



An Roinn Airgeadais
Department of Finance

Oifig an Aire
Office of the Minister

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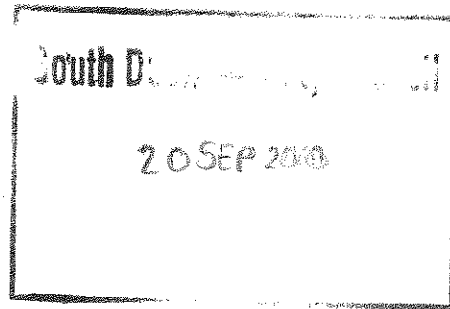
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16 September 2010

Ms. Mary Maguire
Corporate Services Division
South Dublin County Council
County Hall
Tallaght
Dublin 24



Dear Ms. Maguire

The Minister for Finance, Mr. Brian Lenihan TD has asked me to thank you for your letter of 13 April 2010. The Minister has asked me to apologise for the delay in replying to you and hopes that you will appreciate that the financial crisis has had significant implications for the Department.

The Minister has asked me to say the Government is conscious of the high value placed on home ownership in Ireland and is very aware of the difficulties facing some homeowners.

Negative equity mainly applies to those homeowners who bought at high loan-to-value rates close to the peak of the market in 2006. The difficulty for the Government is that all estimates of the extent of negative equity appear to be based on very general economic assumptions, but it is very difficult to assess realistic price levels when property market activity remains low. Also being in negative equity does not change the level of mortgage payments. The priority for Government is to ensure as far as possible that mortgage borrowers in arrears or facing into an arrears situation do not



end up in legal proceedings for home repossessions. Home repossessions should be and generally have been the last resort for most lenders.

The Government in all its interventions in the financial system has been conscious of the need to protect taxpayers and those struggling to make mortgage repayments. The Government is currently providing support for a number of initiatives designed to assist homeowners who are finding it difficult to meet their mortgage repayments. I refer in particular to the Mortgage Interest Supplement Scheme (MIS) funded by the Department of Social Protection www.citizensinformation.ie ; the Money Advice Budgeting Service (MABS) www.mabs.ie , and the Code of Conduct on Mortgage Arrears (CCMA) www.financialregulator.ie. Particulars about the nature of these supports and eligibility can be accessed from the above websites. Also in the Minister's Budget speech in December he refocused mortgage interest relief on those who bought their homes at the peak of the market. Where a homeowner's entitlement to mortgage interest relief would expire in 2010 or after, they will now continue to receive it up to the end of 2017.


Since you wrote to the Minister last April a lot has happened to progress the issue of mortgage arrears and repossessions. The Mortgage Arrears and Personal Debt Expert Group (Expert Group) established by the Minister last February completed the first phase of its work and submitted an Interim Report www.finance.gov.ie with recommendations to the Minister in early July. The Expert Group was established to bring forward proposals in response to the Governments commitments to *Protecting the Family Home* and *Helping Those in Debt* under the Renewed Programme for Government.

The Interim Reports recommendations are intended to improve communication between householders in arrears and their lenders; provide for a more consistent assessment process by lenders of borrowers in difficulty and introduce an industry-wide Mortgage Arrears Resolution Process (MARP) including a range of forbearance measures. The recommendations have been accepted in full by the Government and action is being taken to bring them into effect.

The Expert Group is now in the process of addressing the more complex and long term issues to do with mortgage arrears and personal debt and the Minister expects to receive their final report by late autumn.

In the mean time the Minister has asked me to acknowledge the motion passed by South Dublin County Council on 12th April and to inform you that the Expert Group will take into account amongst other sources of information, the ESRI report on negative equity in the Irish housing market in keeping with its terms of reference. He would also like to reassure you and the Members of the County Council that it's both his and the Government's continued objective, from a social and economic policy point of view, that home owners who are in difficulty should be assisted to retain their homes. The Minister will await the final recommendations of the Expert Group before deciding on how best to achieve this.

Yours sincerely



Dermot Moylan

Private Secretary to the Minister for Finance