



## ***Residential Mortgage Arrears and Repossessions Statistics: Q3 2017***

### ***Summary***

- The number of mortgage accounts for principal dwelling houses (PDH) in arrears fell further in the third quarter of 2017; this marks the seventeenth consecutive quarter of decline. A total of 72,489 accounts (10 per cent) were in arrears at end-September, a decline of 1.7 per cent relative to June 2017.
- The number of PDH accounts in arrears over 90 days at end-September was 50,688 (7 per cent of total), reflecting a quarter-on-quarter decline of 2.1 per cent. This represents the sixteenth consecutive decline in the number of PDH accounts in arrears over 90 days.
- All maturity categories of arrears, including the over 720 days' category, declined in Q3 2017. This category recorded a ninth consecutive decline, having declined for the first time in Q3 2015. The decline of 1.7 per cent in Q3 2017 contributed to an annual decline of 8.5 per cent.
- The number of PDH mortgage accounts that were classified as restructured at end-September was 119,070. Of these restructured accounts, 87 per cent were deemed to be meeting the terms of their current restructure arrangement, up slightly from the previous quarter. There was a continued reduction in short-term restructure arrangements such as Interest Only and Reduced Payments, which was partly offset by an increase in longer-term arrangements such as Arrears Capitalisations.
- Buy-to-let (BTL) mortgage accounts in arrears over 90 days decreased by 3.9 per cent during the third quarter of 2017. At end-September there were 13,591 BTL accounts in arrears over 720 days, with an outstanding balance of €4 billion, equivalent to 18 per cent of the total outstanding balance on all BTL mortgage accounts.
- Rent receivers were appointed to 390 BTL accounts during third quarter of 2017; this is down from 430 accounts in the previous quarter and continues the downward trend evidenced in recent quarters.
- Non-bank entities now hold 48,868 mortgage accounts for PDH and BTL combined. Of this number, 63 per cent are held by regulated retail credit firms, with the remainder held by unregulated loan owners. Some 42 per cent of PDH accounts held by unregulated loan owners are in arrears of over 720 days, compared to 16 per cent of accounts held by retail credit firms.

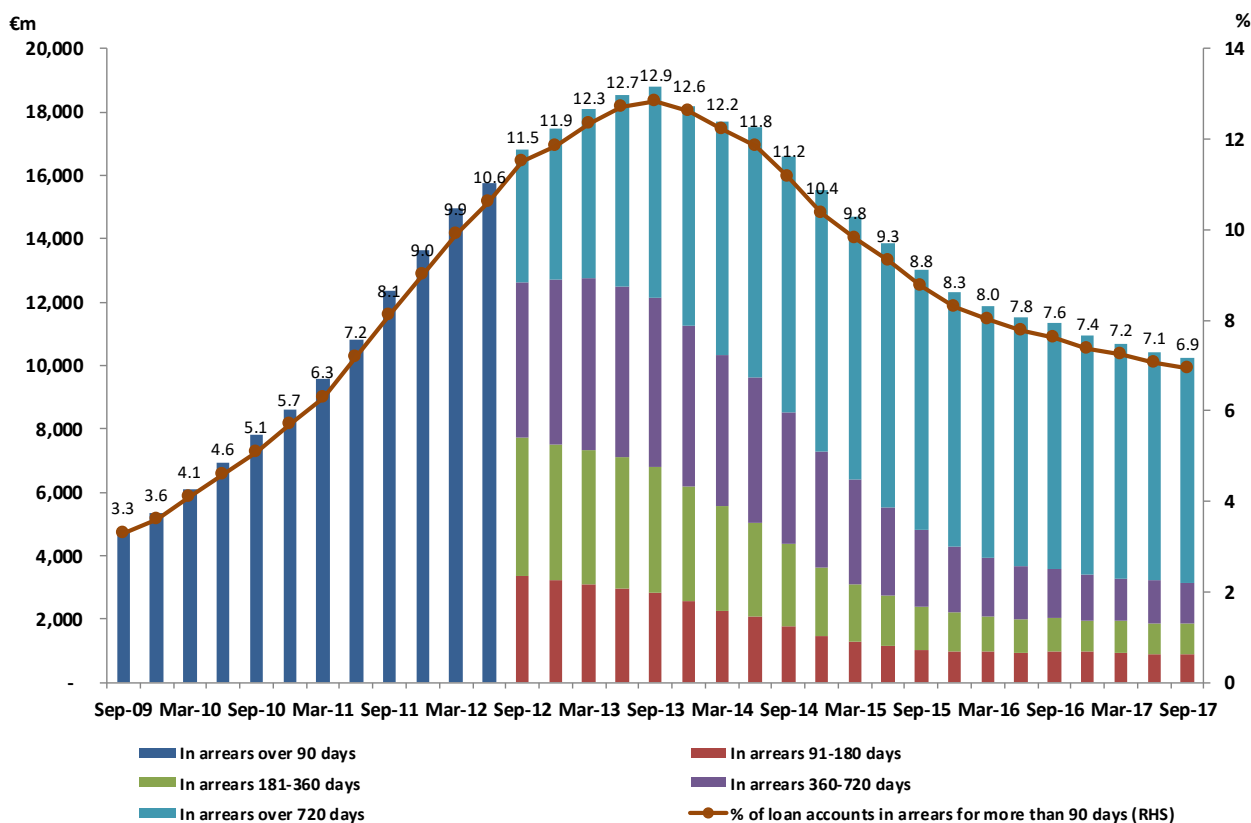
## Residential Mortgages on Principal Dwelling Houses

### Arrears

At end-September 2017, there were 731,119 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €98.6 billion. Of this total stock, 72,489 accounts were in arrears, representing a fall of 1,217 or 1.7 per cent over the quarter. Some 50,688 accounts (7 per cent) were in arrears of more than 90 days.<sup>1</sup>

The number of accounts in arrears over 90 days fell by 2.1 per cent over the quarter, marking the sixteenth consecutive decline in this category. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was €10.2 billion at end-September, equivalent to 10 per cent of the total outstanding balance on all PDH mortgage accounts.

**Figure 1: PDH Mortgage Accounts in Arrears over 90 Days**



**Note:** The breakdown of arrears greater than 90 days is not available pre-September 2012.

<sup>1</sup> The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders and credit service providers. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

Accounts in arrears of up to 90 days decreased by 155 accounts, or 0.7 per cent, in the third quarter of 2017; this follows on from a decline of 1,366 accounts in the previous quarter. The number of accounts in arrears over 360 days fell to 39,160 at end-September, equivalent to 5 per cent of the total stock of PDH mortgage accounts and representing a fall of 879 accounts over the quarter. Accounts in arrears of between 361 days and 720 days saw a decline of 4.2 per cent over the quarter.

The number of accounts in arrears over 720 days also declined by 545 accounts in Q3, or 1.7 per cent; this was the ninth consecutive decline in this category and follows a 2.4 per cent fall in the previous quarter. This represents a year-on-year decline of 8.5 per cent for accounts in arrears over 720 days. Accounts in arrears over 720 days now constitute 44 per cent of all accounts in arrears, and 90 per cent of arrears balances outstanding. For all institutions, the value of accounts in longer-term arrears over 360 days remains large, amounting to just under €8.4 billion at end-September 2017.

### **Restructuring Arrangements**

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<sup>2</sup>. The figures also include advanced modification options such as split mortgages and trade-down mortgages, which have been introduced to provide more long-term solutions for customers in difficulty.

A total stock of 119,070 PDH mortgage accounts were categorised as restructured at end-September 2017. This reflects a reduction of 977 accounts compared to end-June 2017. The share of interest only arrangements and reduced payment arrangements fell further during Q3, to 9 per cent, indicating a continuing move out of short-term arrangements. In contrast, arrears capitalisation arrangements increased over the quarter and continued to account for the largest share of restructured accounts at 33 per cent at end-September. A breakdown of restructured mortgages by type is presented in Figure 2.

A total of 7,014 new restructure arrangements<sup>3</sup> were agreed during the third quarter of 2017, the lowest figure recorded since end-September 2012. The data on arrears and restructures indicate that of the total stock of 72,489 PDH accounts that were in arrears at end-September, 25,058 (35 per cent) were classified as restructured at that time. Of the total stock of 50,688 PDH accounts that were in arrears of more than 90 days, 27 per cent were classified as restructured; unchanged over the quarter.

Some 79 per cent of restructured accounts were not in arrears at end-September 2017. Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement.

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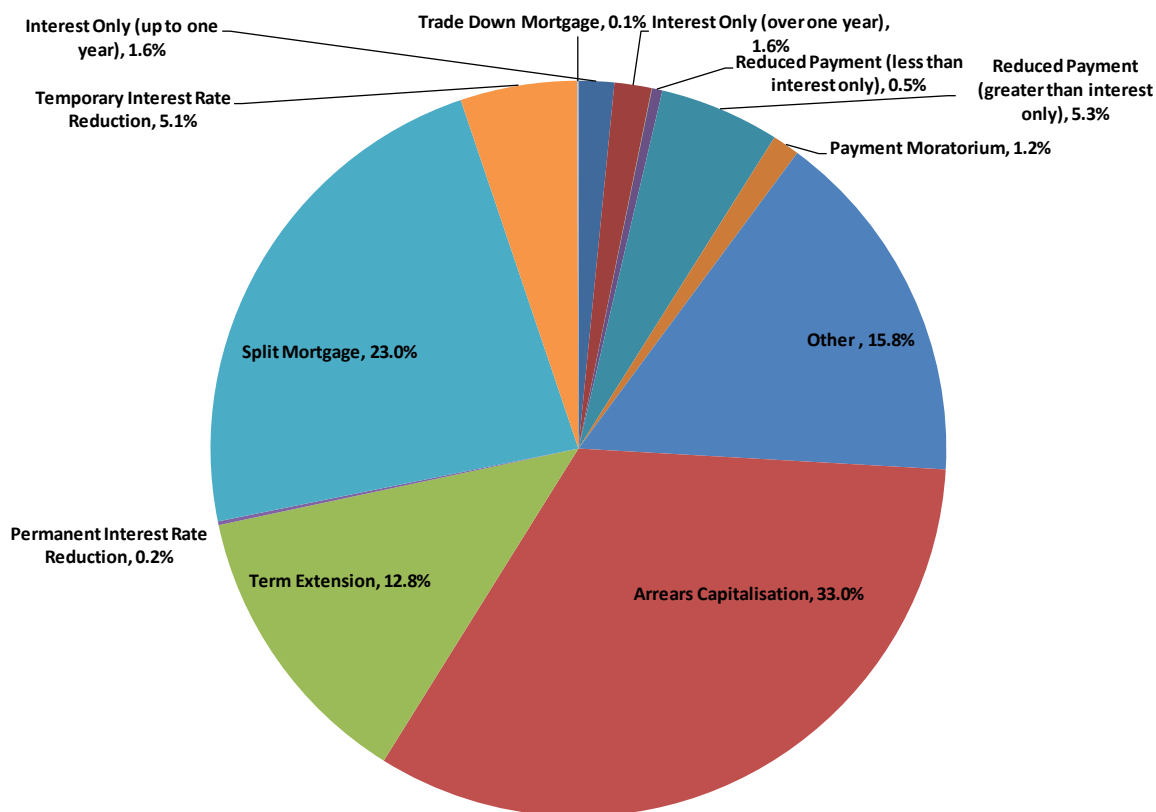
<sup>2</sup> Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are effectively added to the remaining principal balance, to be repaid over the life of the mortgage.

<sup>3</sup> This includes first-time restructures and further modifications of existing restructures.

At end-September, 87 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement. This means that the borrower is, at a minimum, meeting the agreed monthly repayments according to the current restructure arrangement.

It is important to note that ‘meeting the terms of the arrangement’ is not a measure of sustainability, as not all restructure types represent longer-term sustainable solutions as defined within the Mortgage Arrears Resolution Targets<sup>4</sup>. For instance, short-term interest only restructures are, in general, not part of longer-term sustainable solutions. The MART sustainability targets also include a significant number of accounts in arrears which are part of a legal process. These accounts are not classified as restructured within the Mortgage Arrears Statistics. Arrears associated with such accounts are recorded in full in the data.

**Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-September 2017**



Inability to meet the terms of the arrangement implies that the restructure agreement put in place may not have been suitable. Table 1 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-September 2017, broken down by arrangement type. Lower numbers indicate a greater number of borrowers are not currently meeting terms of new arrangement; this is

<sup>4</sup> Further details on the Mortgage Arrears Resolution Targets can be found [here](#).

particularly evident amongst cases in which a permanent interest rate reduction has been granted. As the figures in Table 1 only reflect compliance with the terms of the *current* restructure arrangement, we should expect to see a higher percentage of compliance among the restructure types that are likely to be shorter-term.<sup>5</sup> Accordingly, the figures show that of the total stock of accounts in the arrears capitalisation category, some 21 per cent of PDH accounts are not meeting terms of current restructure arrangement, i.e. the arrears balance has increased since the arrangement was put in place.

**Table 1: Percentage of Restructures 'Meeting the Terms of the Arrangement': end-September 2017**

<b>%</b>	<b>PDH</b>	<b>BTL</b>
<b>Total</b>	<b>87.3</b>	<b>87.0</b>
Interest Only - up to one year	90.2	82.8
Interest Only - over one year	94.5	93.1
Deferred Interest Scheme	76.2	n/a
Reduced Payment (less than interest only)	80.4	81.8
Reduced Payment (greater than interest only)	90.7	92.5
Temporary Interest Rate Reduction	92.0	95.0
Payment Moratorium	93.7	96.7
Arrears Capitalisation	79.0	69.4
Term Extension	93.0	94.9
Permanent Interest Rate Reduction	78.7	33.3
Split Mortgage	93.7	93.1
Other	86.8	90.0

### **Legal Proceedings and Repossessions**

During the third quarter of 2017, legal proceedings were issued to enforce the debt/security on a PDH mortgage on 1,072 accounts. During Q3 2017, there were 597 mortgage accounts where court proceedings concluded but arrears remained outstanding. In 403 accounts, the Courts granted an order for repossession or sale of the property. There were 1,739 properties in the banks' possession at the beginning of the third quarter. A total of 396 properties were taken into possession by lenders during the quarter, up from 340 properties in the previous quarter. Of the properties taken into possession during the quarter, 137 were repossessed on foot of a Court Order, while the remaining 259 were voluntarily surrendered or abandoned. During the quarter, 420 properties were disposed of. The number of properties in possession at the end of the quarter is also impacted by reclassifications. As a result, lenders were in possession of 1,717 PDH properties at end-September 2017.

<sup>5</sup> It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

Table 2: PDH Mortgage Arrears Repossessions and Restructures	Q2 2017			Q3 2017		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	732,439	98,664,069	-	731,119	98,649,650	-
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	73,706	13,592,569	2,738,089	72,489	13,319,595	2,762,946
<i>of which:</i>						
in arrears up to 90 days	21,956	3,151,082	33,561	21,801	3,085,973	30,943
in arrears 91 to 180 days	5,758	894,118	27,712	5,716	889,169	28,366
in arrears 181 to 360 days	5,953	972,862	63,227	5,812	959,088	60,795
in arrears 361 to 720 days	7,870	1,340,444	152,709	7,536	1,269,373	149,602
in arrears over 720 days	32,169	7,234,063	2,460,880	31,624	7,115,992	2,493,240
Total arrears cases over 90 days outstanding	51,750	10,441,487	2,704,528	50,688	10,233,622	2,732,003
% of loan accounts in arrears for more than 90 days	7.1%	10.6%		6.9%	10.4%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	1,740			1,739		
Residential properties repossessed on foot of an Order during quarter	109			137		
Residential properties voluntarily surrendered/abandoned during the quarter	231			259		
Residential properties disposed of during this quarter	340			420		
Residential properties in possession – at end of quarter <sup>1</sup>	1,739			1,717		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	120,047	16,505,891	342,584	119,070	16,237,936	325,043
<b>Restructures not in arrears</b>	94,656	12,284,706		94,012	12,145,338	
<b>Total restructures by type:</b>						
Interest Only - up to one year	1,925	312,371	33,246	1,861	307,927	32,344
Interest Only - over one year	1,995	397,516	2,822	1,943	387,460	3,893
Reduced Payment (greater than interest only)	6,896	1,430,697	60,746	6,283	1,294,206	54,429
Reduced Payment (less than interest only)	601	118,611	9,077	545	110,516	8,897
Term Extension	15,371	1,636,987	45,201	15,223	1,610,439	39,184
Arrears Capitalisation	38,918	6,009,555	108,633	39,257	6,027,057	109,660
Payment Moratorium	1,355	215,602	11,018	1,420	215,420	6,803
Deferred Interest Scheme	18	3,593	564	21	3,902	555
Permanent Interest Rate Reduction	185	29,930	639	197	32,664	667
Split Mortgage	27,512	2,767,652	8,507	27,376	2,748,507	9,245
Trade Down Mortgage	61	9,751	1	61	9,559	0
Temporary Interest Rate Reduction	6,313	1,267,013	18,348	6,111	1,213,604	17,779
Other	18,897	2,306,613	43,782	18,772	2,276,675	41,587

\*Note that the 'Other' category mainly comprises accounts that have been offered a long-term solution, pending the completion of six months of successful payments. When these accounts transition into their permanent arrangement, the figures will be updated accordingly. The 'Other' category also includes a small number of simultaneously-agreed term extensions and arrears capitalisation arrangements.

<sup>1</sup> The number of properties in possession at the end of the quarter can also be impacted by reclassification issues.

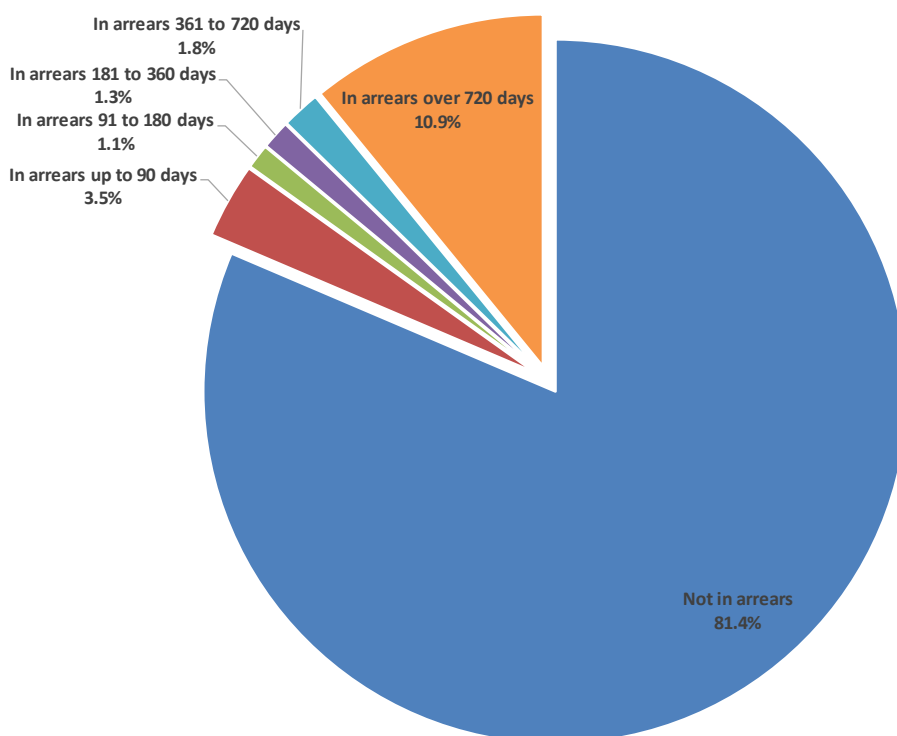
## ***Residential Mortgages on Buy-to-Let Properties***

### **Arrears**

At end-September 2017, there were 124,702 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €22.5 billion. Some 23,176 (19 per cent) of these accounts were in arrears, compared to 23,862 accounts at end-June 2017, reflecting a decrease of 2.9 per cent over the quarter. Of the total BTL stock, 18,864 or 15 per cent were in arrears of more than 90 days, reflecting a decrease of 3.9 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €5.2 billion at end-September, equivalent to 23 per cent of the total outstanding balance.

The number of BTL accounts that were in arrears of more than 180 days was 17,451 at end-September 2017, reflecting a quarter-on-quarter fall of 4.1 per cent. BTL accounts in arrears greater than 720 days decreased by 3.5 per cent in the third quarter of 2017. Accounts in arrears of over 720 days now number 13,591 or 11 per cent of the total stock of BTL mortgage accounts. The outstanding balance on these accounts was €4 billion at end-September, equivalent to 18 per cent of the total outstanding balance on all BTL mortgage accounts.

***Figure 3: BTL Mortgage Accounts by Arrears Category, end-September 2017***



### **Restructuring Arrangements**

A total stock of 23,034 BTL mortgage accounts were categorised as restructured at end-September 2017, reflecting a decrease of 589 accounts over the quarter. Of the total stock of restructured accounts recorded at end-September, 79 per cent were not in arrears, while 87 per cent were meeting the terms of their current restructure arrangement. A total of 1,526 new restructure arrangements were agreed during the third quarter of the year, the lowest number of new restructures agreed in a quarter since this series began in 2012. On the BTL side, the largest cohort of restructured mortgages was in reduced payment (greater than interest only) arrangements, which represented 23 per cent of all restructure arrangements. The data on arrears and restructures indicate that of the total stock of 23,176 BTL accounts that were in arrears at end-September, 4,795 (or 21 per cent) were classified as restructured at that time.

### **Legal Proceedings and Repossessions**

During the third quarter of 2017, rent receivers were appointed to 390 BTL accounts, bringing the stock of accounts with rent receivers appointed to 5,701; this is down from 5,879 accounts in the previous quarter. There were 635 BTL properties in the banks' possession at the beginning of Q3 2017. A total of 320 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 77 were repossessed on foot of a Court Order, while the remaining 243 were voluntarily surrendered or abandoned. During Q3 2017, 198 properties were disposed of. The number of properties in possession at the end of the quarter is also impacted by reclassifications. As a result, lenders were in possession of 731 BTL properties at end-September 2017.



Table 3: BTL Mortgage Arrears Repossessions and Restructures	Q2 2017			Q3 2017		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	126,995	23,039,255	-	124,702	22,530,381	-
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	23,862	6,243,980	1,908,354	23,176	6,044,233	1,949,113
<i>of which:</i>						
in arrears up to 90 days	4,235	871,976	32,801	4,312	847,324	42,715
in arrears 91 to 180 days	1,439	320,668	24,983	1,413	308,252	38,202
in arrears 181 to 360 days	1,663	376,443	58,680	1,647	386,129	57,326
in arrears 361 to 720 days	2,441	593,016	125,220	2,213	528,334	104,573
in arrears over 720 days	14,084	4,081,877	1,527,143	13,591	3,974,194	1,706,297
Total arrears cases over 90 days outstanding	19,627	5,372,004	1,870,621	18,864	5,196,909	1,906,398
% of loan accounts in arrears for more than 90 days	15.5%	23.3%		15.1%	23.1%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	625			635		
Residential properties repossessed on foot of an Order during quarter	77			77		
Residential properties voluntarily surrendered/abandoned during the quarter	130			243		
Residential properties disposed of during this quarter	195			198		
Residential properties in possession – at end of quarter <sup>1</sup>	635			731		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	23,623	5,462,593	179,869	23,034	5,314,890	174,019
<b>Restructures not in arrears</b>	18,750	4,259,999	-	18,239	4,136,925	-
Total restructures by type:						
Interest Only - up to one year	1,214	267,196	22,808	1,067	237,012	19,998
Interest Only - over one year	1,558	415,763	16,320	1,439	392,255	17,229
Reduced Payment (greater than interest only)	5,521	1,598,248	20,666	5,316	1,543,612	22,861
Reduced Payment (less than interest only)	61	16,586	1,496	55	14,287	1,099
Term Extension	3,646	608,964	21,977	3,662	600,850	21,638
Arrears Capitalisation	5,273	1,086,998	79,373	5,158	1,051,992	73,163
Payment Moratorium	286	46,860	1,208	274	48,039	2,021
Deferred Interest Scheme	0	0	0	0	0	0
Permanent Interest Rate Reduction	4	1,179	353	3	1,113	377
Split Mortgage	2,067	275,593	455	2,048	272,694	472
Temporary Interest Rate Reduction	120	25,155	203	119	24,440	212
Other	3,873	1,120,051	15,010	3,893	1,128,596	14,947

\*Note that the 'Other' category mainly comprises accounts that have been offered a long-term solution, pending the completion of six months of successful payments. When these accounts transition into their permanent arrangement, the figures will be updated accordingly. The 'Other' category also includes a small number of simultaneously-agreed term extensions and arrears capitalisation arrangements.

<sup>1</sup> The number of properties in possession at the end of the quarter can also be impacted by reclassification issues.

## ***Residential Mortgages held by Non-Bank Entities<sup>6</sup>***

### **Arrears**

At end-September 2017, non-bank entities accounted for 5 per cent of the total stock of PDH mortgage accounts outstanding. For BTLs the proportion was higher at just under 9 per cent. Overall, non-bank entities accounted for just under 6 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-September 2017 (8 per cent in value terms).

In terms of PDH mortgages held by non-bank entities, 70 per cent were held by regulated retail credit firms at end-September 2017. For retail credit firms, 24 per cent of accounts were in arrears over 90 days, with 16 per cent in arrears of 720 days (Table 4). The equivalent figures for unregulated loan owners was 52 per cent and 42 per cent, respectively. Restructuring activity was higher among retail credit firms, with 24 per cent of loans restructured at end-September, compared to 21 per cent for unregulated loan owners.

In terms of BTL mortgages held by non-bank entities, a higher number of BTL accounts are held by unregulated loan owners compared with retail credit firms. Unregulated loan owners account for 62 per cent of total loan accounts held by non-bank entities. The number of BTL accounts in arrears for unregulated loan owners was particularly high, with 4 out of every 5 accounts in arrears, and over 66 per cent of all accounts in arrears over 720 days at end-September 2017. For retail credit firms, 39 per cent of accounts were in arrears, with 25 per cent of accounts in arrears of 720 days.

A breakdown of PDH and BTL mortgages held by regulated and unregulated non-bank entities are presented in Table 4 and Table 5 below.

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<sup>6</sup> Non-bank entities comprise regulated retail credit firms and unregulated loan owners. Unregulated loan owners include owners of mortgages not regulated by the Central Bank of Ireland, that have purchased mortgage loans secured on Irish residential properties. The Consumer Protection (Regulation of Credit Servicing Firms) Act, 2015 was enacted to ensure that relevant borrowers, whose loans are sold to third parties, maintain the same regulatory protections they had prior to the sale.

Table 4: PDH Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q3 2017					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	26,586	4,568,983		11,314	2,155,273	
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	8,007	1,671,636	403,531	6,788	1,526,699	638,725
<i>% of total</i>	30%	37%		60%	71%	
<i>of which:</i>						
in arrears over 90 days	6,471	1,434,443	401,511	5,841	1,384,863	637,396
<i>% of total</i>	24%	31%		52%	64%	
in arrears over 720 days	4,302	1,090,623	375,214	4,794	1,223,923	621,318
<i>% of total</i>	16%	24%		42%	57%	
<b>Repossessions</b>						
Residential properties in possession – at end of quarter	143			187		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	6,469	1,084,383	25,675	2,329	345,728	33,980
<i>% of total</i>	24%	24%		21%	16%	
<b>Meeting the terms of the arrangement</b>	4,783	795,532	9,673	1,844	264,577	14,682
<i>% of total resturctures</i>	74%	73%		79%	77%	
<b>In arrears over 90 days, of which restructured</b>	1,036	187,329	24,200	704	128,615	33,638
<i>% of total in arrears &gt; 90 days</i>	16%	13%		12%	9%	

Note: See footnote 6.

Table 5: BTL Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q3 2017					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	4,190	718,422		6,778	1,823,114	
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	1,641	419,405	251,405	5,403	1,484,150	581,909
<i>% of total</i>	39%	58%		80%	81%	
<i>of which:</i>						
in arrears over 90 days	1,419	390,943	250,713	4,977	1,412,417	561,334
<i>% of total</i>	34%	54%		73%	77%	
in arrears over 720 days	1,052	331,796	235,071	4,464	1,296,695	549,782
<i>% of total</i>	25%	46%		66%	71%	
<b>Repossessions</b>						
Residential properties in possession – at end of quarter	9			97		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	307	58,775	5,650	449	144,274	15,848
<i>% of total</i>	7%	8%		7%	8%	
<b>Meeting the terms of the arrangement</b>	233	43,434	2,070	279	88,951	9,237
<i>% of total restrutures</i>	76%	74%		62%	62%	
<b>In arrears over 90 days, of which restructured</b>	105	20,502	5,526	266	82,304	15,424
<i>% of total in arrears &gt; 90 days</i>	7%	5%	2%	5%	6%	3%

Note: See footnote 6.

### ***Annex 1: Mortgage Arrears Data and Further Information***

The mortgage arrears data, along with a set of explanatory notes, are available in the Mortgage Arrears section of the Statistics portal of the Central Bank of Ireland website: <http://www.centralbank.ie/polstats/stats/mortgagearrears/Pages/Data.aspx>.

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

The above guides, that include information on the protections that are available to consumers in financial difficulty, are available to download from the [consumer information section](#) of the Central Bank website.