



**An Roinn Airgeadais
Department of Finance**

Ref No: 11/0259/MF

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28 October 2011.

Ms Mary Maguire,
Meetings Administrator,
Corporate Services Department,
Sth Dublin County Council,
County Hall,
Tallaght,
Dublin 24.

Dear Ms Maguire,

Thank you for your letter dated 16th of September 2011 in connection with the motion passed at a meeting of South Dublin County Council on 12th September 2011.

A number of measures are in place to assist people who are having genuine difficulties in meeting their mortgage repayments. The first is the Central Bank's Code of Conduct on Mortgage Arrears. The second is the Deferred Interest Scheme which is being made available by a number of mortgage lenders. The third is the Mortgage Interest Supplement Scheme which is administered on behalf of the Department of Social Protection by the Community Welfare Services Division of the Health Service Executive. The fourth is the availability of free advice from the Money Advice and Budgeting Service.

Central Bank's Code of Conduct on Mortgage Arrears

The Central Bank's Code of Conduct for Mortgage Arrears (the Code) applies to mortgage lending activities with consumers in respect of their principal private residence in the State, and is mandatory for all mortgage lenders registered with the Central Bank. With effect from 30 June 2011, lenders must have in place the required systems and trained staff necessary to support the implementation of the Code. The Code sets out the framework that lenders must use when dealing with borrowers in arrears or in pre-arrears. For the purposes of the Code a "pre-arrears" case arises when the borrower contacts the lender stating that he or she is in danger of getting into financial difficulties and/or is concerned about getting into mortgage arrears. The Code can be accessed at www.centralbank.ie.



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Consumer Guide to the Central Bank's Code of Conduct on Mortgage Arrears

The Central Bank has produced, with input from the National Consumer Agency, a consumer guide to assist consumers in understanding the new process under the revised Code that they should expect from lenders. The guide together with a number of questions and answers are available on the Central Bank's website – www.centralbank.ie

Deferred Interest Scheme

Lenders representing the majority of the market have already implemented or indicated their willingness to implement a Deferred Interest Scheme (DIS) or a variation of it as recommended by the Expert Group on Mortgage Arrears and Personal Debt (the Cooney Group).

A DIS is intended to allow borrowers, subject to certain criteria being satisfied, to pay at least 66% of their mortgage interest but less than 100%. Payment of the balance may be deferred for up to 5 years. Lenders representing the majority of the market have either implemented or indicated their willingness to implement the Group's proposals for a DIS or a variation of it. While the scheme is voluntary for all lenders, those who have signed up in support of the scheme will be monitored by the Central Bank to ensure compliance.

Mortgage Interest Supplement Scheme

A Mortgage Interest Supplement Scheme is available to eligible claimants where the mortgage relates to a person's sole home. The scheme is administered on behalf of the Department of Social Protection.

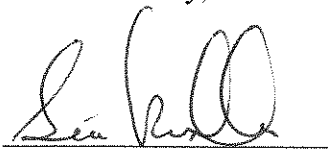
MABS

People in debt or in danger of getting into debt can avail of the services of the Money Advice and Budgeting Service (MABS). This is a national, free and confidential service. MABS have offices throughout the State.

Working Group on mortgage arrears

A working group was established under the Economic Management Council to consider the state of implementation of the Cooney Group's main recommendations and to consider and develop further necessary actions to alleviate the increasing mortgage over-indebtedness problem. The group was chaired by Mr Declan Keane. The Group's report was published on the 12th of October 2011. It is available on the Department of Finance's website. The Dáil debated the report on the 18th of October 2011.

Yours sincerely,



Sean Kinsella,

Private Secretary to Minister for Finance.