

Managing your mortgage

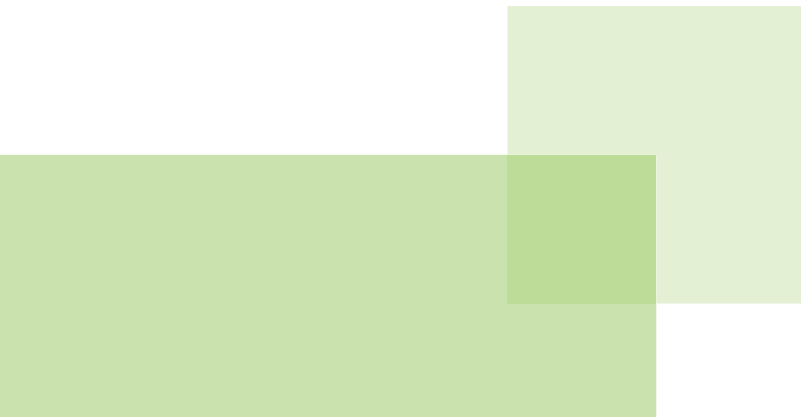
Our guide aims to help you review your mortgage and provide support information should your circumstances change

Budgeting, money management and savings tips are all buzz words that have become important to everyone in their day to day life. In recognition of this, EBS has created two special guides to assist customers with managing their finances.

Our guide to managing your money contains help and tips on saving, budgeting and general money management. Whilst our managing your mortgage guide covers topics such as reviewing your mortgage and what to do if your financial circumstances change.

In this guide we are looking at mortgages.

For most home owners their mortgage is their biggest monthly expense and through this guide we aim to help you understand your mortgage a little more and provide support information for you should you find your financial circumstances have changed.



1. Reviewing Your Mortgage

From time to time, it's a good idea to review your mortgage. This means looking at details such as your level of repayments, your interest rate and if you are on a fixed mortgage the amount of time left on that contract. Changes you could make to your mortgage include:

A. Changing The Type Of Mortgage You Have:

You will remember from when you first took out a mortgage there are a couple of different types of mortgages. Whether you are finishing a fixed rate term or are on a standard variable rate its important that you weigh up the options and select the type of mortgage that suits you best. The below table sets out the advantages and disadvantages of variable and fixed rates.

| Variable Rates | <i>Advantages</i> | <i>Disadvantages</i> |
|--|---|---|
| With a Variable Rate, the monthly repayments may rise and fall over the life of the mortgage. | Variable Rates offer flexibility of payments. They can accommodate lump sum payments to pay off all or part of your mortgage without having to pay any penalties. | However, because Variable Rates can rise and fall, your mortgage repayments can go up or down during the term of your loan. |
| Fixed Rates | <i>Advantages</i> | <i>Disadvantages</i> |
| With a Fixed Rate mortgage, your interest rate and monthly repayments are fixed for a set time. Fixed Rates are commonly available over one, two or three years, although longer periods may be available. | A Fixed Rate protects against market volatility. Fixed Rates provide certainty and makes budgeting easier. Fixed Rates offer peace of mind as repayments will not rise for the term agreed. | As repayments are fixed, if interest rates fall, you could miss out on lower interest rates and lower repayments. During the Fixed Rate period, you maybe subject to paying a fixed rate breakage fee if you want to switch lender, move to a variable rate, re-mortgage or pay off all or part of your mortgage. Also, you cannot pay more each month than your standard repayment. |

B. Changing The Term Of Your Mortgage:

You can do this by either shortening or lengthening the term of your mortgage. Please note if your mortgage is currently on a fixed rate, additional charges may apply if you change the term of your mortgage. If you are on a fixed rate contact your mortgage provider to find out what's applicable to your mortgage. If you find that you are in a position to put more towards your monthly repayments this will shorten the length of your mortgage. In doing so you may save money over the lifetime of the loan. On the other hand if you are experiencing financial difficulties, your lender may be in a position to offer you the option of extending your loan term. This would result in your monthly payment decreasing, however as the term of your mortgage will increase, you will be paying more interest over the length of the loan.

C. Reviewing Your Insurance:

Mortgage Protection Insurance bought as life cover pays out on a person's death and is designed to cover the outstanding mortgage balance. Payment Protection Insurance covers regular mortgage repayments if you can't work because of illness or accident. Life insurance and protection policies are medium to long-term products, however, your circumstances may change and it is important to review these regularly in the context of your level of cover, the benefits provided and the cost. You might want to change your life insurance or protection policies in the event of changes to your financial circumstances, changes to your family situation or moving home.

2. Changing homes

What you need from a home can change over time. You may find you need more space for a growing family or you may need to move to another location. Buying and selling takes careful juggling. Usually when you move on to your next home you are part of what is called a chain, where buyers and sellers are linked to each other.

Here Are Some Pointers On How To Avoid A Potentially Difficult Chain:

- If you have time, you could sell your home first and rent or stay with family, until you find somewhere more permanent.
- If your buyer is buying for the first time, find out if they have mortgage approval. If your buyer is trading up, check if they have a buyer for their property.
- And finally keep the channels of communication open between buyers, sellers and agents to deal with problems swiftly if they arise.

What To Do If You Find Your Circumstances Have Changed

If you have had any changes in your financial circumstances or feel you may be facing financial difficulties, it is important for you to sit down and go through in detail your finances and the effect any changes may have had on them. If your circumstances have changed and you have a mortgage with EBS, take the time to make an appointment with one of the EBS team and we can review what's happening and how we can work through it.

You May Find That:

- Your earnings have decreased - your hours or monthly salary may have been cut
- You are occasionally late making payments on bills or skipping them completely
- Your salary does not clear your overdraft
- You don't know how much debt you have
- You borrow money to pay off other debts

The easiest way to see where you stand financially is to write down all the money you have coming in and going out each month. Firstly you need to work out your income for the week/month by adding any money you have coming in such as wages, social welfare or any benefits you may have. Then you make a list of all of your expenditure, writing down everything from the day to day essential costs such as mortgage repayments, electricity and food. Don't forget to include any money you owe, like a car loan or other bills. This basic step will help you understand whether you have any shortfall.

There are a number of agencies that are there to help you out by providing budgeting tools, these include the Monday Advice and Budgeting Service (MABS), the National Consumer Agency (NCA), the Irish Mortgage Holders Organisation (IMHO) and Stepchange Debt Charity Ireland.

MABS - Have a dedicated section on their website "Assess Your Situation" that provides the tools to help you understand your circumstances as well as providing you with support information about your circumstances. To contact MABS phone their lo-call number 0818 072 000 or visit www.mabs.ie.

NCA - www.economiser.ie is a useful tool to also assist you in getting an accurate picture of your spending habits. This covers off outgoings such as: groceries, energy, tv & telecoms, mobile phones and motoring. The NCA website also hosts a helpful budget planner.

The **Irish Mortgage Holders Organisation (IMHO)** www.mortgageholders.ie will provide free and independent professional advice if you are having difficulty meeting your mortgage repayments. Telephone 1800 988 977.

Stepchange Debt Charity Ireland (www.stepchangedebtcharity.ie) is a free independent telephone advice service for people who are struggling with debt or mortgage payments. They will review your financial circumstances and recommend the best way for you to deal with your debts. Freephone 1800 937 435 (Monday to Friday from 9am - 5pm)

MARP:

The Four Step Process For Those In Financial Difficulty

At EBS we know that some of our customers are experiencing financial difficulties. You may be worried about your ability to keep up with repayments on borrowings or other debts, while living on a reduced income. If this is the case, the best thing you can do is talk to us now and make a plan.

We are ready to work with you on a solution that will help you manage your finances through difficult times. It is very important not to ignore the early signs of financial difficulty. Some people panic or ignore the problem in the hope that it will go away or resolve itself but it is always best to face the problem head-on. The sooner you contact EBS the easier it will be for us to help.

Under the Central Bank's Code of Conduct on Mortgage Arrears, EBS has a four step process called the Mortgage Arrears Resolution Process or MARP to help support mortgage borrowers who are in arrears or are at risk of going into arrears.



Step 1: Communication

Although this may seem daunting, the first step is to let us know that you are worried about your finances. It is very important not to ignore the early signs of financial difficulty or stress. If you are already in arrears with your mortgage repayments, or are concerned about going into financial difficulty, you should contact us as soon as possible. We have a team of dedicated trained staff to support our customers, who are there to talk you through the steps involved. The earlier you make contact with us the sooner we can work together to find ways to improve your situation.

Please note EBS is required to communicate with its customers who are arrears.

Step 2: Financial Information

In this step of the process you will be required to complete a Standard Financial Statement (SFS). This is simply a detailed form that allows you to set out your current financial circumstances and gives us, and you, a clear picture of your financial situation.

This will help EBS to provide a tailored review of your circumstances and assist us in providing sustainable solutions to suit your situation. To help you complete the SFS, EBS has developed step by step video guides to talk you through the SFS section by section. If you are concerned about going into financial difficulty the completed SFS should be sent to your local branch or if you are already in arrears, the SFS should be sent directly to the Arrears Support Unit (ASU). You will also need to provide additional documentation to support the information in the SFS. This will include:

In all cases:

3 months most recent bank statements for all current accounts held by you.
Your name, address and account number must be stated on at least one of the pages.

In cases as appropriate to your employment status:

- **Employed (PAYE):** 3 most recent payslips
- **Self Employed:** Revenue balancing statement (Notice of Assessment) and 6 months most recent business current account statements
- **Unemployed /Job seeker:** 3 most recent social welfare receipts or confirmation of social welfare payments to be received

The supporting documentation should be provided for each party to the mortgage account. The completed SFS together with supporting documentation should be sent to the ASU within 20 days.

To get a copy of the SFS visit our dedicated section on www.ebs.ie - here you will also find our SFS guides.

Step 3: Assessment

This involves reviewing the information provided by you in the SFS to assess your individual situation. We might have a few questions about the information you provided. Careful consideration will be given to your individual case based on the following:

- Your personal circumstances
- Your overall indebtedness
- The information provided in the SFS and other supporting documentation
- Your previous repayment history
- Your current repayment capacity

Looking at each of these areas, we will seek to provide a realistic and sustainable alternative repayment option on your mortgage.

Step 4: Resolution

This means working together to provide possible solutions to your current situation. Once we have gathered and assessed all the information relating to your financial circumstances, we will work with you to explore all possible options. Some of the alternative repayment arrangements EBS will consider include:

Options that keep you in your home:

- Interest Only
- Fixed Repayment
- Extension of Loan Term
- Capitalisation of the Arrears and Interest
- Changing the Type of the Mortgage
- Positive Equity
- Low Fixed Interest Rate
- Split Mortgage

Other options available to you:

- Voluntary Surrender
- Mortgage to Rent
- Voluntary Sale of your Property

Check out our MARP booklet if you want to learn more about each option.

For more details about the MARP process, pick up a copy of our MARP booklet in your local EBS, call 0818 330 044 (lo call) - Monday-Thursday 9AM - 8PM, Friday 9AM - 6PM, Saturday 9AM - 1PM, or online at www.ebs.ie.

Helpful Sources Of Advice And Assistance

EBS

www.ebs.ie contains a dedicated section to support customers who are worried about their finances. Here you can find support information, a detailed brochure on the MARP, required documentation and video guides. In the Managing your Money section you will find useful tips on budgeting and saving money. Our team of specially trained staff are also available at 0818 330 044 (lo call) - Mon-Thurs 9AM - 8PM / Fri 9AM - 6PM / Sat 9AM - 1PM or email asu@mail.ebs.ie.

www.makingcents.ie

Brought to you by the National Adult Literacy Agency and sponsored by EBS, this is a website specially created to help you understand a little more about your money and how to manage it. A collaboration between EBS and the National Adult Literacy Agency (NALA), the website is packed with useful information including; 32 short video clips covering a whole range of topics on personal finance such as budgeting, banking, loans, insurance, a handy budget planner and an a-z of financial terms.

Irish Mortgage Holders Organisation (IMHO)

The Irish Mortgage Holders Organisation (IMHO) www.mortgageholders.ie will provide free and independent professional advice if you are having difficulty meeting your mortgage repayments. Telephone 1800 988 977.

Stepchange Debt Charity Ireland

Stepchange Debt Charity Ireland (www.stepchangedebtcharity.ie) is a free independent telephone advice service for people who are struggling with debt or mortgage payments. They will review your financial circumstances and recommend the best way for you to deal with your debts. Freephone 1800 937 435 (Monday to Friday from 9am - 5pm).

MABS (Money Advice and Budgeting Service)

MABS offers a free and confidential service covering all areas of personal finance. They can help you draw up a budget, renegotiate repayments with other lenders and advise you of any benefits you may be entitled to. MABS helpline 0818 072 000 or visit www.mabs.ie.

www.keepingyourhome.ie

This is a website provided by the Citizens Information board and the Money Advice and Budgeting Service (MABS).

The site aims to provide comprehensive information on the services and entitlements available if you are having difficulties paying your rent or making your mortgage repayments.

The Citizens Information Board is a statutory body which supports the provision of information, advice and advocacy on a broad range of public and social services including health, unemployment, social welfare and money.

Contact by lo-call 0818 074 000 or www.keepingyourhome.ie

Central Bank

The Central Bank's website provide independent information on financial products and include the Code of Conduct on Mortgage Arrears. Their website is www.centralbank.ie.

