

*Dé Máirt, 28 Aibreán, 2015
Tuesday, 28th April, 2015*

1.30 p.m.

**GNÓ COMHALTAÍ PRÍOBHÁIDEACHA
PRIVATE MEMBERS' BUSINESS**

Fógra i dtaobh leasú ar Thairiscint : Notice of Amendment to Motion

184. “That Dáil Éireann:

recognises:

- that mortgage arrears in Ireland, at 156,352 mortgages as of December 2014, are significantly higher than in comparable countries;
- the on-going suffering and social cost for those affected by arrears and repossession; and
- the socioeconomic cost for the nation of mortgage arrears and repossessions;

acknowledges policy interventions have been undertaken, including the:

- Personal Insolvency Act 2012;
- Code of Conduct on Mortgage Arrears; and
- Mortgage Arrears Resolution Targets;

welcomes:

- recent reductions in total mortgages arrears levels; and
- initiatives by some lenders to provide borrower-focussed debt restructuring solutions;

supports the recommendations of the 2014 cross-party Report on Hearings on Matters Relating to Mortgage Arrears Resolution Processes by the Joint Committee on Finance, Public Expenditure and Reform;

asserts that policy objectives pertaining to mortgage arrears include:

- minimising socioeconomic harm;
- avoiding repossession of the family home where possible;
- ensuring the dignity of all parties, in the resolution of unsustainable debts;
- ensuring equity in the resolution of unsustainable debts;

- ensuring restructures are truly sustainable for all parties;
- minimising rehousing needs;
- avoiding incentives for strategic default;
- ensuring adequate advice and representation for borrowers; and
- ensuring adequate insolvency options for borrowers;

notes with concern, the:

- rising number of repossession cases before the courts;
- lack of financial expertise available to many borrowers facing mortgage difficulties and repossession;
- lack of legal representation available to many borrowers facing mortgage difficulties and repossession;
- inconsistency in approach being taken by different lenders to mortgage restructuring, including repossessions;
- lack of transparency in reaching decisions on mortgage debt;
- lack of a mechanism to mandate lenders provide reasonable solutions;
- absence of stress testing of restructuring proposals;
- low levels of insolvency arrangements being agreed, including bankruptcies;
- prevalence of five year income attachment orders to bankruptcy orders; and
- low take-up of the mortgage-to-rent scheme and onerous eligibility criteria; and

calls on the Government to bring forward proposals for consideration, within 6 weeks, to:

- fund:
 - the provision, at the start of the process, of independent financial expertise to borrowers in arrears, including personal insolvency expertise, where those borrowers cannot afford such expertise; and
 - the provision of adequate legal representation to borrowers facing repossession threats, where those borrowers cannot afford such representation;
- request the Central Bank of Ireland to:
 - define what constitutes a sustainable solution from the borrower's point of view, including stress-testing and the retirement period for borrowers; and
 - strongly incentivise:
 - the provision of a suite of solutions, to include split mortgages, mortgage-to-rent and certainty on residual debt when properties are sold / surrendered, across lenders; and
 - lenders so as to realise consistency, transparency and fairness in proposed solutions, across lenders;
- amend the Personal Insolvency Act 2012 to:
 - reduce the bankruptcy period to one year, until resolution of the mortgage arrears issue;
 - reduce the maximum payment attachment order period to three years, until resolution of the mortgage arrears issue;

- simplify / streamline the personal insolvency processes;
- empower the Insolvency Service of Ireland (ISI), to provide formal opinion, where solicited by a Personal Insolvency Practitioner (PIP), as to the adequacy of restructuring proposals put forward by the PIP; and
- remove the payment of VAT from insolvency disbursements;
- amend the Land and Conveyancing Law Reform (Amendment) Act 2013 to:
 - ensure any repossession action includes a sustainable restructuring proposal for all outstanding debts; and
 - allow consideration of ISI opinion as to the adequacy of restructuring proposals put forward by the PIP, as grounds for refusing an application for possession;
- amend the parameters of the mortgage-to-rent scheme so that a reasonable number of homes qualify for consideration;
- provide consideration of a mortgage-to-lease scheme, providing off-balance sheet funding to purchase repossessed homes; and
- review the outcomes of repossession hearings to understand the level of consistency with which possession orders are, or are not, being granted.” — *Stephen S. Donnelly, Catherine Murphy, Clare Daly, John Halligan, Maureen O'Sullivan, Finian McGrath, Mattie McGrath, Tom Fleming, Joan Collins, Mick Wallace, Shane Ross.*

[28 April, 2015]

Leasú:

Amendment:

I. To delete all words after “Dáil Éireann” and substitute the following:

“recognises:

- that the level of mortgage arrears is a significant economic and social challenge and the Government is aware of the difficulties some homeowners are facing in meeting their mortgage commitments;
- that the Government has already taken decisive action to address the mortgage arrears challenge and is committed to continuing to address this issue as a priority;
- that the resolution of mortgage arrears continues to be an ongoing issue which is being addressed by a range of different Government and financial institution-led initiatives;
- that the Statement of Government Priorities 2014-2016 recognises that high levels of personal debt continues to threaten to exclude thousands of individuals and families from the recovery, and commits to the completion of a review of the implementation of the Central Bank’s mortgage arrears targets and the operation of the Insolvency Service of Ireland (ISI), and to the strengthening of the independent advice service offered to distressed borrowers;
- that the vast majority of mortgage holders are meeting their repayment commitments;
- that the 6 institutions subject to the Central Bank’s Mortgage Arrears Resolutions Targets (MART) reported that by the end of Quarter Four 2014 they had met and exceeded the MART targets set by the Central Bank of Ireland (CBI);
- that the aggregate number of principal dwelling houses (PDH) accounts in Ireland in

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arrears over 90 days is continuing to fall and reduced by 7.4 per cent during Quarter Four 2014;

- that the number of PDH accounts in arrears over 720 days remains a challenge, although Department of Finance February, 2015 data showed that numbers of cases in this category declined month-on-month for the six banks covered by MART; and
- the low level of take-up of ISI services during last year;

acknowledges policy interventions that have been undertaken, including the:

- Personal Insolvency Act 2012 and subsequent waiving of ISI application fees in 2014;
- Code of Conduct on Mortgage Arrears (CCMA);
- Mortgage Arrears Resolution Targets (MART);
- provision of the Mortgage Arrears Information Helpline;
- provision of independent financial advice for borrowers on the terms of restructure arrangements offered to them by their lender; and
- provision of the mortgage-to-rent scheme for eligible candidates and recent changes to simplify the property valuation process;

welcomes:

- the 22.7 per cent reduction in total PDH mortgage arrears levels from a peak of 142,892 accounts in June 2013 to 110,366 accounts, as indicated by the CBI December 2014 mortgage arrears data;
- the fact that engagement between borrowers and lending institutions has resulted in almost 115,000 sustainable restructure arrangements being put in place, as also indicated by the CBI December 2014 data;
- initiatives by lenders to provide borrower-focussed debt restructuring solutions; and
- the improving take-up of ISI services in 2015 and the fact that the majority of ISI solutions result in successful outcomes for the borrower, as evidenced in the ISI statistical bulletin for Quarter One 2015;

notes that:

- the Government has put in place a broad strategy to address the problem of mortgage arrears and family home repossessions which has included an extensive suite of interventions designed to address the problem including specific Central Bank targets for the banks through the Mortgage Arrears Resolution Targets, the Code of Conduct on Mortgage Arrears, extensive recasting of the personal insolvency legislation, the provision of advice through Department of Social Protection-led initiatives and the mortgage-to-rent scheme; and
- given the personal distress caused by over-indebtedness, the effective management of the mortgage arrears issue remains, however, a policy area, by necessity, under continuous review and that more and concerted action by the banks can be undertaken to assist customers in arrears and to improve the uptake of personal insolvency solutions; and

calls for:

- the Government to continue, and intensify, its work across the relevant Departments and Government Agencies to consider all options to strengthen the mortgage arrears framework in order to ensure that families can, where possible, remain in their home and to encourage all lending institutions to work with it to deal with the mortgage arrears problem, with a view to making an announcement on this issue in the coming weeks; and

— a Government announcement that will focus on initiatives aimed at reducing the number of mortgages in long-term arrears and will seek to facilitate borrowers remaining in their homes wherever possible.” — *An tAire Airgeadais*