

CONSULTATION PAPER ON REVIEW OF CODE OF CONDUCT ON MORTGAGE ARREARS

PRIMARY RESIDENCE

I strongly believe that the scope and definition of the term used to describe the property(s) to be protected by the provisions of the CCMA needs to be expanded.

The same rules regarding the protection of customers rights in relation to mortgages attached to primary residence/private dwellings should be applied to mortgages attached to holiday homes, investment properties, buy-to-lets for the following reasons:

1. The borrower's inability to repay the mortgage on a second/third property, *(especially when the banks are unwilling to extend the term at the existing tracker rate)*, will increase financial pressure and eventually adversely impact the ability to meet the mortgage payment on the main residence.
2. In general second and third mortgages are linked to the main residence mortgage through some type of guarantee and therefore non-payment of this type of mortgage will adversely affect the protection of the mortgage on the main residence.
3. Some individuals will have been supported by their parents and the banks would have sought equity in their parents homes as a guarantee for their mortgage.
4. Some individuals have purchased a second home as a long term pension plan and are being doubly penalised by falling equity and inability to pay their mortgage as banks see these loans as commercial and do not come under the protection of this code and therefore do not have to extend the term and keep the loan on the existing tracker rate.
5. Individual circumstances change and a couple holding a joint mortgage separates and one borrower moves into an investment property or holiday home they own to facilitate their changed arrangement. Both properties should come under the protection of this code.