



Name
Address 1
Address 2
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5 February 2010

RE: Code of Conduct on Mortgage Arrears

Dear Name

I refer to my letter of 19 December 2009 seeking views on a proposed amendment to the Code of Conduct on Mortgage Arrears (the Code). Twenty submissions were received and the views expressed have been carefully considered. I would like to thank all those who made submissions.

I wish to advise that, with effect from 17 February 2010, the Financial Regulator is amending Section 4(d) of the Code as follows (change highlighted in bold):

*d) Where the arrears situation persists, the lender may reserve the right to enforce the mortgage agreement. However, it must wait at least **twelve** months from the time arrears first arise before applying to the courts to commence enforcement of any legal action on repossession of a borrower's primary residence.*

However, the twelve-month requirement does not apply where the borrower is deliberately not engaging with the lender. The Financial Regulator is of the view that lenders should only seek repossession in less than twelve months in very exceptional circumstances and when all reasonable attempts to encourage engagement by the borrower have failed.



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This amendment to the Code is being imposed under Section 117 of The Central Bank Act, 1989 and contraventions of the Code may be subject to the imposition of administrative sanctions. The requirements of the Consumer Protection Code, including those on mortgage arrears, continue to apply.

The amended Code is available on our web-site at www.financialregulator.ie.

Yours sincerely

Adrian O'Brien
Deputy Head of Consumer Protection Codes Department