

Local Authority Home Loan Mortgage Payment Break

Frequently Asked Questions

To assist local authority home loan borrowers who may experience a reduction in their income arising from the COVID-19 emergency and may not be able to make repayments on their loans, a Mortgage Payment Break of up to three months will be made available to those who need it.

1. What is a Local Authority Home Loan Mortgage Payment Break?

A local authority home loan Mortgage Payment Break means that no repayments are made to your home loan account for the Mortgage Payment Break period. Your home loan account is paused.

- No interest is charged during the Mortgage Payment Break period.
- The term of your home loan remains unchanged (i.e. if the original term/maturity date is July 2035 – this will remain at July 2035).
- Your home loan repayments recommence after the Mortgage Payment Break period at a higher amount than before the Mortgage Payment Break. This is necessary to ensure that your home loan will be repaid in full within its original term.
- Mortgage Protection Insurance Payments will need to be maintained and arrangements for same must be agreed directly with your local authority.

2. Am I eligible for a Mortgage Payment Break?

You are eligible for a Mortgage Payment Break on your local authority home loan if you have had a reduction in your income arising from the COVID-19 emergency, or are anticipating a reduction, and you are unable to make repayments on your home loan.

This mortgage payment break is also open to local authority borrowers who are currently in arrears and further impacted by Covid-19. In this case you must be currently engaging with your local authority in relation to your arrears and complying with relevant conditions set by them.

However, it is recognised that some borrowers may have already entered into arrears arising out of the COVID-19 emergency and not yet entered into a repayment plan. If you have entered into arrears from March 2020 you are considered eligible to apply for a mortgage payment break.

You should only apply for a mortgage payment break if you consider that you need it. Independent financial advice is available through the Money Advice and Budgetary Service (MABS). Please see www.mabs.ie to find details of your local office.

3. Can I apply for a Mortgage Payment Break if I am currently in arrears?

The mortgage payment break is also open to local authority borrowers who are currently in arrears and have suffered (or are likely to suffer) a Covid-19 related income loss. However, you must be currently engaging with your local authority in relation to your arrears and complying with relevant conditions set by your authority, or, have only entered into arrears from March 2020. Please see answer to Q2 also.

4. Can I apply for a Mortgage Payment Break if I have already missed a repayment because of Covid-19?

Yes. You may apply for a Mortgage Payment Break if you have missed a repayment from March 2020 because of a loss of income due to Covid-19. However, you will need to discuss with your local authority how the missed repayment will be treated as the Mortgage Payment Break cannot be backdated.

5. How do I apply for a Mortgage Payment Break?

To apply for a Mortgage Payment Break, you can download the application form from your local authority website. Alternatively, you can request an application form to be posted to you – please call your local authority to arrange this. **The application form must be completed in full.** If your form is incomplete, your local authority will notify you as quickly as possible.

6. How do I return my application?

You can return your application form by email, by post or by hand to your local authority, subject to HSE guidance. Further details are contained within the application form. It should be noted that for the duration of the government directive, public offices are closed. There may be a delay to those applications submitted by post or by hand to the local authority.

7. Can I stop my monthly repayment now?

No. You must continue to make your home loan mortgage repayments in full until you receive notification that your Mortgage Payment Break application has been approved.

8. How will I know if I have been approved for a Mortgage Payment Break?

Your local authority will send you a Notification of Approval by email within five working days of receiving your completed application form. The Notification of Approval will include the following details:

- Confirmation of approval;
- Your Mortgage Payment Break period;
- The revised/higher amount of your repayments after the Mortgage Payment Break period;
- Confirmation of your home loan term/maturity date;
- Indicative saving (based on full repayment as demanded by your local authority).
- Declaration and Acceptance Form

You must return the Declaration and Acceptance Form.

If your form is incomplete, your local authority will notify you as quickly as possible.

9. What happens to my monthly repayments during a Mortgage Payment Break?

If you currently pay your mortgage repayment by Direct Debit your local authority will stop requesting the mortgage element of the payment from your bank for the duration of the Mortgage Payment Break. Equivalent arrangements will apply where payment is not made by Direct Debit. For the majority of borrowers, the monthly loan repayment also includes an amount for Mortgage Protection Insurance; if you wish this element of your monthly payment to stop you must request it specifically on the application form. You must maintain your Mortgage Protection Insurance - please see information below in section 10.

10. What happens my Mortgage Protection Insurance?

For those borrowers who pay their MPI as part of their monthly payment to their local authority, you will be required to repay the MPI premia to your local authority by either continuing to pay it monthly through the Mortgage Payment Break period, or pausing payments but repaying the amount owed to the LA in full at a later date. If you choose to pause MPI payments your local authority will contact you with repayment options for the relevant amounts. If payment is not made to your local authority as agreed your insurance may be invalidated. In the interim, your MPI premium will continue to be paid on your behalf by your local authority and your insurance cover will remain in place for the duration of the Mortgage Payment Break. For information, the MPI premium is generally a small proportion of your monthly repayment, the large majority of which is the mortgage repayment.

11. What is the financial impact of a Mortgage Payment Break?

The table below sets out, **for illustrative and indicative purposes only**, the financial impact of a three-month Mortgage Payment Break on a home loan with a balance of €100,000 owing with a remaining term of 15 years, at an indicative interest rate of 2.30%. Further examples are set out on page 6. Please note if you stop your MPI repayments for the period of the payment break then you will be required to repay the outstanding MPI premium amount, which would make the amount of the repayment (for 2020 only) higher than the figure shown below.

Table 1 – Indicative Example

Home Loan Balance	€100,000
Term End Date	30/04/2035
Current Mortgage Repayment Amount	€657
Mortgage Payment Break Start Date	01/05/2020
Mortgage Payment Break End Date	31/07/2020
Repayment Restart Date	01/08/2020
Home Loan Balance after Mortgage Payment Break	€100,000
Term End Date after Mortgage Payment Break	30/04/2035
Repayment Amount after Mortgage Payment Break	€667
Total Amount Repayable over Term - Before Break	€118,335
Total Amount Repayable over Term - After Break	€118,015

Notes:

- Your repayments increase from €657 to €667 – or by €10 per month. Because you repay your home loan balance over a shorter term (i.e. over 14 years and 9 months instead of over 15 years) you pay less interest and thereby save a total amount of €320 in this example. Saving is based on full repayment of your home loan.
- These indicative calculations are based on an interest rate of 2.30% for the remaining term of the home loan. Variable interest rates are subject to change.
- These indicative calculations do not include repayment of Mortgage Protection Insurance (MPI) premia not paid during the payment break. See question 8 and 9 for MPI repayment details. In general, the monthly MPI premium in the illustrative example above would be less than €50.
- The financial impact of a Mortgage Payment Break of one or two months will be less than that indicated in the example provided.
- These indicative calculations do not take into account Tax Relief at Source (TRS).

12. What will happen to my home loan balance during a Mortgage Payment Break?

Your home loan balance will not increase over the period of the Mortgage Payment Break.

13. What happens to my monthly repayments at the end of a Mortgage Payment Break?

At the end of a Mortgage Payment Break, your home loan monthly repayments will recommence at a higher amount than before the Mortgage Payment Break. The level of increase in your monthly loan repayments following the Mortgage Payment Break period will also be dependent on the decision taken in relation to the Mortgage Protection Insurance element of your monthly mortgage loan repayment. This is necessary to ensure that your home loan will be repaid in full within its original term. Your Notification of Approval will include the revised/higher amount of your repayments after the Mortgage Payment Break period.

14. Will my home loan interest rate change if I take a Mortgage Payment Break?

If you are on a fixed rate home interest loan, your home loan interest rate will not change because you take a Mortgage Payment Break. However, if you have a variable interest rate home loan and there is a rate change during your Mortgage Payment Break period, your home loan variable rate will change to the new rate.

15. Will a Mortgage Payment Break affect my credit record?

A Mortgage Payment Break will not adversely impact on your credit record. However, if you are already in arrears before the Mortgage Payment Break it may affect your credit record.

16. In the future, can I revert to my original monthly repayment amount?

No. When you take a Mortgage Payment Break a new monthly repayment is calculated and you cannot revert to the repayment amount you had before.

STATUTORY WARNINGS AND OTHER INFORMATION

Warning: If you do not meet the repayments on your home loan, your account will go into arrears. This may affect your credit rating, which may limit your ability to access credit in the future.

Warning: If you do not keep up your home loan repayments you may lose your home.

Warning: You may have to pay charges if you pay off a fixed rate home loan early.

The table below sets out, **for illustrative and indicative purposes only**, the financial impact of a three-month Mortgage Payment Break:

Term Remaining (Years)	15	20	25	30
Home Loan Balance	€100,000	€100,000	€100,000	€100,000
Term End Date	30/04/2035	30/04/2040	30/04/2045	30/04/2050
Current Repayment Amount	€657	€520	€439	€385
Mortgage Payment Break Start Date	01/05/2020	01/05/2020	01/05/2020	01/05/2020
Mortgage Payment Break End Date	31/07/2020	31/07/2020	31/07/2020	31/07/2020
Repayment Restart Date	01/08/2020	01/08/2020	01/08/2020	01/08/2020
Home Loan Balance after Mortgage Payment Break	€100,000	€100,000	€100,000	€100,000
Term End Date after Mortgage Payment Break	30/04/2035	30/04/2040	30/04/2045	30/04/2050
Repayment Amount after Mortgage Payment Break	€667	€525	€442	€387
Total Amount Repayable over Term - Before Break (A)	€118,335	€124,851	€131,583	€138,528
Total Amount Repayable over Term - After Break (B)	€118,015	€124,520	€131,242	€138,176
Saving (A minus B)	€320	€331	€341	€352

- These indicative calculations are based on an interest rate of 2.30% for the remaining term of the home loan. Variable interest rates are subject to change.

- These indicative calculations do not include repayment of Mortgage Protection Insurance (MPI) premia. Indicative saving is based on full repayment of your home loan. The financial impact of a Mortgage Payment Break of one or two months will be less than that indicated in the three-month examples shown.
- These indicative calculations do not take into account Tax Relief at Source (TRS).