CENTRAL BANK OF IRELAND
CODE OF PRACTICE ON THE TRANSFER OF MORTGAGES

1. A loan secured by the mortgage of residential property may not be transferred without the written consent of the borrower. When seeking consent from either an existing or a new borrower the lender must provide a statement containing sufficient information to enable the borrower to make an informed decision. This statement, which must be cleared in advance with the Central Bank of Ireland, must include a clear explanation of the implications of a transfer (including the borrower's future membership status where the lender is a building society) and how the transfer might affect the borrower. The borrower must be approached on an individual basis and given reasonable time to give or to decline to give his consent.

2. When seeking a consent and where there is to be or where there may be an arrangement under which the original lender will service the mortgage as an agent of any transferee, the lender will confirm that the transferee's policy on the handling of arrears and in the setting of mortgage interest rates will be the same as that of the original lender, and that the original lender will handle arrears as its agent.

3. Where the lender in the ordinary course of business would no longer have control in relation to

   (a) the setting of interest rates, and/or

   (b) determining the conduct of relations with borrowers whose mortgage payments are seriously in arrears

   the lender must seek the borrower's consent to a transfer notwithstanding any previous consent which a borrower has given.

4. When seeking the borrower's consent to the transfer of his mortgage, as described in paragraph 3 above, the lender will provide the borrower with the following information:
   - the name and address of the intended transferee, and of any holding company, if applicable;
   - the relationship, if any, between the lender and the transferee;
   - a description of the intended transferee and of its business, including details of how long it has been in operation, and of its experience in the management of mortgages;
   - an explanation of the policy and procedures which will apply for the setting of the mortgage interest rate and for making repayments if the transfer takes place;
   - confirmation that in the absence of a specific consent the existing arrangements will continue to apply.

5. The terms of the transfer agreement shall require the transferee –
   (a) to allow transferred mortgages to be redeemed without charging a redemption fee, unless permitted under Section 6 of the Buildings Societies Act, 1989 or approved under Section 28 of the Central Bank Act, 1989;
   (b) to continue any existing mortgage protection insurance arrangements;
   (c) to allow the borrower arrange his own house insurance;
   (d) to adhere to the principles of Section 26 of the Building Societies Act, 1989, ("Sale of mortgaged property");
   (e) to provide to the authorities the mortgage statistics previously provided by the original lender;
   (f) to comply with this code of practice in relation to any future transfer of these mortgages.

Note: This code of practice does not relate to:

(i) a transfer connected with the making of further advances to the borrower;

(ii) a transfer of engagements in whole or in part effected under Part X of the Building Societies Act, 1989;

(iii) a winding up effected under Part XII of the Building Societies Act, 1989;

(iv) a transfer within the same corporate group or a transfer arising from serious business difficulties, where the lender satisfies the Central Bank that, in the circumstances, the application of this code would not be appropriate and that the transfer is being effected on terms which are just and equitable and which a borrower would be reasonably entitled to expect.