Broker News

19th April 2023

The Mortgage Store

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Redundancy Approach for New Applications, HSE Salary Certificate, Fresh Start Criteria

Redundancy Approach

Over the past number of months, there has been a material increase in redundancy announcements from various companies (including those outside of tech) with some companies on their second and third round of announcements.

With that in mind The Mortgage Store is now setting out clear guidelines on how we will approach new mortgage applications for potentially impacted applicant(s).

The following should serve as a guide where your customer is employed by a company that has announced redundancies.

	Scenario 1	Scenario 2	Scenario 3
Applies to:	**All roles**	**Core Tech/Software Roles only**	**All other 'Non-Core' Roles***
Letter Status	Company providing letter that customer is not impacted	Company cannot provide letter that customer is not impacted. Customer holds relevant **tech qualifications** and is employed in a core tech/software role (min 2 yrs with employer/solid track record in similar role).	Company cannot provide letter that customer is not impacted. Customer is employed in a non core tech role (*for example HR, business development, sales, recruitment etc.)
Approach	Business as usual assessment (@50% variable) TMS will check the date of the letter against date of latest announcement. Prior to drawdown, TMS Completions team will check the date of the letter against latest layoff announcement date; where the letter is dated **before** the latest announcement date, case will be referred back to Credit for review.	80% of core income stress test will be applied	These cases cannot progress until the company is in a position to provide the customer with written confirmation that their role is not impacted.

HSE Salary Certificate

The HSE now complete their own Salary Certificates, as per attached examples. The Mortgage Store will accept these Salary Certificates thus there is no requirement to complete a TMS/AIMA template salary cert to be completed in these cases.

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Fresh Start Criteria

The Mortgage Store's 'Fresh Start' outlines the criteria for lending to customers who have experienced financial difficulty in the past (both BOI and non BOI customers) provided they engaged / co-operated with their lender during their financially difficult period and the circumstances that gave rise to the arrears have been resolved / improved. We are obliged (under Regulation) to ensure a customer can afford their mortgage debt and therefore all new lending is subject to standard affordability assessment, including Switchers. These customer must demonstrate a satisfactory track record of repaying their existing mortgage repayments. For customers with previous financial difficulty and now meeting the payments and terms of their restructure loan, seeking to switch;

1. The new mortgage must be affordable on a fully amortising basis and be fully repaid by borrowers' retirement age (typically 65 years) – noting that some restructures include split mortgages whereby a tranche of the mortgage is at zero interest rate/ no repayments OR maybe the maturity term extended materially beyond retirement. These restructures are for customers that do not have affordability to repay their mortgage in full.
2. Satisfactory track record of meeting full capital and interest repayments that would fully repay the mortgage for a min period (typically 2 -3 years) to ensure sustainability of ability to manage debt level "

The granular details of our policy are set out below:

Customer Type	Criteria for Lending
1. BOI unsecured debt restructured & paid in full OR BOI mortgage debt restructured & customer has met arrangement terms	1 year satisfactory account operation
2. BOI unsecured debt restructured for less than full balance (including full write off) & customer has met arrangement terms & fully co-operated with BOI	3 years after restructure implemented and customer demonstrates a positive change in personal circumstances
3. Non BOI customer switching or trading up their mortgage where mortgage debt previously in arrears	At lender's discretion providing customer; • Provides clarity on how the mortgage arrears arose and evidence where possible that they engaged with the lender during that period • Demonstrates a positive & sustainable change in their personal/financial circumstances since the arrears arose and that the circumstances that gave rise to the arrears have been resolved/improved For Switcher mortgages; • 3 year track record of C&I mortgage repayments with no arrears • No debt consolidation permitted For Trade Up / Equity Release mortgages; • 3 year repayment track record with no arrears • Meet new business lending criteria including DRA
4. Debt Relief Notice ('DRN') / Personal Insolvency Arrangement ('PIA') / Debt Settlement Arrangement ('DSA') where term < 3 years	3 years after arrangement has ceased (i.e. 6 years from commencement date)
5. Personal Insolvency Arrangement ('PIA') / Debt Settlement Arrangement ('DSA')	1 year after customer successfully exits the arrangement
6. Bankrupt customer	3 years after bankruptcy has been discharged providing customer; • Provides clarity on the circumstances that led to bankruptcy • Demonstrates a positive & sustainable change in their personal/financial circumstances since root cause of bankruptcy arose and that circumstances that gave rise to bankruptcy have been resolved/improved