

Mortgage Rescue Guide

The Local and Central Government have developed many initiative to assist Homeowners in Mortgage Difficulty. This guide details what assistance may be available to you.

Protection through the Courts

A pre-action mortgage protocol was launched in November 2008 setting out what a lender should do before taking action to repossess. If the protocol is not followed courts have the discretion to adjourn, stay or suspend the possession proceedings.

Extra Advice for Households at Court

Manned court desks are held in Bradford and Keighley county courts. CAB run the court desk in Bradford and Keyhouse operate the desk in Keighley. Homeowners can receive immediate advice and have someone advocate in court. You will have a greater chance of saving your home if you attend court.

Enhanced Mortgage Support for Mortgage Interest (SMI)

Homeowners claiming Income Support, income-based Jobseeker's Allowance or income-related Employment & Support Allowance can apply for additional support for mortgage interest (SMI).

Payments may be made towards your mortgage interest payments for loans taken out to purchase the property or for specific home improvement loans. No guarantee can be made that the Department will meet a loan prior to it being taken out. No help can be provided towards housing costs such as payments of capital owed on a loan, insurance premiums or mortgage arrears.

Call the Benefit Enquiry Line for further information on 0845 6043719

Text phone: 0800 0 23 48 88 if you are deaf, hard of hearing, or have speech difficulties.

Homeowners Mortgage Support Scheme

This scheme offers assistance to homeowners who are struggling to meet their mortgage repayments due to changes in circumstances due to losing a job or having hours cut. The scheme works on the basis that only mortgage interest is paid (a minimum of 30%) for up to two years. The unpaid interest is added to the capital of the mortgage which may mean increased payments or

extending the life of the mortgage in the future. Not all lenders will agree to this.

Criteria

1. There is a change in financial circumstances:
 - a) If you or your partner loses their job and the household now only has one income.
 - b) Hours have been cut and you can no longer work overtime.
 - c) You had two part-time jobs and lost one of them.
 - d) Must be able to pay at least 30% of the interest due.
 - e) the outstanding debt is less than £400k
 - f) Savings of less than £16k
 - g) You will need to have taken financial advice
 - h) There must be a likelihood of increasing income.
 - i) Regular payments must have been made for at least 5 months before joining the scheme.

Accessed through the lender (Check www.direct.gov.uk/HMS, or call the lender to find out if they are offering this scheme)

Local Authority Preventing Repossession Fund

Local Authorities can make small loans of up to £5000 to help prevent repossession or eviction. If an amount of more than £2000 is required you will be considered for Breathing Space (The Regional Mortgage Rescue Scheme). Loans are interest free for up to five years. Credit Union is administering the loans on behalf of Bradford Council.

Note: This scheme can also be accessed by those in rent arrears to reduce the level of debt due to income shock. It cannot be used to clear arrears caused by Housing Benefit delays or problems.

Criteria:

1. household is not able to pay mortgage arrears.
2. There is no other way to resolve the problem.
3. The loan cannot be used to pay off all the arrears, only to 'recover' the position where other options have failed.
4. The lender has exhausted or is not able to apply forbearance procedures.
5. The homeowner takes and acts upon money advice.
6. The loan will prevent the homeowner being repossessed and is sustainable for 5 years.
7. The homeowner agrees to repay the loan within an agreed time and to have regular financial reviews.

For further information contact Incommunities – open moves/advice on 0845 141 6666 or call into their office at City House, 23- 27 Cheapside, Bradford. BD1 4HR

Regional Mortgage Rescue Scheme

Breathing Space compliments other existing Mortgage Rescue Schemes by offering secured interest free loans of 2K – 15K payments deferred for 3 years to Homeowners experiencing short term mortgage repayment difficulties. Wakefield Council is administering the loans on behalf of Bradford Council.

1. The scheme is available to all home owners in mortgage difficulty.
2. Unlike some of the other mortgage support schemes eligibility is not based on homelessness legislation
3. The homeowner must meet certain conditions to ensure that the loan and mortgage rescue is sustainable.
4. The maximum value for all secured borrowing, including the Breathing Space Loan must not exceed 90% of the property value. Where the applicant is within the repayment period of the Right to Buy discount, this will be taken into account as secured borrowing.
5. The loan must be a viable option as full repayment is expected after the 3 yr fixed period. The Loan will be paid directly to the mortgagee (mortgage lender) or client's solicitor where appropriate on completion of the legal charge.

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Mortgage Rescue Scheme

The Government launched this initiative in January 2009. The scheme consists of two solutions. The first is 'Shared Equity' where the housing association provides an equity loan to reduce the monthly repayment. The loan will be low interest and secured on the home. The second is 'Mortgage to Rent' where the housing association buys the property at market value and the householder becomes the tenant and pays rent.

Criteria

1. Would have a priority need under homeless legislation if household becomes homeless.
2. Have been served with a 15 day letter possession proceedings letter from the lender.
3. Have an income level of less than £60k.
4. Mortgage is less than £140K (this is flexible depending on circumstances).
5. Can be in negative equity up to 'Loan to Value'(LTV) of 120%
6. All involved parties agree to the MRS.

7. Mortgage advice is sought including a present and projected financial statement.

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