



## ***Residential Mortgage Arrears and Repossessions Statistics Explanatory Notes***

### **Balance:**

Includes the value of the outstanding mortgage including arrears, accrued interest, and any unpaid customer fees and charges. Includes legal costs, where added to the balance outstanding.

### **Residential Mortgage Loan Account:**

Means an account which records loans to individuals for house or apartment purchase, renovation, improvement or own construction of housing fully or completely secured by a mortgage on the residential property which is or will be occupied by the borrower as his/her principal private residence. “Top up” of existing mortgages and re-mortgages should also be recorded in this category. Mortgages secured on properties located in the State only should be included. This means that there may be more than one account per property, for example if a single property relates to a mortgage account and a separate top-up account.

### **Arrears:**

Section 3(a) of the Code of Conduct on Mortgage Arrears states *“a mortgage arrears problem arises as soon as the borrower fails to make a mortgage repayment by the due date”*.

The arrears figures denote the value of arrears (payments not received by the contractual due date) expressed as equivalent days past due. Partial payments received from borrowers will be credited to the oldest arrears amount which will have the effect of reducing the balance of arrears. Arrears of over 90 days past due do not necessarily signify that borrowers have not made mortgage repayments for the last three months. For example, a borrower can be making partial repayments on a monthly basis but may still be in arrears of a value equivalent to over 90 days past due. In the same way, arrears of over 180 days past due does not

necessarily signify that borrowers have not made mortgage repayments for the last six months.

Excludes:

- cases where the value of the property has been realised but an amount remains outstanding on which the lender is seeking repayment.
- any costs, fees or charges, e.g., legal costs, which have not been added to the amount outstanding.

**Formal demand:**

Includes the issuance of a formal demand, by the lender, the lender's solicitor, or by some other party acting on behalf of the lender, for either the full amount due on foot of the mortgage or for possession of the property. Does not include cases where an application has been made to a Court to begin repossession proceedings or where Court proceedings are currently ongoing.

**Legal proceedings have been issued:**

Means that a formal application has been made to a Court to begin repossession proceedings or that Legal proceedings are currently ongoing. Includes:

- cases where an application has been made to Court but a Court date has not yet been received;
- cases where Legal proceedings have issued but have not been served;
- cases which have been adjourned for a specific period, e.g., 12 months.

It does not include the issuing of the formal demand letter.

**Legal proceedings have been issued during the quarter:**

Means that a formal application has been made to a Court to begin repossession proceedings during the quarter. Includes:

- cases where an application has been made to Court but a Court date has not yet been received;
- cases where Legal proceedings have issued but have not been served.

It does not include the issuing of the formal demand letter.

**Cases where Legal proceedings have been concluded:**

Includes cases where an Order for Possession/Sale has been obtained or Legal proceedings have concluded because:

- proceedings have been struck out;
- settlement agreement has been entered on the record;
- proceedings have been adjourned generally (i.e., proceedings may have been settled, but the settlement remains a matter of agreement between the parties, and does not form part of the Court record; the lender will be able to recommence proceedings if the borrower does not comply with the agreement);
- proceedings have been dismissed;
- judgement has been entered in favour of the lender, including an Order for Possession/Sale.

Excludes:

- cases where the value of the property has been realised but an amount remains outstanding on which the lender is seeking repayment.
- cases under appeal.

**Orders for Possession/Sale obtained:**

Means an Order for Possession/Sale that has been granted by a Court as a result of legal proceedings to enforce the mortgage (including with agreement of the borrower). Includes Orders obtained with a stay of execution.

**Terms and/or conditions of mortgage renegotiated:**

Includes cases where an agreement has been effected and the proceedings have been concluded, as set out in note 7.

**Residential properties in possession:**

Means the lender has formally repossessed the property.

**Restructured mortgages:**

Means the repayment terms of the mortgage contract have been renegotiated in order to make payment terms more manageable for borrowers. Lenders will typically employ 'standard forbearance' techniques when restructuring mortgages and these techniques have the common characteristic of rescheduling principal or interest repayments, rather than reducing them. These forbearance techniques include a switch to an interest only mortgage; a reduction in the payment amount; a temporary deferral of payment; extending the term of the mortgage; and capitalising arrears amounts and related interest. The data collected on restructures relate solely to those principal dwelling house mortgages restructured due to financial distress.

The data at the end of the quarter is the total stock of restructures to date. Accounts that are restructured but possess arrears greater than 90 days will have already been included in the over 90 days arrears section of this return. It must be noted that the number of restructured accounts possessing arrears at the end of the quarter *does not* indicate the level of mortgages that have slipped back into arrears after initial restructuring. In other words, restructured accounts that are in arrears are comprised of loans that had arrears both prior to restructuring (but are now performing according to the new arrangement), and those loans that have slipped back into arrears post restructuring. Furthermore, the quarterly increase in the total stock of restructures is not due exclusively to *new* restructures that took place in the quarter, as some restructuring arrangements that were in place at the end of the previous quarter will have expired by the end of the current quarter. Therefore, those accounts whose arrangements have expired at some point in the current quarter are not included in the overall stock of restructures at the end of the current quarter.