

# Mortgage Rescue Scheme



The Mortgage Rescue Scheme may be able to help you if you are an owner occupier in mortgage difficulties, and you are in danger of having your home repossessed.

## **Criteria for consideration**

- The mortgage lender must have commenced legal action to repossess the property **or**
- Has agreed to postpone legal action to allow mortgage rescue to proceed **or**
- Has confirmed in writing that no further action to resolve your difficulties is possible and that legal action is the only remaining option.
- The family will be homeless if the property is repossessed.
- The property is the only or main residence of the homeowner.
- Homeowner has considered the option of selling the property and moving to a cheaper property.
- Homeowner has taken advice regarding mortgage arrears/ other debts from an independent debt-counselling agency such as the CAB ([www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)), Housing Debt Helpline Wales on [www.housing-debt-helpline-wales.org](http://www.housing-debt-helpline-wales.org) telephone 0800 107 1340, Consumer Credit Counselling Service ([www.cccs.co.uk](http://www.cccs.co.uk)) 0800 138 1111, National Debtline ([www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)) 0808 808 4000 or Shelter Cymru on 0845 075 5005.
- The property is clear of any legal actions that would prevent it from being sold.

Mortgage rescue can only be considered if the local authority is willing to support your application by confirming eligibility to the Association, this means that your household includes someone with priority needs, as defined in the Housing Act 1996 (as amended by Priority Needs Order (Wales) 2001).

## **The Association's involvement**

If you are eligible, depending on the level of your debts, the Association will consider assisting through either:

### **1) Homebuy Scheme -**

The Association will provide a loan of between 20% - 50% of the open market value of the property, which will be sufficient to clear any mortgage arrears, and clear the mortgage in full if the mortgage is relatively small or alternatively to reduce the mortgage so that monthly payments are more affordable. The homeowner's ability to pay a lower mortgage, and thereafter maintain the property will be assessed. The % loan will be ascertained depending on the applicant's financial circumstances and the value of their property. Please see enclosed booklet.

### **2) Outright purchase -**

When the homeowner will become an assured tenant of the Association. The price that can be paid for the property will be less than market value, to take account of an assured tenancy being offered. However, depending on individual circumstances the Association can offer less than the assured tenancy valuation, e.g. if the property is not in a good condition.

If the Association is satisfied that it can assist, it will contact the homeowner's mortgage lender, and lenders of any other debts secured on your home to confirm our involvement. If possession proceedings are imminent, then the Association will provide the homeowner with a letter, to give to the judge at the possession hearing. This is normally sufficient for the hearing to be adjourned or for the possession order to be suspended.

### **Advantages to the homeowner**

- Family remain in the home as our tenants, or remain owners (Homebuy Scheme).
- No need to move from family and friends.
- Children remain at their school with their friends.
- If circumstances improve, could buy the property back in the future.

### **Disadvantage to the homeowner**

- Some inconvenience when work has to be carried out to bring the property to Welsh Assembly Government Standards – work such as new kitchen, new windows etc.

**The Scheme is subject to availability of funding.**