme is a government initiative to help homeowners who are at risk of losing their home.



Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government

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1. What is the Mortgage to Rent Scheme?

The Mortgage to Rent Scheme is a Government Initiative to help homeowners who are at risk of losing their homes due to mortgage arrears. The Scheme is an option for people who have been engaged in the Mortgage Arrears Resolution Process (MARP) with their lender.

Under the Mortgage to Rent Scheme, you will voluntarily surrender ownership of your home to your lender. A Housing Association* will buy your home from your lender and become your landlord. You will no longer own your home but you will continue to live in it as a tenant of the Housing Association. You will pay an income related rent set by the Local Authority.

Your participation in the Scheme will have significant implications for your tenure, so you should give it careful consideration.

You will no longer own your property, but you can continue living in your home as a social housing tenant and have a tenancy agreement with the Housing Association.

*(*A housing association is a registered charity and a 'not for profit' organisation which has been approved by the Government to provide and manage housing.)*

2. What are the benefits of the Scheme?

- Peace of mind for you and your family to remain living in your home without disruption to your family life in line with the terms of your tenancy agreement.
- You pay an income based affordable rent.
- The proceeds from the sale of your home to the Housing Association will go towards your mortgage debt and you come to an arrangement with your lender for remaining debt, if any.
- Potential option to buy back your home after a period of 5 years if your situation improves.
- The Housing Association will look after property maintenance issues as set out in your tenancy agreement.

3. Who provides the Scheme?

This is a Government Scheme, which is overseen by the Department of the Environment, Community and Local Government.

Your lender will be your main point of contact and will discuss with you if the Scheme is a possible solution to your situation.

If the Scheme is an option for you, your lender will provide you with all the documentation required to apply for the Scheme.

Your Local Authority will assess if your household qualifies for Social Housing Support in accordance with the Social Housing Assessment Regulations.

Your participation in the Scheme will have significant implications for your tenure, so you should give it careful consideration.

4. Do I qualify for the Scheme?

To qualify for the Mortgage to Rent Scheme, your mortgage, property and household must meet the criteria below.

Mortgage

- a. You must be unable to make the repayments on your Mortgage Loan and your lender must have decided that this situation is unlikely to change in the future.
- b. You must be engaging with your lender to try to find a solution to your situation.
- c. You must have completed the Mortgage Arrears Resolution Process (MARP) with your lender.

Property

- d. Your property must be in negative equity.
- e. You must not own any other property.
- f. You must be living in a property that suits your needs i.e. not be over or under-accommodated, in accordance with Local Authority guidelines.
- g. You must be living in a property of a value no more than €220,000 in the Greater Dublin area and €180,000 in the rest of the country.

Household

- h. You must be eligible for Social Housing Support in the local authority in whose area your house is located.
- i. Your net household income must not exceed €25,000*, €30,000* or €35,000* a year, depending on what part of the country you live in (net household income is the household income after taxes and social insurance (PRSI) have been taken off). (*Additional allowances for children).
- j. You cannot have capital assets worth in excess of €20,000.
- k. You must have a long-term right to remain in Ireland.

5. How do I apply for the Scheme?

The Money Advice and Budgeting Service is operating a National Helpline for potential applicants to the Scheme. The service is available between the hours of 9.00am to 8.00pm on 076 107 2000 and provides general information on the Scheme. You can also obtain information on their website www.keepingyourhome.ie. You will be advised to contact your lender to find out if you qualify for the Scheme.

If your lender considers that you may qualify for the Scheme they will present the Scheme to you. You will receive "A Guide to the Mortgage to Rent Scheme" and two copies of a "Mortgage to Rent Scheme – Consent to Share Information" letter. You will have 14 days to sign and return one copy of the consent letter to your lender. Return of this letter will confirm your consent to sharing of your

You must be unable to make the repayments on your Mortgage Loan and your lender must have decided that this situation is unlikely to change in the future.

details with the Housing Agency which manages the Scheme on behalf of the Department of Environment, Community and Local Government. Your eligibility for the Scheme will be checked by the Housing Agency and your property will be valued. Your property may then be offered to a Housing Association for purchase. If a Housing Association is interested in the purchase of the property and makes an offer acceptable to your lender, you will receive a Mortgage to Rent Pack. This pack includes two copies of a “Proposal to Consider Participation in the Mortgage to Rent Scheme”. This letter describes how the Scheme will affect you. Once you get this letter you have 28 days to:

- a. Sign the “Proposal to Consider Participation in the Mortgage to Rent Scheme” and return one copy to your lender
- b. Complete and submit the Mortgage to Rent and Social Housing Support application forms (along with all required supporting documentation) and a copy of the “Proposal to Consider Participation in the Mortgage to Rent Scheme” to your local authority.

Note: You must complete and submit your application for Mortgage to Rent and the Social Housing Support Application Form to your Local Authority within 28 days and prior to the return of the signed “Proposal to Consider Participation in the Mortgage to Rent Scheme” to your lender. You must also submit an acknowledgement of the receipt of your housing support application from your local when returning the signed letter to the lender.

*In addition please note that the signing and returning of the “Proposal to Participate in the Mortgage to Rent Scheme” to your lender is **not** binding on you to complete the Mortgage to Rent Scheme. You reserve the right to withdraw from the Scheme at any stage in the process.*

6. If I join the Scheme, how will it affect me?

- a. You will have to voluntarily surrender the ownership of your home in exchange for a tenancy agreement.
- b. You will stay living in your home as a tenant rather than as owner in line with the terms of your tenancy agreement.
- c. You will be a tenant in your home and you will pay an income based rent to a Housing Association. They will review the rent each year based on your income. If, over time your income increases your rental payments will increase accordingly but increased household income will not require you to move out of your home.
- d. If you are in receipt of Mortgage Interest Supplement (MIS) your eligibility for MIS will cease and you should notify the Department of Social Protection accordingly.
- e. Your Lender will arrange with you for repayment of the remaining part of your mortgage loan, if an amount remains owing, following the sale of the property to the Housing Association.

Your lender may identify you as a potential applicant for the Scheme and discuss the option with you.

7. How do I find out information on the Housing Association that is involved?

The pack that you will get from your lender will contain information and the contact details for the Housing Association that will be involved in the purchase of your property. It is advisable that you contact the Housing Association to answer any questions or queries that you may have about the tenancy.

8. What do I do if I get an offer from my lender for the Scheme?

You have 28 days to participate in the scheme by applying for Social Housing Support to your local authority and returning the signed letter to your lender. If you decide to go ahead with the scheme you must return one copy of the “Letter of Offer to Participate in the Mortgage to Rent Scheme” to your lender signed by you. You should keep a copy of this letter for your own records.

During this 28 day period you must complete the Mortgage to Rent Application Form and the Social Housing Support Application Form and submit them to your Local Authority. Please ensure that you submit all of the relevant information required by the Local Authority to assess your application. You should also ensure that you submit your application to the nominated person within the Local Authority. Their contact details will be included in the pack given to you by your lender. You must also submit an acknowledgement of the receipt of your Social Housing Support Application from your Local Authority when returning the signed letter to the lender.

9. What does the Local Authority do?

When your Local Authority gets your completed application form for Social Housing Support together with all the documents required, they will carry out a full assessment of your need for social housing as they do with all housing applications submitted to them.


It is advisable that you contact the Housing Association to answer any questions or queries that you may have with them about the tenancy.

10. What documentation must I send in along with my application for Social Housing Support to the Local Authority?

You must send in the following to your Local Authority:

1. The “Letter of Offer to Participate in the Mortgage to Rent Scheme”.
2. Your Application for Social Housing Support.
3. Your Application for Mortgage to Rent.

In addition you must submit:

1. Photographic identification [current passport or Irish driving licence]
2. Birth certificates for all household members
3. PPS Numbers for all household members
4. Marriage certificates for all applicants, where applicable
5. Proof of current address [utility bill/mortgage statement] – for both spouse, where applicable
6. Proof of citizenship or that you have a long term right to remain in Ireland. The Local Authority will advise on the documentation required.
7. Evidence of income
 - a. *If you are an employee:* an up-to-date P60 and/or a minimum of 4 out of the last 6 payslips.
 - b. *If you are Self-Employed:* a minimum of 2 years accounts with an Auditor’s Report, or an Auditor’s Report along with an up-to-date tax balancing statement and preliminary tax receipt.
 - c. *If you get Social Welfare:* a recent statement from the Department of Social Protection of all social insurance benefits and social assistance payments, allowances and pensions that household members are receiving.

The Housing Association and your Lender will agree the purchase price of the property.

11. What happens if my application for Social Housing Support is successful?

You will get a letter from your Local Authority confirming that you qualify for Social Housing Support. You must give a copy of this letter to your Lender and the Housing Association.


You will no longer own the property but you will continue to live in your home as a tenant of the Housing Association.

12. What happens if my application is not successful or I decide not to take part in the Scheme?

You will get a letter from your Local Authority confirming that you do not qualify for Social Housing Support. You may, like any other unsuccessful applicant for Social Housing Support, appeal that decision to the Ombudsman.

You should contact your lender and provide them with a copy of the letter from the Local Authority. You will need to discuss the options available to you with your lender. Each case will be dealt with separately.

13. What happens when a sale price is agreed?

When the Housing Association and your lender agree the sale price, your lender will give you a “Final Letter of Offer” that outlines the sale details and the remaining debt, if any, on your mortgage account. Your lender will also outline how this debt will be dealt with and what repayment arrangements will apply. Your lender will also outline the Voluntary Surrender process to you and give you the documentation that will be required for that process.

The Housing Association will also write to you with the details of your tenancy with them including the rent that will be payable and the general terms and conditions. You will get a draft tenancy agreement from the Housing Association at this stage.

Once you get these letters it signals the start of a 28 day ‘cooling off’ period that will allow you time to reflect on the Scheme and the implications for you if you go ahead with it. You must obtain independent legal and financial advice at this stage in the process.

14. What happens at the end of the ‘Cooling Off’ period?

You are required to return a signed copy of the “Final Letter of Offer” to your lender if you wish to proceed. This letter must be co-signed by your legal and financial advisors.

At a date to be agreed by all parties you will voluntarily surrender your home to your lender. Your lender will close the sale of the property to the Housing Association. The Housing Association will sign a tenancy agreement with you. You will continue to remain living in the property for as long as you wish provided that you meet the terms and conditions of your tenancy agreement with the Housing Association.

You will no longer own the property but you will continue to live in your home as a tenant of the Housing Association.

Your lender will put the proceeds of the sale towards the amount owed on your Mortgage Loan.

15. Frequently asked questions

a. Can I apply for the Scheme without the consent of my lender?

No, your lender must offer the Scheme to you. You may approach your lender to seek inclusion in the Scheme.

b. Is there an application form I can fill out for the Scheme?

The application form will be given to you by your lender if your lender considers that you are suitable for the Scheme.

c. Who do I send the Mortgage to Rent application form to?

You send the Mortgage to Rent application form to your Local Authority along with your application for Social Housing Support.

d. Who can I get financial advice from?

This advice can be provided by a panel of accountants drawn from members of the main accountancy institutes in Ireland who have agreed to participate in the independent service. Your lender will pay €250 to the accountant of your choice for the provision of this service. Your lender will advise you of the proposed arrangements when you discuss Mortgage to Rent with them. Alternatively you may obtain this advice from NABS.

e. What can I do if the lender refuses my request for inclusion in the Scheme?

You can appeal the decision to your lender's Appeals Committee, which was established under the guidance of the Central Bank.

f. What is a Housing Association?

A Housing Association is a registered charity and a 'not for profit' organisation which has been approved by the Government to provide and manage social housing. Housing Associations aim to provide housing for those who cannot meet their housing needs from their own resources.

g. Where can I find out information on a Housing Association?

Most Housing Associations have their own dedicated websites, so if you have a name of a particular association you can research them online. Alternatively you can contact the Irish Council for Social Housing at 50 Merrion Square East, Dublin 2, Ireland or on 01 661 8334, email info@icsh.ie or website www.icsh.ie.

h. What happens if I decline participation in the Scheme?

You will have to discuss with your lender if there are other options available to you to resolve your Mortgage Arrears situation.

i. What happens if my property is not suitable for the Scheme?

You will have to discuss with your lender if there are other options available to you to resolve your Mortgage Arrears situation.

j. What happens if the Housing Association and my Lender cannot agree terms for the sale?

You will have to discuss with your lender if there are other options available to you to resolve your Mortgage Arrears situation.

Your lender must offer the Scheme to you. You may approach your lender to seek inclusion in the Scheme.

The rent is assessed every year to take account of changes in your income.

k. What happens to the proceeds of the sale?

The amount of money raised by the sale goes towards paying off the mortgage debt that you owe on your home.

l. What happens to any outstanding mortgage debt I owe?

Your lender will discuss this with you and come to an arrangement with you.

m. How long can I live in my home?

A Housing Association aims to create secure tenancies. Many tenants stay in their Housing Association home for their entire lives in line with the terms of their tenancy agreement.

n. How much rent will I pay?

The rent that you pay as a tenant is an income based affordable rent, called a 'differential rent'. It is worked out according to your income and is always aimed at being affordable. The rent is assessed every year to take account of changes in your income. If your income reduces, your rent may be reduced and similarly, if your income increases, your rent may be increased. This will be explained in detail in the Housing Association's Tenant Handbook, which you will get once you have been approved for Social Housing Support.

o. What happens if I miss a rent payment?

Housing Associations may have different rules for such circumstances and this information will be contained in their Tenant Handbook, however it should be noted that non-payment of rent may result in a household losing their tenancy.

p. Who will be responsible for repairs?

The Housing Association operates a repair service. They will explain the terms of the repair service in their tenant handbook. The handbook is available from the Housing Association and it also explains the repairs you are responsible for and those that the Housing Association is responsible for.

q. Can I get another mortgage in the future?

If your circumstances change in the future, you can contact any Lender to discuss applying for a mortgage.

r. If my financial situation changes, can I buy my home back?

Yes, if your financial situation changes after **5 years** and you can raise the finance, you may buy your home from the Housing Association. The property price will be set by an open-market valuation and cannot be less than what Housing Association paid for the property.

s. What happens when I become a tenant?

- You sign a tenancy agreement with the Housing Association.
- You pay a weekly income based affordable rent to the Housing Association.
- The Housing Association will give you a Tenant Handbook and explain your rights and responsibilities to you.
- You will be given the name and contact details of your Housing Officer, who will be your main contact point in the Housing Association.

