



Shared Ownership Restructuring Guide





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Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government

1. Background

The Shared Ownership Scheme (Scheme) was one of the measures introduced by the then Department of the Environment under the policy document 'A Plan for Social Housing' in 1991. The Scheme was designed to facilitate access to home ownership to those who were unable to buy a home outright with a conventional mortgage. In the early 1990s, most people on lower incomes were unable to get a mortgage from a bank or building society. High interest rates were a further barrier to home ownership.

From 1991 to 2010 a total of 16,492 loans were issued by local authorities under the scheme. The scheme was successful in achieving its main objective of making homeownership more accessible. However, the scheme's structure and operation has resulted in longer term difficulties for some borrowers in repaying and clearing their loans. The Shared Ownership Scheme ended in 2011.

The Scheme as originally introduced in 1991 was changed significantly from January 2003 resulting in two loan types and two sets of Shared Ownership (SO) borrowers, each with different repayment arrangements, as follows:

1.1 Index Linked SO Loans

- a) Introduced in 1991;
- b) Loan is split between annuity and rental portions;
- c) Annuity loan is repaid on variable interest and capital repayment basis;
- d) Rent is charged at a fixed % on rental equity balance;*
- e) Rental equity is not reduced by the amount of rent paid;
- f) Day 1 rental equity balance was adjusted by CPI each July;*
- g) Rental equity can be bought out in special payments;
- h) Rental equity balance must be cleared at end of annuity loan term.

* Recent implementations have altered these arrangements – see Section 2.

The Index Linked Shared Ownership loan (Index Linked) was introduced in 1991. Interest rates were as high as 14% at that time and the scheme was considered to offer value for money. The aim of the scheme was that the borrower would have a standard variable annuity loan of up to 25 years for a minimum of 50% of the purchase price of their home, while renting the remainder from the local authority. The original rental equity portion of the purchase price was adjusted on 1 July each year in line with the most recently published Consumer Price Index (CPI). This was done to ensure that the rent applied to the property remained in line with current pricing. It was envisaged that as borrowers' financial circumstances improved over time, they would be in a position to repay portions of the rental equity and, thereby, increase the percentage of the property in their ownership. Initially under the scheme, a person had to buy at least 50% of the value of the property through a mortgage from the local authority. In 1995, the minimum share of the house to be purchased was reduced to 40%. Mortgage repayments were made on the purchaser's share and rent was payable by the purchaser at 5% of the value of the rented portion (rental equity balance). On loans issued from 1 May 1998 to 31 December 2002, the rent payable was reduced to 4.5% and the rent for all Index Linked loans was reduced to 4.3% from 1 January 2003. The rental equity balance was updated annually in line with CPI and the rent payable was calculated from this updated balance. Rent paid does not reduce the rental equity balance.

1.1 Post 2002 SO Loans

- a) Introduced in 2003.
- b) Loan is split between annuity and rental portions.
- c) Annuity loan is repaid on variable interest and capital repayment basis.
- d) Rent is charged at 4.3% on Day 1 rental equity balance.
- e) Rental equity is reduced by the amount of rent paid above amount payable on the going interest rate.
- f) 4.3% charge is increased by 4.5% each July (compounded).
- g) Rental equity can be bought out in special payments.
- h) Rental equity balance will normally be cleared by end of annuity loan term.

In January 2003, the Shared Ownership scheme was changed significantly. The Post 2002 Shared Ownership loan (Post 2002) was designed to mimic the workings of the Index Linked loan, with the exclusion of the index linked element. This meant that the original rental equity portion of the loan did not increase with CPI. The interest rate charged on Post 2002 loans is the standard local authority mortgage rate (currently 2.55%) to borrowers. The rental equity is treated as a capital loan. It reduces or increases according to the amount of rent paid over the amount payable on the going interest rate. Instead of linking the scheme with CPI, the Post 2002 scheme factored in a fixed increase of 4.5% on rent repayments per annum. This ensured that, unlike Index Linked, the rental equity portion of the loan would be repaid over time.

2. Recent Implementations

This section will deal with the various initiatives introduced in advance of this solution and will give guidance on each of these as this has not happened heretofore.

1. Mortgage Arrears Resolution Process (MARP) (Housing Circular 34/2013)
2. Renting of rooms (Housing Circular 34/2013)
3. Nationwide extension of Local Authority Mortgage-to-Rent (Housing Circular 34/2013)
4. Suspension of the annual indexation of the rental payment by reference to the Consumer Price Index (CPI) from 1 July 2012 (Circular 34/2013)
5. Freezing of the rental payment at the amount payable on 30 June 2013 and eliminating the annual indexation of the rental equity balance (REB) outstanding from 1 July 2015 (Circular 25/2015)
6. Variable Rate Reduction (Circular 23/2015)
7. Option to transfer from a fixed rental payment percentage (i.e. 4.3%) of REB to a rental payment of 2.55% (i.e. in line with the prevailing local authority variable annuity loan interest rate) of REB back-dated to 1 July 2015 (Circulars 25/2015 and 40/2015)

1. Mortgage Arrears Resolution Process (MARP) (Housing Circular 34/2013)

As part of this Circular, local authorities were instructed to make every effort to engage positively with distressed Shared Ownership households - particularly in the context of the MARP programme – to reach a situation with individual customers which was sustainable for both parties to the loan. Borrowers who wished to convert from Shared Ownership loans to annuity loans were allowed to do so as part of a sustainable solution.

2. Renting of rooms (Housing Circular 34/2013)

Borrowers who are experiencing financial difficulties, and who wish to rent out a room in their properties in order to generate additional income, are allowed to do so – once there is no other legal impediment to such an arrangement, for example, a superior lease prohibiting such an arrangement for those living in apartment complexes.

3. Nationwide extension of Local Authority Mortgage-to-Rent (Housing Circulars 34/2013 and 4/2015)

Having successfully completed the pilot phase of the project, the Department rolled out the LAMTR scheme nationwide in February 2014. The scheme aims to help homeowners who have mortgages through the Local Government Sector, including Shared Ownership borrowers, and are at risk of losing their home due to mortgage arrears. The scheme enables householders to stay in their home. Ownership transfers to the local authority and the householder pays a differential rent. LAMTR should be considered and offered as an option under the Mortgage Arrear Resolution Process (MARP) only where:

- full engagement with borrowers has taken place; and
- no other sustainable solution is possible.

4. Suspension of the annual indexation of the rental payment by reference to the Consumer Price Index from 1 July 2012 (Circular 34/2013)

In this Circular, the Department instructed that in the case of Index Linked loans, the annual indexation of the rental payment by reference to the consumer price index should be suspended from 1/7/2013 until 30/6/2015 when the situation would be reviewed. This action did not impact on the value of the rental equity portion which continued to be indexed by reference to the Consumer Price Index.

5. Freezing of the rental payment at the amount payable on 30 June 2013 and eliminating the annual indexation of the rental equity balance (REB) outstanding from 1 July 2015 (Circular 25/2015)

This Circular instructed local authorities that:

- (i) the annual indexation, in respect of the year to 30 June 2015, of the rental equity balance outstanding should be applied on 1 July 2015 in line with the mid-February 2015 Consumer Price Index,
- (ii) the annual indexation of the rental equity balance outstanding should be eliminated thereafter and should not apply to full or partial redemptions from 1 July 2015, and
- (iii) the rental payment remain frozen at the rent payable as at 30 June 2013, save where the borrower since chose to pay off the rental equity balance, or part thereof, thereby eliminating/reducing their rental payment.

6. Variable Rate Reduction (Circular 23/2015)

With effect from 1 July 2015, the standard variable interest rate charged to local authority borrowers was reduced to 2.55%.

7. Transferring from fixed rental payment percentage of REB to variable rental payment of 2.55% back-dated to 1 July 2015 (Circular 40/2015)

Under this Circular, the Department instructed that local authorities should, where appropriate, offer ILSO borrowers with a Rental Equity Balance (REB) the option of transferring from paying a fixed rental payment of 4.3% of the REB to paying a variable rental payment of 2.55% of the REB and that such an offer should be back-dated to take effect from 1 July 2015. It was clarified that borrowers must be advised that the prevailing variable rental payment of 2.55% of REB is directly linked to the standard variable interest rate of 2.55% charged on local authority house purchase loans and that accordingly, the variable rental payment may go up or down in line with increases/decreases in the standard variable interest rate charged on local authority house purchase loans. Where the borrower accepts the offer of paying a variable rental payment of the REB, the borrower cannot revert to paying a fixed rental payment of 4.3% of the REB at any time in the future of the loan.

3. Current Situation

While the above measures and the introduction of the Mortgage Arrears Resolution Process (MARP) have assisted in alleviating some of the difficulties experienced by some borrowers, more long-term solutions are needed. This fact is reflected in the persisting difficulties for this borrower group, resulting in the majority of loans in LA MARP being from the Shared Ownership loan book. The Scheme was introduced and marketed to assist low-income borrowers who could not afford full purchase of the property. This fact remains unchanged for many of the remaining borrowers. The nature of the difficulties differs depending on the age of the arrangement and the underlying market value of the property.

The main difficulties can be summarised as follows:

3.1 Index Linked Loans

- For a number of reasons, including the complexity of the Scheme, borrowers are not making provision to acquire the Rental Equity Balance (REB) after 25 years.

- A number of Index Linked loan borrowers are nearing the end of their 25-year lease term. Advanced age and reducing income levels constrains the possibility of the borrower raising finance to repay the REB. Significant positive equity, where present, may not be realisable without the sale of the property and is therefore of little use in acquiring the REB and securing full homeownership in the existing property.

3.2 Post 2002 Loans

- Property prices are now significantly lower than when many of the Post 2002 loans were issued, resulting in substantial negative equity.
- Borrower's needs may have changed along with the family's size – renting out of the existing property and relocation may be the only viable option available.
- Higher “property boom period” prices also means higher loan amounts within the Post 2002 loan borrower group.
- The structure of the repayment mechanism of this loan, whereby rent charged is increasing by 4.5% per annum, is making repayments unaffordable for many borrowers year on year. However, in Post 2002 loans the rent payments, above amount payable on the going interest rate, are reducing the overall equity balance with the effect that at the end of the period of the agreement the borrower has full ownership of the property.

4. Overview of Shared Ownership Restructuring

The solution here develops further an existing non-formalised process that is currently utilised by some local authorities under MARP. This will allow the rolling of the REB and any arrears on the loan into the principal and converting the full debt to a single Annuity Loan. This allows the borrower to have a regularised restructured repayment solution which is more easily understood, simplifying the capacity of the borrower to achieve homeownership, allowing for up/down sizing while ensuring, from the local authority perspective, that the loan is being repaid and simplifies the accounting arrangement.

As previously set out, the objective of the proposal put forward is to facilitate shared ownership borrowers achieving homeownership as was their original intention. This should be done in an affordable, structured manner that provides stability and consistency, from the local authority perspective. It also recognises that some shared ownership arrangements are not sustainable and there are some borrowers who cannot afford to continue to service their existing debt and in that context, there are alternative long-term arrangements available within the MARP process, e.g. LAMTR.

The parameters of the shared ownership restrictions are that:

- a) the level of debt to be frozen on the 70th birthday of the youngest borrower should be less than the current outstanding balance,
- b) where the mortgage calculator identifies a solution producing a “Total Monthly Charge” of a lower value than the “SFS Affordable Monthly Amount”, the value of the “SFS Affordable Monthly Amount” should be sought by the local authority resulting in the loan been re-paid by the borrower in a shorter timeframe and at a lower cost. This is particularly relevant when the mortgage calculator identifies Solution 2 or 3 as the most suitable option – calculating a monthly charge based on a term ending at the latest on the 70th birthday of the youngest borrower. Case Study 3 in Section 10 refers.

The borrower will be required to submit a Standard Financial Statement (SFS) for this assessment to be carried out. The borrower will also be subject to a Credit Check prior the restructuring of the loan to ensure that the solution offered will not be constrained by other credit issues arising for borrower.

¹ DIRECTIVE 2014/17/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010.

4.1 Index Linked loan borrowers

The local authority determines whether a borrower has made provision for the REB remaining. Where –

- i. the annuity portion of the Shared Ownership loan has been re-paid in full and some portion of the Rental Equity remains outstanding, it is open to the local authority to assess the suitability of the borrower as a candidate to be offered a conversion of their rental equity debt to a fixed rate (3%) annuity loan over a maximum of a 15 year term. This should not be considered to be a new loan. Upon agreement to a Restructured Shared Ownership Loan, the borrower in question is liable for the repayment of the full debt (i.e. both the annuity balance and the rental equity balance).
- ii. In the event that any portion of the annuity loan remains outstanding, then the debt (any capital remaining on the loan and the rental equity balance, as well as any arrears) are restructured to a full annuity loan with a mortgage charge for the full amount on the property, repayable up to a maximum of the age 70 in an affordable manner with any balance outstanding (on the borrower's 70th birthday) frozen (i.e. no interest will be charged on the amount owing) and paid by way of lump sum payments, property resale or from the borrower's estate. If the borrower(s) is in MARP then any arrears on the Mortgage Account will be added to the amount owing.

Affordability will be based on the ability of the borrower to repay the amount

1. over the remaining term of the existing SOS loan; or
2. with Loan to be paid at a repayment amount over a term acceptable to the Local Authority; or
3. to be repaid over the remaining years of the youngest borrower up to age 70; or
4. calculated over an indicative term to a maximum of 35 years.

4.2 Post-2002 loan borrowers

A similar restructuring arrangement can be made available to borrowers in Post-2002 arrangements as outlined at 4.1. ii. It is likely that these loans are of higher value, with less equity and longer terms remaining.

As such, it may not be financially viable for such borrowers to restructure in this way and may result in higher repayments. If this is the case, the borrower may continue in the shared ownership arrangement, and unlike the index linked cases, if they continue their loan and rental arrangements, they will achieve full ownership at the end of the agreed term.

Where borrowers are already within the MARP process their suitability for this kind of restructuring arrangement can also be assessed.

It is recognised that the solution may not suit all borrowers and that the borrower will have to agree to the solution put forward in his/her case. It should be noted that the borrower will have the option to remain the way they are once they are meeting their obligations on their loan and REB.

4.3 Affordability Assessments Options Explained

As outlined in 4.1 and 4.2 above, each case will be assessed to see what the correct solution for the borrower is and this assessment is affordability led. Once the affordability level has been determined based on an up to date SFS, the case should be run through the Calculator as set out in 8.3. The following is an explanation of the option that will be considered.

1. Over the remaining term of the existing SOS loan:

This option will look at the affordability for the borrower of restructured loan being paid over the life time of the existing loan. In effect this would mean that the Loan and REB (and any arrears, if applicable) would be restructured into a full Annuity Loan that would be paid over the term of the original Annuity Loan. Case Study 1, Section 10, outlines this example in more detail.

2. Loan to be paid at a repayment amount over a term acceptable to the Local Authority

Currently under the Shared Ownership Scheme, the borrower is paying a monthly amount that covers both the rental for the portion of the property that is leased and a loan repayment for the portion that has been purchased. This option would restructure the existing annuity loan and the REB (and any arrears, if applicable) into a single Annuity Loan. The Local Authority would consider the number of years that

is acceptable to them for the loan to be repaid. The affordability assessment is based on the monthly repayment that would be required taking the SFS Affordability Level into account. Case Study 2, Section 10, outlines this example in more detail.

3. Loan to be repaid over the remaining years of the youngest borrower up to age 70:

This option is the same as 2 above but would restructure the existing annuity loan and the REB (and any arrears, if applicable) into a single Annuity Loan with the affordability assessment on the monthly repayments over a term to the youngest borrowers 70th birthday. Case Study 3, Section 10, outlines this example in more detail.

4. Loan calculated over an indicative term to a maximum of 35 years:

This option is the same as 2 above, restructuring the existing annuity loan and the REB (and any arrears if applicable) into a single Annuity Loan. The calculation is carried out over a 35 year term. The monthly repayment level is the amount used to assess the affordability of the option for the borrower. The amount owing at the youngest borrowers 70th birthday is frozen (i.e. no interest will be charged on the amount owing) and payable by monthly instalments, lump sum or by the Estate on the death of the borrower. The level remaining at the borrowers 70th birthday must be acceptable to the Local Authority (See Credit Committee Approval Section 8). Case Study 3, Section 10 outlines this example in more detail.

It must be recognised that there will be borrowers that none of the above solutions will suit and the only option for such borrowers may be to forfeit the ownership of the home through the likes of LAMTR.

4.4 Subsidy

The rent subsidy payable to borrowers towards the rent on their Rental Equity Balance will no longer be payable. The repayments on the restructured arrangements are based on the affordability of the borrower as calculated from the Standard Financial Statement and therefore there is no role for the subsidy.

Where a property was purchased under the 1999 Affordable Housing Initiative using a Shared Ownership Loan, the rent subsidy will become a mortgage subsidy and will continue to be paid.

4.5 Benefits of the Option

For the borrower, the proposal will:

- allow 100% ownership of the property,
- give access to finance for acquiring the REB that they may not otherwise be able to access,
- gives possible access to Mortgage Protection Insurance cover for full 100% of the loan,
- give certainty of monthly repayments subject to the prevailing interest rates,
- set repayments at an affordable level, and
- allow the borrower to deal with changes in the household such as upsizing or downsizing, as appropriate, without recourse to the leasehold.

However, it is also recognised that due to the borrower's circumstances the solution may result in costing the borrower more in the long-term.

For the Local Authority, the proposal will:

- ensure that borrowers are in a position to acquire the REB,
- broaden the number of borrowers that they can offer the restructuring to under MARP, and
- regularise aspects of their individual loan books.

However, the loan commitment for the Local Authority to the Housing Finance Agency (HFA) remains.

5. Legal briefings

Local Authority and lessee/borrower's responsibilities and obligations are set out in the individual Shared Ownership legal agreements in place between the parties. There are similarities between the ILSO leases and the Post 2002 SOS leases in that each is a demise from the local authority for a term of 99 years at a rent to be calculated and reviewed in certain manner. The restrictive covenants in both the ILSO leases and SOS leases are exactly similar and require, amongst other things, that the lessee keep the premises in proper repair and insured, use only as a single private dwelling house and not sub-let or part with possession or mortgage the property without the Council's consent.

Both the ILSO leases and Post 2002 SOS leases provide the option to the lessee to purchase the local authority's equity in the premises at any time during the first 25 years. In some cases, this is subject to a minimum capital sum being paid and the number of occasions on which this can occur.

In both the ILSO leases and Post 2002 SOS leases, there is an option provided to the local authorities that if any lessee has not exercised its option to acquire the local authority's interest during the first 25 years then the local authority may "at any time thereafter" by service of notice require that the lessee proceed to acquire such interest and the price is determined in accordance with the formulae set out in the leases (which differ depending on the scheme).

This is a discretionary option for the local authority. Where the local authority exercises this option, they have no robust legal remedy available to them where the lessee is not performing on their agreement to same. The threat of ejection is not considered to be an appropriate remedy available to the local authorities in such instances.

In the event that a lessee wishes, after the 25 years, to continue with the lease then after the 99 years lease has expired the property (both shares) reverts to the ownership of the Local Authority. All conditions of the lease remain during the 99 year term including rent charge. On such expiry/reversion, the lessee will be entitled to a new lease at market rent or to compensation for the refusal to grant same in the limited statutory circumstances which allow such a refusal.

Regulation 18 of the Mortgage Credit Directive requires that a thorough assessment of a borrower's credit worthiness be undertaken before any credit agreement is concluded. A creditor is prohibited from making credit available where the result of such credit worthiness assessment indicates that the borrower's obligations are unlikely to be met in the manner required in the agreement. This could be provided for by identifying and minimising those obligations in the loan agreements so that they can be met (perhaps through ultimately providing for repayment of any loan through the sale of the property and not necessarily requiring it to be funded from evidenced disposable income).

The changes to the Mortgage Loan Agreement can be done by way of restructuring of the existing Loan Agreement.

6. Transfer of Affordable Housing Clawback

A clawback on properties purchased under the Affordable Housing Scheme arises under Section 10(3) of the Housing (Miscellaneous Provisions) Act 2002. This Section of the 2002 Act places an obligation on the Housing Authority to include provision for the payment of the clawback in any shared ownership lease.

6.1 Calculation

The affordable clawback is the (percentage) difference between the market value of the property and the affordable price at the time of the original purchase of the property by the borrower. This means that the clawback percentage is directly linked to the initial discount received. Where the affordable home is sold within 20 years, the clawback percentage will be used to calculate the amount to be paid (from the proceeds of sale) to the Local Authority, as follows:

Resale in Years 0 to 10

- The full clawback percentage is applied

Resale in Years 11 to 20

- The clawback percentage is reduced by one tenth of the total clawback percentage each year beyond

Year 10, until it no longer exists at end of Year 20

Resale after Year 20

- The clawback percentage no longer applies

The clawback percentage is registered as a second charge to the primary lender's first legal charge over the property, for a period of 20 years. In calculating the amount of clawback payable to the Local Authority, allowance is made for "material improvements" made to the house. "Material improvements" means improvements made to the property (whether for the purpose of extending, enlarging, repairing or converting the property), but does not include decoration, or any improvements carried out on the land, including the construction of the house.

Calculating the Clawback Percentage

The method of calculating the clawback percentage is set out in legislation, namely the -

- Housing (Miscellaneous Provisions) Act 2002 (section 9); and
- Planning & Development Act 2000 (section 99, subsection 3)

The formula (as contained in legislation) for calculating the clawback percentage at the initial point of sale is:

$$\text{Clawback Percentage} = (Y \times 100) / Z$$

Where:

Y = is the difference between the market value of the house at the date of sale to the purchaser and the price actually paid, and

Z = is the market value of the house at the date of sale to the purchaser

6.2 Treatment of Clawback

When a borrower converts from a Shared Ownership Loan to a full Annuity Loan the clawback is not activated because:

- a) There is no change in the relationship between the Local Authority and the borrower.
- b) The borrower has not elected to sell the property, this is a restructuring put forward by the Local Authority.
- c) The borrower is not receiving a 'sale price' for the property.
- d) The borrower is remaining in the property and thereby the clawback may never be activated.
- e) The interest of the Local Authority is not being eroded as the potential recoupment of the discounted amount remains from any future sale within the clawback period.

The clawback will be transferred in its existing form to the restructured loan. The treatment and calculation of the clawback on the restructured loan is set out in Section 9(3)(a) of the Housing (Miscellaneous Provisions) Act 2002.

(3) (a) The terms and conditions referred to in subsection (2) shall require, subject to paragraphs (c) and (d), that where an affordable house sold under this Part is resold by the purchaser before the expiration of 20 years from the date of sale to him or her, the purchaser shall pay to the housing authority an amount equal to a percentage of the proceeds of sale.

7. Mortgage Protection Insurance (MPI)

Prior to offering the Shared Ownership proposal to any borrower, local authorities should establish the nature of the borrower's debt. The debt may comprise of an annuity loan portion; a rental equity portion and arrears.

The local authority should establish the borrower's current mortgage protection insurance cover. The MPI cover may protect: (i) the outstanding annuity balance (at a rate of 0.4703%) and (ii) the outstanding rental equity balance (at a rate of 0.3414%).

Generally, Shared Ownership borrowers will only have MPI cover under (i) above – i.e. annuity cover @ 0.4703%.

Currently, there is no MPI cover on the arrears balance.

MPI cover is now available to insure the increased amounts arising as a full annuity loan under Shared Ownership restructuring arrangements.

Please see the examples below as guidance on how the new MPI cover will apply.

Example 1 – MPI cover in place for both annuity and rental equity balances.

Current position:

Shared Ownership debt:	€	MPI % rate	MPI cost p.a.
A. Outstanding annuity balance	40,000	0.4703%	€188.12
A. Outstanding rental equity balance (REB)	40,000	0.3414%	€136.56
C. Arrears balance	10,000	0%	€0.00
D. Total	90,000		€324.68

Position under full annuity under Shared Ownership restructuring arrangement:

Shared Ownership debt:	€	MPI % rate	MPI cost p.a.
A. Outstanding annuity balance	40,000	0.4703%	€188.12
A. Outstanding rental equity balance (REB)	40,000	0.3414%	€136.56
C. Arrears balance	10,000	0.4703%	€47.03
D. Total	90,000		€371.71

REB as % of Total: $B/D = 40,000/90,000 = 44.44\%$.

Therefore, the reduced MPI rate of 0.3414% shall continue to apply to 44.44% of the full annuity amount under the Shared Ownership restructuring arrangement in 2016 and the standard MPI rate of 0.4703% shall apply to the remaining 55.56% of the new full annuity amount.

The additional MPI cost arises as the amount insured increases by the value of the arrears balance. Arrears will not feature in all shared ownership loans.

A medical declaration will be required where there is any increase in the insured amount..

New MPI rates will be notified to local authorities as new MPI cover is procured.

Example 2 – MPI cover in place on annuity balance only

Current position:

Shared Ownership debt:	€	MPI % rate	MPI cost p.a.
A. Outstanding annuity balance	40,000	0.4703%	€188.12
A. Outstanding rental equity balance (REB)	40,000	0%	€0.00
C. Arrears balance	10,000	0%	€0.00
D. Total	90,000		€188.12

Position under full annuity under Shared Ownership restructuring arrangement:

Shared Ownership debt:	€	MPI % rate	MPI cost p.a.
A. Outstanding annuity balance	40,000	0.4703%	€188.12
A. Outstanding rental equity balance (REB)	40,000	0.4703%	€136.56
C. Arrears balance	10,000	0.4703%	€47.03
D. Total	90,000	0.4703%	€324.68

Where MPI cover was not in place for the REB, the standard MPI rate of 0.4703% shall apply to the full annuity amount under the Shared Ownership restructuring arrangement in 2016.

The additional MPI cost arises as the amount insured increases by the value of the rental equity balance and the arrears balance. Arrears will not feature in all shared ownership loans.

A medical declaration will be required where there is any increase in the insured amount.

New MPI rates will be notified to local authorities as new MPI cover is procured.

Under the Shared Ownership restructuring arrangement, **extension of MPI cover may be applied for by borrowers of any age to a maximum of 75**. As above, a health declaration must be signed by the borrower where an increased amount is to be insured.

Where health issues arise and the borrower is not in a position to complete a health declaration successfully, a tele-underwriting option will be offered.

Where a borrower is not offered the standard LA MPI cover on the full annuity amount under the tele-underwriting option, it is open to them to source alternative MPI cover.

Where the borrower cannot source alternative MPI cover and wishes to avail of the SO restructuring arrangement, the local authority may wish to consider proceeding with the SO restructuring arrangement with continued exposure on REB and Arrears amounts. The borrower will, at least, maintain their existing MPI cover on annuity amount. The Local Authority's current exposure would continue.

The LA might wish to consider proceeding with a variation of the SO restructuring arrangement based on an alternative sustainable arrangement or to pursue another option, e.g. LAMTR.

Revised MPI declaration forms, etc. are available to reflect the MPI cover now on offer.

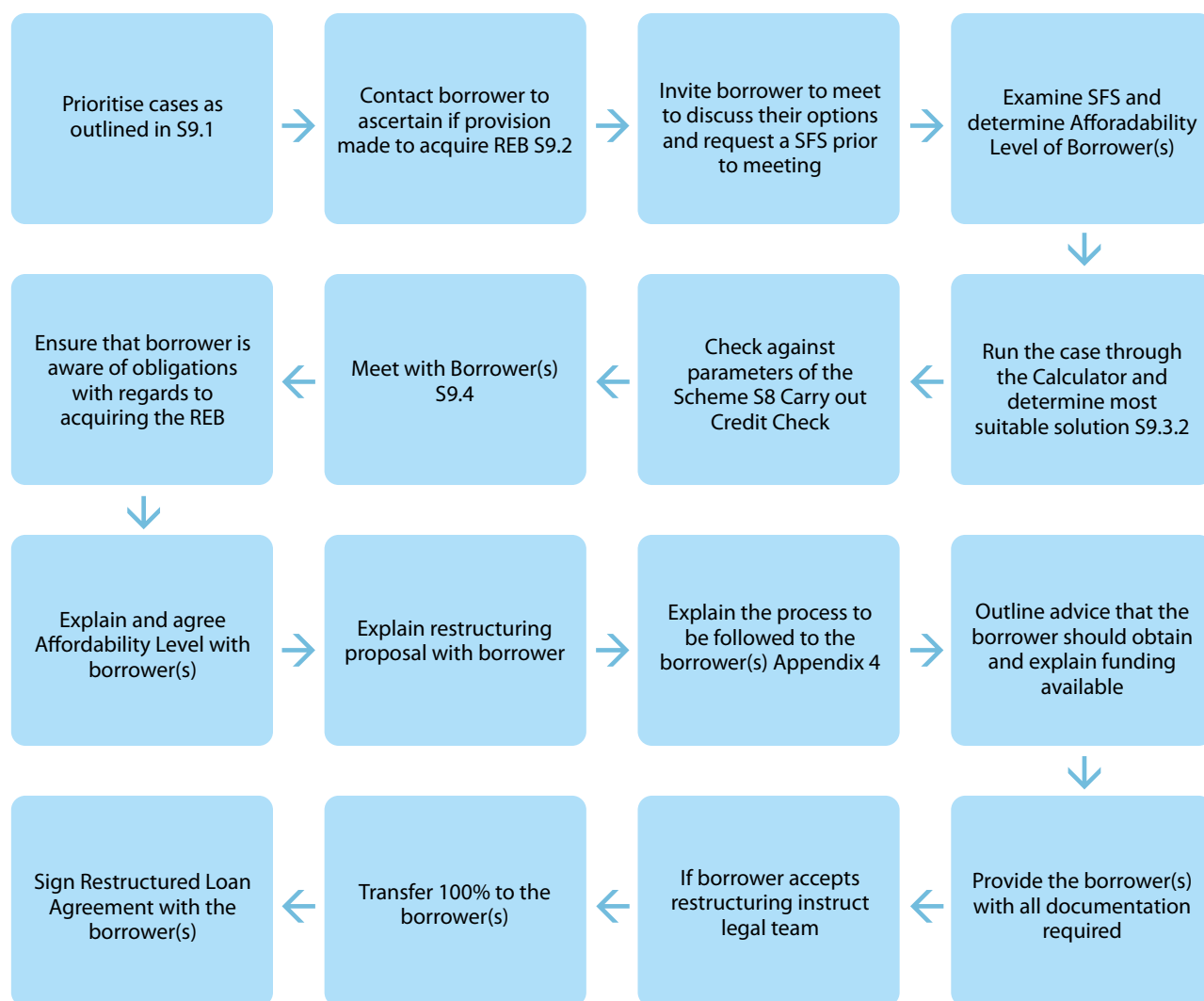
The existing benefits under the MPI cover are maintained. MPI obligations will be factored into affordability calculations which will be provided for within the Shared Ownership Restructuring Calculator.

8. Credit Committee

Each case will require the approval of the Credit Committee but the following are the parameters of the scheme:

- a) the level of debt to be frozen on the 70th birthday of the youngest borrower should be less than the current outstanding balance,
- b) where the mortgage calculator identifies a solution producing a "Total Monthly Charge" of a lower value than the "SFS Affordable Monthly Amount", the value of the "SFS Affordable Monthly Amount" should be sought by the local authority resulting in the loan been re-paid by the borrower in a shorter timeframe and at a lower cost. This is particularly relevant when the mortgage calculator identifies Solution 3 as the most suitable option – calculating a monthly charge based on a term ending on the 70th birthday of the youngest borrower. Case Study 3 in Section 10 refers.

9. Step by step guidance



9.1 Prioritisation

It is the intention that all Shared Ownership borrowers will, where appropriate, be afforded the opportunity to avail of the restructuring to a full Annuity Loan. There is no obligation on any Shared Ownership borrower to restructure but the details of the terms of a restructuring to a full Annuity Loan should be offered, where appropriate. In the case of some unsustainable loans, it might be clear that another long term solution such as, LAMTR or repossession would be a more appropriate solution for the borrower.

However, the offers of the restructuring should be prioritised as follows:

1. Index Linked SO Loans with 5 years or less remaining on the loan term
2. Mortgage Arrears Resolution Process Cases
3. All other SOS Borrowers

1. Loans with 5 years or less remaining on the loan term

The Local Authority should examine their loan book and identify all Shared Ownership Loans that have less than 5 years left on the existing Annuity Loan. It should be noted that the loans to be included in this category may be with borrowers that are meeting the obligations of the Loan Agreement as well as MARP cases.

2. Mortgage Arrears Resolution Process Cases

The MARP offers a range of restructuring options for local authority borrowers in arrears, including interest only, extending the term, reduced payments etc. Evidence shows that, Shared Ownership loans represent the majority of loans currently within the MARP process.

3. All Other Borrowers

Where appropriate, the option of restructuring to a full Annuity Loan should be offered to remaining SOS Borrowers. Following the identification of cases for consideration, the Local Authority should run the case through the Calculator (see Section 9.2.3 below).

9.2 Initial Communication

Once identified, each appropriate borrower should be written to. The information in the correspondence will differ depending on the circumstances of the borrower.

9.2.1 Loans with 5 years or less remaining on the loan term

The letter to borrowers in this circumstance (Template Letter SOS Restructuring 01) should contain the following:

- a) the terms of the Shared Ownership Loan,
- b) the number of years remaining on the Annuity portion of the loan,
- c) the outstanding Loan balance,
- d) the level of the Rental Equity Balance,
- e) requesting that they inform the Local Authority in writing of the arrangements, if any, they have in place to acquire the Rental Equity Balance,
- f) Informing them that if they do not have a provision in place to acquire the REB that the Local Authority may be able to assist them, and
- g) inviting them to contact a named individual to whom they can come and discuss the issue.

Appendix 1 Letter SOS Restructuring01

Where the borrower informs the Local Authority in writing that he/she has made provision to acquire the REB, the correspondence is placed on file and the borrower will continue to pay under their existing agreement.

Where a borrower has not made provision and wishes to discuss his/her situation the Local Authority should

- a) require the borrower to complete and submit a Standard Financial Statement at their earliest opportunity prior to the agreed meeting date,
- b) on receipt of the SFS review the documentation to determine an affordable repayment level for the borrower,
- c) carry out a credit check,
- d) run the case through the Calculator (see Section 9.3.2 below),
- e) identify which, if any, is the most appropriate solution, and
- f) prepare for meeting with borrower.

9.2.2 Mortgage Arrears Resolution Process Cases

For each Local Authority MARP SOS case the Local Authority should:

- a) ensure that they have an up to date Standard Financial Statement from the borrower. The SFS should have been obtained from the borrower in the preceding 6 month period,
- b) ensure that a recent credit check has been carried out,
- c) review the SFS to determine an affordable repayment level for the borrower,

- d) run the case through the Calculator (see Section 9.3 below), and
- e) if it is ascertained that one of the restructuring options is suitable for the borrower, he/she should be invited to meet with a named Local Authority contact to discuss the issue.

Each borrower should be written to informing them of (Template Letter SOS Restructuring 02):

- a) the terms of the Shared Ownership Loan,
- b) the number of years remaining on the Annuity portion of the loan,
- c) the outstanding Loan balance,
- d) the level of the Rental Equity Balance,
- e) the level of arrears on the account,
- f) details of any alternative arrangement in place, and
- g) inviting them to contact a named individual to whom they can come and discuss the issue.

It would not be envisaged that the details of the restructuring solution would be issued to the borrower at this stage.

Appendix 2 Letter SOS Restructuring02

9.2.3 All Other Borrowers

Where appropriate, the option of converting to a full Annuity Loan should be offered to remaining SOS Borrowers as soon as possible. The Local Authority should run the case through the Calculator (see Section 9.3 below), and identify which, if any, is the most appropriate solution for the borrower.

It should be noted that there is no obligation on these borrowers to convert but the details of the terms of a restructuring to a full Annuity Loan should be offered, where appropriate.

The letter issued to the borrower will inform them of:

- a) the terms of the Shared Ownership Loan,
- b) the number of years remaining on the Annuity portion of the loan,
- c) the level of the Rental Equity Balance and
- d) details of the terms of the restructuring to the Annuity Loan.

The loans in question here will be performing loans but there may be a requirement for a Standard Financial Statement to be completed by the borrower and submitted to the Local Authority to allow for an affordability assessment of the options available. The consent to a credit check will also be required.

Appendix 3 Letter SOS Restructuring03

9.3 The Calculator

The purpose of the (Excel) SOS Restructure Calculator is to assist the local authority practitioner in identifying which, if any, of the restructuring solutions available is the most suitable to the borrower. Suitability will be largely based upon affordability to repay and maintain the restructured loan.

9.3.1 Features of the Calculator

- i. You can move around the spreadsheet using the tab or arrow keys.
- ii. Only fields in white background can be input to.
- iii. The euro (€) symbol will automatically populate in amount fields.
- iv. entered will round to two decimal places, i.e. 205 will populate as €205.00 but where required, you must enter cents as 205.95 to appear as €205.95.

9.3.2 Using the Calculator

1. Open the calculator in Microsoft Excel.

EVERY TIME THE SPREADSHEET IS OPENED CLICK THE “RESET ALL” BUTTON BEFORE ANY DATA IS ENTERED.

Section 1 – Loan Profile

The screenshot shows the 'Loan Profile' section of the 'Shared Ownership Calculator 2016'. It includes a 'Loan Reference Number' field, a 'Reset All' button, and several input fields for loan details. The 'Current Interest Rate, compounded monthly' field is pre-filled with '4.30%'. The 'Initial Rent Charge (on Day 1 REB)' and 'Current Rent Charge (on Day 1 REB)' fields are both pre-filled with '4.30%'. The 'Rent Increase each year on July 1st' field is pre-filled with '4.50%'. The 'Term' field is pre-filled with '0 years'. The 'Maturity Date' field is pre-filled with '00/01/1900'. The 'Borrower 1: Name' and 'Borrower 2: Name' fields are empty. The 'Date of Birth' fields for both borrowers are empty.

2. Enter the “Loan Reference Number” field, if available.
3. Open the “Select Loan Type” lookup and choose the relevant loan type.
4. In the Current Interest Rate field enter the current interest rate plus 2%. This is to stress test the case against future rises in interest rates. The amount to be used to stress test can be flexible.
5. In the Original Loan Amount field, enter the annuity loan amount that was originally issued.
6. In the Original Rent Equity field, enter the rented equity amount at the start of the scheme.
7. In the Term field, enter number of years the loan is for - e.g. 30 for a 30 year loan period.
8. In the Start Date field, enter the start date of the loan. This should be entered in the following format dd/mm/yyyy. This field will cross reference with the loan type selected and will return a “Invalid start date for loan type” message where inconsistent with the loan type selected previously, e.g. if an ILSO Loan is selected with a Start Date of 01/10/2004.
9. The Maturity Date field will auto populate once the term and start date is entered.
10. Enter the name of the first borrower in “Borrower 1: Name” field.
11. Enter Borrower 1 Date of Birth in field next to “Borrower 1 Name” labelled Date of Birth. The date must be in the following format dd/mm/yyyy.
12. If appropriate, enter the Date of Birth of Borrower 2 next to the “Borrower 2 Name” field as dd/mm/yyyy.

Accurate entry of the DOB fields is critical in calculating the various restructuring solutions.

Section 2 – Current Position

Current Position		Annuity Loan	Rental Equity	Arrears	Total
Optional	Capital/Rent Charged to date				
Optional	Interest Charged to date				
	Outstanding Balance				€0.00
	Full Instalment Charge				€0.00
	MPI Charge				€0.00
	Total Monthly Charge	€0.00	€0.00		€0.00
	Balance at Maturity	€0.00	€0.00		€0.00
	Total Projected Cost	€35,712.19	€35,473.74		€71,185.93
	Currently Monthly Payment				
Mandatory	SFS Affordable Monthly Amount				€0.00

12. The completion of the Capital/Rent Charged to date field is optional, however if the amounts charged to date are known they should be entered here.
13. The completion of the Interest Charged to date field is optional, however if the amounts charged to date are known they should be entered here.
14. The Outstanding Balance fields should be completed as follows:
 - a. Enter the current balance on the Annuity loan in the first column;
 - b. Enter the current Rental Equity Balance in the second column; and
 - c. Enter any arrears accumulated on the loan in the third column.

The Calculator will auto populate the figure on the extreme right of the screen with the overall outstanding balance. This is the amount that will be used to calculate the most suitable solution for the borrower(s).

15. In the Full Instalment Charge fields in the first column, enter the full monthly instalment that the borrower is contracted to repay on the Annuity loan and in the second column enter the full monthly instalment that the borrower is contracted to pay on the Rental Equity Balance share, i.e. the rental amount. The Calculator will auto populate the figure on the extreme right of the screen with the combined total of the monthly charge. This amount will not include the MPI
16. In the MPI Charge fields, enter the amounts that are currently being paid by the borrower for Annuity Loan (Column 1) and Rental Equity Balance (Column 2). If the borrower(s) does not have cover on the REB share then Column 2 should be left blank. The Calculator will auto populate the figure on the extreme right of the screen with the combined totals to give the monthly MPI Charge.
17. The Total Monthly Charge fields will auto populate Column 1 with the combined total of the Loan Charge and MPI charge on the Loan amount and in Column 2 with the Rental Equity Balance and the MPI charge on this amount. The Calculator will auto populate the figure on the extreme right of the screen with the combined totals of these fields to give the full monthly payment due under the Scheme.
18. The Balance at Maturity fields will auto populate based on the inputs above indicating what the balance on each will be at maturity. On a performing ILSO Loan, the Annuity Loan should be zero whereas the REB will have a value. On a Post 2002 performing loan, both of these figures should be zero.
19. The "Total Projected Cost" field will auto populate from the previous inputs and will give the estimated cost of the Scheme at maturity if the instalment charges are met.
20. In the Current Monthly Payment field, enter the total monthly payment being made at this time by the borrower, i.e. Annuity, Rental, Arrears, MPI combined. In a performing loan, this should match the Total Monthly Charge in the Total Column above and to the right of this field.

21. In the “SFS Affordable Monthly Amount” field, enter the total monthly payment that has been assessed using a recent SFS from the borrower(s) as affordable and sustainable. Where a mortgage is being paid under the 1999 Affordable Housing Scheme the payment must be taken into consideration when calculating affordability level. This is a mandatory field and is the field that is used to assess each of the solutions. In the case of a performing loan, where a SFS has not been obtained the “Total Monthly Charge” can be entered here.

Section 3 – Solutions

REB Only Outstanding

Where the annuity loan has been repaid in full and only the Rental Equity Balance exists, this balance can be repaid by way of a new 3% fixed rate loan over a maximum 15 year term.

Select the “REB Only” button.

REB Only - Convert Rental Equity Balance to fixed rate annuity @3% with maximum 15 year terms, i.e. Assumes Annuity is Paid Off		
as at 19 January 2016		
	Rental Equity	Total
Outstanding Balance	€85,000.00	
Start Date		
Remaining Terms	15.00 years	
Monthly Charges	€586.99	
MPI Charge	€24.18	
Total Monthly Charge	€611.18	
Balance at maturity	€0.00	
Total Projected Remaining Cost	€105,658.99	excluding MPI

The option above will be displayed. As the maximum term is 15 years, the Remaining Terms is an input field. Click into this field and select the number of years to the borrowers 70th birthday to a **maximum** of 15 from the drop down menu. The Calculator will auto populate the Monthly Charge, MPI Charge and the Total Monthly Charge and compare this to the SFS Affordable Monthly Amount. In some cases, the SFS Affordable Monthly Amount will give rise to a fixed annuity loan term of less than 15 years. If this is not a viable solution for the borrower(s), a note in red will display giving the reason for this. Solution 4 can be explored for the borrower at this stage.

Annuity and REB Outstanding

The calculator will return the figures for each restructuring solution, as follows:

SOLUTION 1 - Single Annuity over the remaining term of the existing SOS loan

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority

SOLUTION 3 - Single Annuity to be repaid over the remaining years until youngest borrower reaches age 70

SOLUTION 4 - Single Annuity with SFS Affordable Amount over an indicative term to a maximum of 35 years

9.3.3 Interpreting the Results

Identifying the most suitable restructuring solution for the borrower may be assisted by heeding the red warning/alert messages for each restructuring solution. Solutions are not mutually exclusive. Where more than one solution is viable for a borrower, consideration to the best solution for the Local Authority and the lowest “Total Projected Remaining Cost” should be used to determine the solution to be offered.

In the event that Solution 3 is the preferred solution to be offered, the Local Authority should use the data in Solution 4 to ascertain what period that the borrower can repay the restructured loan at the SFS Affordable Amount.

See the Section 10 Scenarios which gives examples of using the calculator and determining the best solution for borrowers under particular loan balance and repayment capacity circumstances.

It should be noted that the restructuring may not work for all borrowers and in some cases it may be determined that to do nothing or to investigate other solutions under MARP for the borrower such as Local Authority Mortgage to Rent is the best solution.

9.3.4 MPI and the Calculator

As previous outlined in Section 7 Mortgage Protection Insurance (MPI) there are potentially two rates for MPI. The MPI cover may protect: (i) the outstanding annuity balance at a rate of 0.4703% and (ii) the outstanding rental equity balance at a rate of 0.3414%. This will result in differing combinations of calculations on the amount payable for the borrower. The Calculator will calculate the amounts due but you will need to select the relevant cover.

On the left hand side of the screen there is a drop down menu for MPI. To access the dropdown menu click on the arrow box. The options will be displayed.

A	B	C	D	E	F	G	H
		Full Instalment Charge	€461.70	€506.08			€567.78
		MPI Charge	€8.25	€0.00			€8.25
		Total Monthly Charge	€469.95	€506.08			€576.03
		Balance at Maturity	€0.00	€141,232.01			€141,232.01
		Total Projected Cost	€35,712.19	€35,473.74			€212,417.94
		Currently Monthly Payment	€500.00				
		Mandatory SFS Affordable Monthly Amount	€800.00				€800.00

REB Only	Solution 1	Solution 2	Solution 3	Solution 4	All Solutions	MPI: Restructured Amount
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SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term			
as at 07 March 2016			
	Annuity Loan	Rental Equity	
Outstanding Balance	€21,047.75	€141,232.01	€162,279.76
Annuity Start Date	07/03/2016		
Remaining Term	47 months	3.90 years	
Monthly Charge	€1,787.31		

- Annuity and REB – this option should be selected if the borrower currently has cover through the LAMPI Scheme on their Annuity Loan and the reduced rate on the REB. The Calculator will calculate the repayment based on the REB portion of the restructured loan always being at the lower amount. If there are arrears now on the loan the MPI on these will be at 0.4703%
- Existing Annuity Portion Only – this option should be selected if the borrower has existing cover through the LAMPI Scheme on the Annuity portion only and is unable to obtain LAMPI cover on the increased amount. The Calculator will continue to calculate the MPI payment based on the original Annuity Loan portion only going forward, with no payment included for the remainder of the restructured loan. **It should be noted that** if the borrower obtains MPI on the balance of the restructured loan from another source that this payment should be taken into the affordability calculation on the SFS.
- Non-LA MPI – this option should be selected if the borrower has MPI cover other than through the LAMPI. The Calculator will not include an amount for the payment of MPI. **It should be noted that** if the borrower has MPI from another source that this payment should be taken into the affordability calculation on the SFS.
- REB Only – this option should be selected if the borrower has cover on their REB and arrears have arisen and the borrower cannot obtain MPI on the increased amount through the LAMPI Scheme. The Calculator will calculate the repayments based on the REB portion of the restructured loan only and at 0.3414%.
- In the event that there is an outstanding REB and arrears have arisen on the rental and cover is available on the full restructured amount then the Annuity and REB option should be selected.

- Restructured amount – this option should be selected if the borrower currently only has cover on their Annuity Loan portion but have obtained cover under the LAMPI Scheme for the increased amount. The Calculator will calculate the repayments based on the full amount at 0.4703%.

9.4 Meeting the Borrower

There are two different circumstances under which the Local Authority will be engaging with the borrower.

1. In the first instance, the Local Authority will be seeking to assist the borrower in dealing with the fact that the borrower has not made provision to acquire their Rental Equity Balance at the end of the loan term.
2. In the second instance, the Local Authority will be engaging with a borrower that they have had ongoing communication with through the MARP in an attempt to deal with the borrower's mortgage arrears situation.

The engagement will differ, as in the case of a borrower with a performing loan who has not made provision for acquiring the Rental Equity Balance, this may be the first contact with the borrower other than standard lender/borrower correspondence.

However, at the conclusion of the meeting each borrower should be provided with the following:

- a) Process map showing the steps that will be followed (Appendix 4).
- b) Two copies of the Letter of Offer to Restructure Shared Ownership Loan that will outline the borrower's current situation and the proposed arrangements for the restructured loan (Appendix 5).
- c) List of documentation that will be required for the restructuring and the transfer of the title.

9.4.1 Loans with 5 years or less remaining on the loan term

The Local Authority meets with such borrower(s), where they have informed the Local Authority that he/she has not made provision to acquire the Rental Equity Balance. It should not be assumed that the borrower understands his/her obligations under the Shared ownership Scheme.

It should be noted that the Local Authority is offering a solution to a problem that the borrower may, or may not, be aware that he/she has or may, or may not, accept that he/she has. During the meeting:

- a) Ascertain the understanding that the borrower has of his/her Shared Ownership Loan and his/her obligations under the terms and conditions. Once this has been established, the Local Authority can proceed accordingly.
- b) The Local Authority should outline the terms and obligations of the existing Loan Agreement.
- c) The terms of the restructuring to the Annuity Loan to include the Rental Equity Balance should be explained in detail to the borrower.
- d) It is important that it is explained to the borrower that the lease agreement for the rental portion will be terminated and that the borrower will obtain 100% ownership of the property upon restructuring and that a mortgage charge to the value of the outstanding amount at any given time under the Restructured Shared Ownership Annuity will apply until fully repaid.
- e) The restructuring process should be explained using the Process Map provided at Appendix 4.
- f) The details should be provided in writing to the borrower at the meeting.
- g) The implications of the restructuring for the borrower's MPI as set out in Section 7 above should be explained.
- h) The borrower should be advised to obtain legal and financial advice on the proposal.
- i) The borrower should be informed that the Local Authority will make a contribution to this advice based on vouched expenditure to a maximum of €1,000 (excluding VAT)
- j) The borrower should be informed that following the receipt of the Legal and Financial Advice, if they wish to have their Shared Ownership Loan restructured they must sign one of the copies of the Letter of Offer to Restructure Shared Ownership Loan and return to the Local Authority.

- k) It should also be explained that the Letter of Offer to Restructure Shared Ownership Loan must be countersigned by the borrower's legal and financial advisors stating that they have provided the advice and that it is their view that the borrower understood the advice given.

The Local Authority shall provide the borrower with all documentation required for the restructuring which will ensure that the advice obtained is comprehensive.

9.4.2 Mortgage Arrears Resolution Process (MARP) Cases

In cases where the borrower is in the MARP, the Local Authority is offering the borrower a real solution to their mortgage arrears difficulties. While it is assumed that this is not the first engagement that the Local Authority has had with the borrower, it is necessary for the Local Authority to set out the existing situation that the borrower is in and the seriousness of that situation.

During the meeting:

- a) Ascertain the understanding that the borrower has of their Shared Ownership Loan and their obligations under the terms and conditions. Once this has been established, the Local Authority can proceed accordingly.
- b) It is important that it is pointed out to the borrower that this is a long-term solution to their financial situation and that the alternatives available would result in them losing the ownership of their home; for example, through LAMTR.
- c) The Local Authority should outline the terms and obligations of the existing Loan Agreement.
- d) Ensure that the borrower's circumstances have not changed from the information provided on the SFS.
- e) The terms of the restructuring to the Annuity Loan to include the Rental Equity Balance and arrears should be explained in detail to the borrower.
- f) The restructuring process must be explained.
- g) The details should be provided in writing to the borrower at the meeting.
- h) The implications of the restructuring for the borrower's MPI as set out in Section 7 above should be explained.
- i) The borrower should be advised to obtain legal and financial advice on the proposal.
- j) The borrower should be informed that the Local Authority will make a contribution to this advice on the basis a maximum of €1,000 (excluding VAT) for vouched expenditure.
- k) The borrower should be informed that following the receipt of the Legal and Financial Advice, if they wish to have their Shared Ownership Loan restructured they must sign one of the copies of the Letter of Offer to Restructure Shared Ownership Loan and return to the Local Authority.
- l) It should also be explained that the Letter of Offer to Restructure Shared Ownership Loan must be countersigned by the borrower's legal and financial advisors stating that they have provided the advice and that it is their view that the borrower understood the advice given.

9.4.3 All Other Borrowers

It is recommended that meetings should be held with all remaining Shared Ownership borrowers as a follow up to the initial contact. The meeting should ensure that there is a full understanding of the proposed restructuring and of the process involved. The borrowers in these cases have performing loans and as such, are not obliged to restructure. The benefits to the borrower as outlined in Section 4 must be highlighted at the meeting.

During the meeting:

- a) Ensure that the borrowers' understanding of their Shared Ownership Loan and their obligations under the terms and conditions is correct.

- b) It is important that it is pointed out to the borrower that this is a long-term solution to their financial situation and that the alternatives available would result in them losing the ownership of their home; for example, through LAMTR.
- c) The Local Authority should outline the terms and obligations of the existing Loan Agreement.
- d) Ensure that the borrower's circumstances have not changed from the information provided on the SFS.
- e) The terms of the restructuring to the Annuity Loan to include the Rental Equity Balance should be explained in detail to the borrower.
- f) The restructuring process must be explained.
- g) The details should be provided in writing to the borrower at the meeting.
- h) The implications of the restructuring for the borrower's MPI as set out in Section 7 above should be explained.
- i) The borrower should be advised to obtain legal and financial advice on the proposal.
- j) The borrower should be informed that the Local Authority will make a contribution to this advice on the basis of a maximum of €1,000 (excluding VAT) for vouched expenditure.
- k) The borrower should be informed that following the receipt of the Legal and Financial Advice, if they wish to have their Shared Ownership Loan restructured they must sign one of the copies of the Letter of Offer to Restructure Shared Ownership Loan and return to the Local Authority.
- l) It should also be explained that the Letter of Offer to Restructure Shared Ownership Loan must be countersigned by the borrower's legal and financial advisors stating that they have provided the advice and that it is their view that the borrower understood the advice given.

9.5 Legal Process

There are a number of documents that are required to complete the transfer of the Local Authority's ownership in a property to an existing borrower. There is additional documentation required for the restructured loan. The list of documents required is as follows:

1. Transfer of Local Authority interest to borrower (Appendix 6);
2. Letter of Loan Agreement with borrower (Appendix 7);
3. Family Home Legislation Declaration of borrower (Appendix 8 (4 samples)); and
4. Land Registry Form 52 completed by the borrower (Appendix 9).

This list will have been provided to the borrower at their meeting with the Local Authority.

Once the borrower has submitted the signed copy of the Letter of Offer to Restructure a Shared Ownership Loan, the Local Authority should instruct their own legal advisors to issue the legal and transfer documents to the borrower's solicitor.

The borrower's legal fees for the transaction will be reimbursed by the Local Authority to a maximum of €1,000 (excluding VAT) on production of a receipt of payment.

9.6 Accounting process

The accounting treatment associated with the following solutions (described at 9.3.2 above) is contained at Appendix 10 of this document:

SOLUTION 1 - Single Annuity over the remaining term of the existing SOS loan

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority

SOLUTION 3 - Single Annuity to be repaid over the remaining years until youngest borrower reaches age 70

The guidance was issued to the sector in 2012 and expanded upon through a number of road shows. Furthermore the software changes implemented at that time will accommodate the solutions listed.

The accounting treatment associated with Solution 4:

SOLUTION 4 - Single Annuity with SFS Affordable Amount over an indicative term to a maximum of 35 years will require changes to loans software. The software will need to be amended to facilitate accounting for a loan repayment on the basis of a fixed repayment amount. The repayment amount is allocated in the following order:

1. Firstly, allocate the required element of the payment for MPI due;
2. Secondly, allocate the required element of the payment or interest due, net of any TRS relief;
3. Thirdly, the remaining amount is allocated to payment of the principal of the loan.

This can best be explained by means of the following example:

- The affordable repayment amount is €450 monthly;
- The MPI payment is €33.67 monthly;
- The principal owing at 1 March 2016 is €85,916;
- The interest rate is 2.55% for March and April 2016;
- The interest rate is 4.55% for May 2016;

Accrualment	Accrualment(T)	JOB	JOB(T)	SUBANALYSIS	SUBANALYSIS(T)	Ap/ArID	Ap/ArID(T)	TT	TransNo	Valuedate	Period	Year	Text	Euro	
25115	Loans - Annuity [Standard]			123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110044	31/01/2016	201601	2016	312162 Installment	-294.83	Credit
25900	Non Commercial Debtors					12345	Joe Bloggs	LO	2110044	31/01/2016	201601	2016	312162 Installment	450.00	Debit
55251	Loan Interest Receivable	0817343N	INCOME Shared Ownership Loans	123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110044	31/01/2016	201601	2016	312162 Installment	-121.00	Credit
55252	Loans Fixed Charges Income	0817365R	Mortgage Protection Insurance	123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110044	31/01/2016	201601	2016	312162 Installment	-33.67	Credit
											201601			0.00	
25115	Loans - Annuity [Standard]			123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110167	30/04/2016	201604	2016	312162 Installment	-294.83	Credit
25900	Non Commercial Debtors					12345	Joe Bloggs	LO	2110167	30/04/2016	201604	2016	312162 Installment	450.00	Debit
55251	Loan Interest Receivable	0817343N	INCOME Shared Ownership Loans	123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110167	30/04/2016	201604	2016	312162 Installment	-121.00	Credit
55252	Loans Fixed Charges Income	0817365R	Mortgage Protection Insurance	123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110167	30/04/2016	201604	2016	312162 Installment	-33.67	Credit
											201604			0.00	
25115	Loans - Annuity [Standard]			123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110245	31/05/2016	201605	2016	312162 Installment	-69.33	Credit
25900	Non Commercial Debtors					12345	Joe Bloggs	LO	2110245	31/05/2016	201605	2016	312162 Installment	450.00	Debit
55251	Loan Interest Receivable	0817343N	INCOME Shared Ownership Loans	123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110245	31/05/2016	201605	2016	312162 Installment	-121.00	Credit
55252	Loans Fixed Charges Income	0817365R	Mortgage Protection Insurance	123456A	Joe Bloggs	12345	Joe Bloggs	LO	2110245	31/05/2016	201605	2016	312162 Installment	-33.67	Credit
											201605			0.00	

Notice how the charge to the customer account is fixed at €450 for all three periods and that the amount of the principal changes in May 2016 as a result of the significant change in interest rate.

Notwithstanding the change required to loans software there is a temporary workaround and this is described in Appendix 11.

10. Scenarios

The following are a number of case studies that should assist you in the implementation of the solutions ILSO case studies -

Case Study 1:

Joint Borrowers, Borrower 1 (DOB 1/1/1965) and Borrower 2 (DOB 1/1/1955). They hold an Index Linked Shared Ownership Loan since 10/10/2001. Original Purchase Price of house is €110,000 for 25 years, original Annuity Loan of €50,000 and original Rental Equity of €60,000.

Current repayment amounts are as follows:

MPI:	€32.31*
Rent:	€273.85
Loan Repayment:	€234.56
Total Monthly Payment:	€540.72

*Borrower has MPI at 2 different rates, on the Annuity Loan (0.4703%) (€10.57) and REB (0.3414%) (€21.74).

The current interest rate is 2.55% however the case is stress tested against the current interest rate plus 2%, resulting in an interest rate of 4.55%.

The current outstanding balance on the loan is €26,974.06 and the outstanding REB is €76,423.36. The borrowers are meeting their full instalments

Total amount to be considered for restructuring is €103,397.42.

An SFS has been completed by the borrowers and it has been assessed due to changes in the borrowers' circumstances that the borrowers can afford a monthly payment of €1,000.

- Enter data of loan profile from the text above as outlined in Section 9.3.1. Ensure that the interest rate is entered correctly i.e. the current interest rate plus 2% as outlined above.

The screenshot shows the 'Shared Ownership Calculator 2016' interface. It features a 'Loan Profile' tab and a 'Loan Reference Number' field. The main area contains a table with the following data:

Select Loan Type	Index Linked	4.50%	Current Interest Rate, compounded monthly
Original Loan Amount	€50,000.00	4.50%	Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€60,000.00	4.30%	Current Rent Charge (on Day 1 REB)
Term	25 years		
Start Date	01/01/2001		
Maturity Date	02/01/2026		
Borrower 1: Name		Date of Birth	01/01/1955
Borrower 2: Name		Date of Birth	01/01/1965

- Enter data of Current Position from text above as outlined in Section 9.3.2.

Current Position		Annuity Loan	Rental Equity	Arrears	Total
Optional	Capital/Rent Charged to date				
Optional	Interest Charged to date				
	Outstanding Balance	€26,974.06	€76,423.36		€103,397.42
	Full Instalment Charge	€234.56	€273.85		€508.41
	MPI Charge	€10.57	€21.74		€32.31
	Total Monthly Charge	€245.13	€295.59		€540.72
	Balance at Maturity	€0.00	€76,423.36		€76,423.36
	Total Projected Cost	€35,712.19	€35,473.74		€147,609.29
	Currently Monthly Payment	€540.72			
Mandatory	SFS Affordable Monthly Amount	€1,000.00			€1,000.00

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

REB Only		Solution 1	Solution 2	Solution 3	Solution 4	All Solutions
SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term						
as at 12 February 2016						
		Annuity Loan	Rental Equity	Total		
	Outstanding Balance	€26,974.06	€76,423.36	€103,397.42		
	Annuity Start Date	12/02/2016				
	Remaining Term	141 months	11.74 years			
	Monthly Charge	€345.08				
	MPI Charge	€32.91				
	Total Monthly Charge	€378.29				
	Balance at Maturity	€0.00	11/10/2027			
	Total Projected Remaining Cost	€133,300.38 excluding MPI				

The borrower can be given the option to pay back the restructured loan in the remaining term of the loan. The instalment amount is within the assessed affordability level of the borrower. However the repayment is considerably higher than their current existing instalments. The projected overall cost of this solution is €133,300.38 approximately. Opposed to approximately €147,600 under the current arrangement.

SOLUTION 2 - Convert to a Single Annuity with Current Full Instalment Charge - Extended Term			
as of 18 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€26,974.06	€76,423.36	€103,397.42
Annuity Start Date	18/02/2016		
Age of Youngest Borrower at maturity		55.00 years	
Repayment Term	179 months	14.87 years	
Monthly Charge	€794.08		
MPI	€32.31		
Total Monthly Charge	€826.39		
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2031		
Total Projected Remaining Cost	€142,140.35 excluding MPI		

The Local Authority can enter the age of Youngest Borrower that they would feel is acceptable for the repayment of the loan in the Age of Youngest Borrower at maturity field. The Calculator will calculate the term and the amount that would be required as a monthly repayment. In this case the amount is within that of the SFS Affordability Level.

Note: All the above solutions have been calculated using the current interest rate plus 2%.

Case Study 2:

Joint Borrowers, Borrower 1 (DOB 1/1/1965) and Borrower 2 (DOB 1/1/1955). They hold an Index Linked Shared Ownership Loan since 1/1/1994. Original Loan was €70,000 over 25 years, original Annuity Loan of €35,000 and original Rental Equity of €35,000.

Current repayment amounts are as follows:

MPI:	€18.38*
Rent:	€200.23
Loan Repayment:	€182.64
Total Monthly Payment:	€401.25

* Borrower has MPI at 2 different rates, on the Annuity Loan (0.4703%) (€2.48) and REB (0.3414%) (€15.90).

The current outstanding balance on the loan is €6,323.35 and the outstanding REB is €55,878.32. The borrowers are meeting their full instalments

Total amount to be considered for restructuring is €62,201.67. An SFS has been completed by the borrowers and it has been assessed due to changes in the borrowers' circumstances that the borrowers can afford a monthly payment in line with their existing instalment of €401.25.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Profile Reset All

Loan Reference Number:

Select Loan Type	Index Linked	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€35,000.00	5.00%	Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€35,000.00	4.30%	Current Rent Charge (on Day 1 REB)
Term	25 years		
Start Date	01/01/1994		
Maturity Date	02/01/2019		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1965
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1955

- Enter data of Current Position from text above as outlined in Section 9.3.2.

Current Position

		Annuity Loan	Rental Equity	Arrears	Total
Optional	Capital/Rent Charged to date	<input type="text"/>	<input type="text"/>		
Optional	Interest Charged to date	<input type="text"/>	<input type="text"/>		
	Outstanding Balance	€6,323.35	€55,878.32	<input type="text"/>	€62,201.67
	Full instalment Charge	€182.64	€200.23		€382.87
	MPI Charge	€2.48	€15.90		€18.38
	Total Monthly Charge	€185.12	€216.13	<input type="text"/>	€401.25
	Balance at Maturity	€0.00	€55,878.32		€55,878.32
	Total Projected Cost	€35,712.19	€35,473.74		€127,064.25
	Currently Monthly Payment	<input type="text"/>	<input type="text"/>		
Mandatory	SFS Affordable Monthly Amount	€140.00			€140.00

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

REB Only			
Solution 1			
SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€6,323.35	€55,878.32	€62,201.67
Annuity Start Date	12/02/2016		
Remaining Term	36 months	2.97 years	
Monthly Charge	€1,868.80		
MPI Charge	€18.38		
Total Monthly Charge	€1,887.17		Exceeds affordable monthly payment by €1,485.92
Balance at Maturity	€0.00	02/01/2019	
Total Projected Remaining Cost	€66,617.68	excluding MPI	

This option is not feasible as there is just under 3 years remaining on the loan which would require the borrowers to increase their repayment way in excess of their affordability level.

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority			
as at 18 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€6,323.35	€55,878.32	€62,201.67
Annuity Start Date	18/02/2016		
Age of Youngest Borrower at maturity		66.00 years	
Repayment Term	179 months	14.87 years	
Monthly Charge	€479.29		
MPI	€18.38		
Total Monthly Charge	€497.67		Exceeds affordable monthly payment by €57.67
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2031		
Total Projected Remaining Cost	€85,793.11	excluding MPI	

The repayment required is exceeds the SFS affordable level.

SOLUTION 3 - Convert to a Single Annuity - Extend term Until Youngest Reaches 70			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€6,323.35	€55,878.32	€62,201.67
Annuity Start Date	12/02/2016		
Remaining Term	226 months	18.83 years	
Monthly Charge	€410.28		
MPI	€18.38		
Total Monthly Charge	€428.66		Exceeds affordable monthly payment by €27.41
Balance at Maturity	€0.00		
Calculated Maturity Date	12/12/2034		
Total Projected Remaining Cost	€92,723.87	excluding MPI	

Solution 2 or 3 do not appear as a feasible option for the borrower when stress tested using the current interest rate plus 2%. However the Local Authority may determine Solution 2 as feasible as with the current interest rates.

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority			
as at 18 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€6,323.35	€55,878.32	€62,201.67
Annuity Start Date	18/02/2016		
Age of Youngest Borrower at maturity		66.00 years	
Repayment Term	179 months	14.87 years	
Monthly Charge	€418.13		
MPI	€18.38		
Total Monthly Charge	€436.50		
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2031		
Total Projected Remaining Cost	€74,845.10	excluding MPI	

Case Study 3:

Joint Borrowers, Borrower 1 (DOB 1/1/1965) and Borrower 2 (DOB 1/1/1955). They hold an Index Linked Shared Ownership Loan since 1/1/2002. Original Loan was €110,000 over 25 years, original Annuity Loan of €50,000 and original Rental Equity of €60,000.

Current repayment amounts are as follows:

MPI:	€32.31*
Rent:	€273.85
Loan Repayment:	€234.56
Total Monthly Payment:	€540.73

* Borrower has MPI at 2 different rates, on the Annuity Loan (0.4703%) and REB (0.3414%)

The current outstanding balance on the loan is €26,974.06 and the outstanding REB is €76,423.36. The borrowers are meeting their full instalments

Total amount to be considered for restructuring is €103,397.42. An SFS has been completed by the borrowers and it has been assessed due to changes in the borrowers' circumstances that the borrowers can afford a monthly payment slightly above their existing instalment of €600.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Profile Loan Reference Number: **Reset All**

Select Loan Type	Index Linked	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€50,000.00	4.50%	Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€60,000.00	4.30%	Current Rent Charge (on Day 1 REB)
Term	25 years		
Start Date	01/01/2002		
Maturity Date	02/01/2027		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1965
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1955

- Enter data of Current Position from text above as outlined in Section 9.3.2.

Current Position

	Annuity Loan	Rental Equity	Arrears	Total
Optional Capital/Rent Charged to date	<input type="text"/>	<input type="text"/>		
Optional Interest Charged to date	<input type="text"/>	<input type="text"/>		
Outstanding Balance	€26,974.06	€76,423.36	<input type="text"/>	€103,397.42
Full Instalment Charge	€234.56	€273.85		€508.41
MPI Charge	€10.57	€21.74		€32.31
Total Monthly Charge	€245.13	€295.59		€540.72
Balance at Maturity	€0.00	€76,423.36		€76,423.36
Total Projected Cost	€35,712.19	€35,473.74		€71,185.93
Currently Monthly Payment	€540.72			
Mandatory SFS Affordable Monthly Amount	€750.00			€750.00

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term

as at 16 March 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€26,974.06	€76,423.36	€103,397.42
Annuity Start Date	16/03/2016		
Remaining Term	131 months	10.88 years	
Monthly Charge	€1,005.52		
MPI Charge	€32.31		
Total Monthly Charge	€1,037.83		Exceeds affordable monthly payment by €287.83
Balance at Maturity	€0.00	02/01/2027	
Total Projected Remaining Cost	€131,286.71	excluding MPI	

This option is not feasible for the borrower as there is only just under 11 years left on the loan the repayments would exceed the borrowers' affordability amount by €431.45.

This option does not work as the extension in time is past the 70th birthday of the youngest borrower.

SOLUTION 3 - Convert to a Single Annuity - Extend term Until Youngest Reaches 70

as at 16 March 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€26,974.06	€76,423.36	€103,397.42
Annuity Start Date	16/03/2016		
Remaining Term	226 months	18.79 years	
Monthly Charge	€582.01		
MPI	€32.31		
Total Monthly Charge	€714.32		
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2035		
Total Projected Remaining Cost	€154,134.28	excluding MPI	

This is the solution for the borrower as the repayments are within the affordability amount for the borrowers. It should be noted that this is using the stress testing of +2% so the actual monthly instalment now will be much less, the Local Authority may advise the borrower of this fact and that the sooner the loan is paid the less the total projected costs of the finance will be.

Note: All the above solutions have been calculated using the current interest rate plus 2%.

Case Study 4:

Joint Borrowers, Borrower 1 (DOB 1/1/1965) and Borrower 2 (DOB 1/1/1955). They hold an Index Linked Shared Ownership Loan since 1/1/1994. Original Loan was €110,000 over 25 years, original Annuity Loan of €50,000 and original Rental Equity of €60,000.

Current repayment amounts are as follows:

MPI:	€32.10*
Rent:	€348.20
Loan Repayment:	€254.61
Total Monthly Payment:	€602.81

* Borrower has MPI at 2 different rates, on the Annuity Loan (0.4703%) (€6.49) and REB (0.3414%) (€25.61).

The current outstanding balance on the loan is €16,548.54 and the outstanding REB is €90,025.80. The borrowers are meeting their full instalments

Total amount to be considered for restructuring is €106,574.34. An SFS has been completed by the borrowers and it has been assessed due to changes in the borrowers' circumstances that the borrowers can afford a monthly payment in line with their existing instalment of €634.91.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Reference Number: Reset All

Loan Profile

Select Loan Type	Index Linked	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€50,000.00	5.00%	Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€50,000.00	4.30%	Current Rent Charge (on Day 1 REB)
Term	25 years		
Start Date	01/01/1994		
Maturity Date	01/01/2019		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1965
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1955

- Enter data of Current Position from text above as outlined in Section 9.3.2.

	Annuity Loan	Rental Equity	Arrears	Total
Optional Capital/Rent Charged to date	<input type="text"/>	<input type="text"/>		
Optional Interest Charged to date	<input type="text"/>	<input type="text"/>		
Outstanding Balance	€16,548.54	€90,025.80	<input type="text"/>	€106,574.34
Full Instalment Charge	€254.61	€348.20		€602.81
MPI Charge	€6.49	€25.61		€32.10
Total Monthly Charge	€261.10	€373.81		€634.91
Balance at Maturity	€0.00	€90,025.80		€90,025.80
Total Projected Cost	€35,712.19	€35,473.74		€161,211.73
Currently Monthly Payment	€634.91			
Mandatory SFS Affordable Monthly Amount	€634.91			€634.91

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

REB Only			
Solution 1			
SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€16,548.54	€90,025.80	€106,574.34
Annuity Start Date	12/02/2016		
Remaining Term	36 months	2.97 years	
Monthly Charge	€3,202.11		
MPI Charge	€92.10		
Total Monthly Charge	€3,234.20		Exceeds affordable monthly payment by €2,599.29
Balance at Maturity	€0.00	02/01/2019	
Total Projected Remaining Cost	€114,140.18	excluding MPI	

This option is not feasible as there is just under 3 years remaining on the loan which would require the borrowers to increase their repayment way in excess of their affordability level.

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority			
as at 18 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€16,548.54	€90,025.80	€106,574.34
Annuity Start Date	18/02/2016		
Age of Youngest Borrower at maturity		66.00 years	
Repayment Term	179 months	14.87 years	
Monthly Charge	€818.48		
MPI	€32.10		
Total Monthly Charge	€850.58		Exceeds affordable monthly payment by €215.67
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2031		
Total Projected Remaining Cost	€146,507.66	excluding MPI	

Solution 2 examines the repayment of the restructured loan to the borrowers 66th birthday. This option is not feasible as the repayment amount exceeds the SFS Affordable Level.

SOLUTION 3 - Convert to a Single Annuity - Extend term Until Youngest Reaches 70

as at 12 February 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€16,548.54	€90,025.80	€106,574.34
Annuity Start Date	12/02/2016		
Remaining Term	226 months	18.83 years	
Monthly Charge	€702.97		
MPI	€32.10		
Total Monthly Charge	€735.06		Exceeds affordable monthly payment by €100.15
Balance at Maturity	€0.00		
Calculated Maturity Date	12/12/2034		
Total Projected Remaining Cost	€158,870.10	excluding MPI	

This option exceeds the affordability amount of the borrower by just €100.15 so the SFS should be reviewed to ensure that the affordability amount is correct and if so then this option is not feasible.

SOLUTION 4 - Convert to a Single Annuity Using Repayments based on SFS Affordable Amount over 35 Years Max until youngest reaches 70

as at 12 February 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€16,548.54	€90,025.80	€106,574.34
Annuity Start Date	12/02/2016		
Projected Term to reach €0	294 months	24.50 years	
SFS Affordable Monthly Amount	€634.91		
Monthly Payment net of MPI	€602.81		
Balance at 70 years	€35,713.59		This amount to be charged against the property
Last Repayment Date to 70	12/12/2034		
No. of Repayment Months to 70	226 months	18.83 years	
Total Projected Remaining Cost	€171,949.10	excluding MPI	

This option indicates that the borrower would pay the affordable amount of €34.91 for just under 19 years to the youngest borrowers 70th birthday and then a charge would be placed on the property. This charge would be paid by monthly instalments by the borrowers, lump sum, sale of the property or on the death of the borrower. The amount displayed is an indicative amount as it is dependent on interest rates and the payment performance of the borrower.

Note: All the above solutions have been calculated using the current interest rate plus 2%.

Case Study 5:

Joint Borrowers, DOB 1/1/1961 and DOB 1/1/1960. They hold an Index Linked Shared Ownership Loan since 1/1/1995. Original Purchase Price of house is €180,000. SOS Scheme availed of on 50:50 basis. Current repayment amounts are as follows:

MPI:	€8.25 (Annuity Only)
Rent:	€506.08
Loan Repayment:	€461.70
Total Monthly Payment:	€976.03

The current outstanding balance on the loan is €21,047.75 and the outstanding REB is €141,232.01.

Total amount to be considered for restructuring is €162,279.76 The borrowers are currently paying €400.

An SFS has been completed by the borrowers and it has been assessed that, due to changes in the borrowers' circumstances, the borrowers can afford a monthly payment of €700.

Note: if the borrower is to obtain MPI going forward it will be in the full restructured amount at 0.4703% as currently no MPI on REB.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Profile Reset All

Loan Reference Number:

Select Loan Type	Index Linked	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€90,000.00		5.00% Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€90,000.00		4.30% Current Rent Charge (on Day 1 REB)
Term	25 years		
Start Date	01/01/1995		
Maturity Date	02/01/2020		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1961
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1960

- Enter data of Current Position from text above as outlined in Section 9.3.2.

Current Position

	Annuity Loan	Rental Equity	Arrears	Total
Optional Capital/Rent Charged to date	<input type="text"/>	<input type="text"/>		
Optional Interest Charged to date	<input type="text"/>	<input type="text"/>		
Outstanding Balance	€21,047.75	€141,232.01	<input type="text"/>	€162,279.76
Full Instalment Charge	€461.70	€506.08		€967.78
MPI Charge	€8.25	€0.00		€8.25
Total Monthly Charge	€469.95	€506.08		€976.03
Balance at Maturity	€0.00	€141,232.01		€141,232.01
Total Projected Cost	€35,712.19	€35,473.74		€71,185.93
Currently Monthly Payment	€400.00			
Mandatory SFS Affordable Monthly Amount:	€700.00			€700.00

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

REB Only Solution 1 Solution 2 Solution 3 Solution 4 All Solutions

SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term

as at 12 February 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€162,279.76
Annuity Start Date	12/02/2016		
Remaining Term	48 months	3.97 years	
Monthly Charge	€3,730.01		
MPI Charge	€63.60		
Total Monthly Charge	€3,793.61		Exceeds affordable monthly payment by €3,093.61
Balance at Maturity	€0.00	02/01/2020	
Total Projected Remaining Cost	€177,682.80	excluding MPI	

This option is not feasible as there is just under 4 years remaining on the loan which would require the borrowers to increase their repayment way in excess of their affordability level.

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority

as at 18 February 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€162,279.76
Annuity Start Date	18/02/2016		
Age of Youngest Borrower at maturity		66.00 years	
Repayment Term	131 months	10.87 years	
Monthly Charge	€1,574.10		
MPI	€48.43		
Total Monthly Charge	€1,622.53		Exceeds affordable monthly payment by €922.53
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2027		
Total Projected Remaining Cost	€206,206.66	excluding MPI	

This solution is not feasible as with under 11 years to the youngest borrowers 66th birthday the repayments required are in excess of the SFS Affordable level.

SOLUTION 3 - Convert to a Single Annuity - Extend term Until Youngest Reaches 70			
as of 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€162,279.76
Annuity Start Date	12/02/2016		
Remaining Term	178 months	14.83 years	
Monthly Charge	€1,255.35		
MPI	€63.60		
Total Monthly Charge	€1,318.95		Exceeds affordable monthly payment by €618.95
Balance at Maturity	€0.00		
Calculated Maturity Date	12/12/2030		
Total Projected Remaining Cost	€225,452.26	excluding MPI	

This solution requires a payment that is over twice what the affordability assessment has determined that the borrower can afford.

SOLUTION 4 - Convert to a Single Annuity Using Repayments based on SFS Affordable Amount over 35 Years Max until youngest reaches 70			
as of 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€162,279.76
Annuity Start Date	12/02/2016		
Projected Term to reach €0	420 months	35.00 years	Term Exceeds 35 years
SFS Affordable Monthly Amount	€700.00		
Monthly Payment net of MPI	€636.40		
Balance at 70 years	€156,932.69		This amount to be charged against the property
Last Repayment Date to 70	12/12/2030		
No. of Repayment Months to 70	178 months	14.83 years	
Total Projected Remaining Cost	€270,211.85	excluding MPI	

This option indicates that the borrower would pay the affordable amount of €700 for just under 15 years to the youngest borrowers 70th birthday and then a charge would be placed on the property. In this case the Local Authority should consider the parameters as set out in Section 8 and may decide to deal with such a case through the Local Authority Mortgage to Rent scheme.

Case Study 6:

Joint Borrowers, DOB 1/1/1961 and DOB 1/1/1960. They hold an Index Linked Shared Ownership Loan since 1/1/1995. Original Purchase Price of house is €180,000. SOS Scheme availed of on 50:50 basis. Current repayment amounts are as follows:

MPI:	€8.25 (Annuity Only)
Rent:	€506.08
Loan Repayment:	€461.70
Total Monthly Payment:	€976.03

The current outstanding balance on the loan is €21,047.75 and the outstanding REB is €141,232.01.

Borrower currently is in arrears of €15,300 but is engaging with the Local Authority and has been on short term solution of interest only in MARP for 18 months.

Total amount to be considered for restructuring is €177,579.76. The borrowers are currently paying €400.

An SFS has been completed by the borrowers and it has been assessed due to changes in the borrowers' circumstances that the borrowers can afford a monthly payment of €450.

Note: if the borrower is to obtain MPI going forward it will be in the full restructured amount at 0.4703% as currently no MPI on REB.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Profile Loan Reference Number:

Select Loan Type	Index Linked	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€90,000.00		5.00% Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€90,000.00		4.30% Current Rent Charge (on Day 1 REB)
Term	25 years		
Start Date	01/01/1995		
Maturity Date	02/01/2020		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1961
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1960

- Enter data of Current Position from text above as outlined in Section 9.3.2.

Current Position

	Annuity Loan	Rental Equity	Arrears	Total
Optional Capital/Rent Charged to date				
Optional Interest Charged to date				
Outstanding Balance	€21,047.75	€141,232.01	€15,300.00	€177,579.76
Full Instalment Charge	€461.70	€506.08		€967.78
MPI Charge	€8.25	€0.00		€8.25
Total Monthly Charge	€469.95	€506.08		€976.03
Balance at Maturity	€0.00	€141,232.01		€141,232.01
Total Projected Cost	€35,712.19	€35,473.74		€71,185.93
Currently Monthly Payment	€400.00			
Mandatory SFS Affordable Monthly Amount	€700.00			€700.00

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

REB Only Solution 1 Solution 2 Solution 3 Solution 4 All Solutions

SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term

as at 12 February 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€177,579.76
Annuity Start Date	12/02/2016		
Remaining Term	48 months	3.97 years	
Monthly Charge	€4,081.71		
MPI Charge	€69.60		
Total Monthly Charge	€4,151.31		Exceeds affordable monthly payment by €3,451.31
Balance at Maturity	€0.00	02/01/2020	
Total Projected Remaining Cost	€194,434.89	excluding MPI	

This option is not feasible as there is just under 4 years remaining on the loan which would require the borrowers to increase their repayment way in excess of their affordability level.

SOLUTION 3 - Convert to a Single Annuity - Extend term Until Youngest Reaches 70			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€177,579.76
Annuity Start Date	12/02/2016		
Remaining Term	178 months	14.83 years	
Monthly Charge	€1,373.71		
MPI	€69.60		
Total Monthly Charge	€1,443.30		Exceeds affordable monthly payment by €743.30
Balance at Maturity	€0.00		
Calculated Maturity Date	12/12/2080		
Total Projected Remaining Cost	€244,519.71	excluding MPI	

This solution requires a payment that is three times the amount that the affordability assessment has determined that the borrower can afford.

SOLUTION 4 - Convert to a Single Annuity Using Repayments based on SFS Affordable Amount over 35 Years Max until youngest reaches 70			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€177,579.76
Annuity Start Date	12/02/2016		
Projected Term to reach €0	420 months	35.00 years	Term Exceeds 35 years
SFS Affordable Monthly Amount	€700.00		
Monthly Payment net of MPI	€630.40		
Balance at 70 years	€188,461.91		EXCEEDS CURRENT OUTSTANDING BALANCE
Last Repayment Date to 70	12/12/2080		
No. of Repayment Months to 70	178 months	14.83 years	
Total Projected Remaining Cost	€300,673.74	excluding MPI	

This option indicates that the borrower would pay the affordable amount of €450 for just under 15 years to the youngest borrowers 70th birthday and then a charge would be placed on the property. However the charge to be placed on the property is more than the current outstanding balance and as a result this solution is not recommended and the Local Authority should consider this case under the Local Authority Mortgage to Rent Scheme.

Post 2002 case studies

Case Study 7:

Joint Borrowers, DOB 1/1/1971 and DOB 1/1/1970. They hold Post 2002 Loan since 1/1/2007. Original Purchase Price of house is €160,000 over 25 years, original Annuity Loan of €80,000 and original Rental Equity of €80,000. Current repayment amounts are as follows:

MPI:	€37.85*
Rent:	€486.15
Loan Repayment:	€327.03
Total Monthly Payment:	€851.03

* Borrower has MPI at 2 different rates, on the Annuity Loan (0.4703%) (€22.18) and REB (0.3414%) (€15.66).

The current outstanding balance on the loan is €56,600.14 and the outstanding REB is €52,834.50.

Total amount to be considered for restructuring is €109,434.65.

An SFS has been completed by the borrowers and it has been assessed due to a slight change in the borrowers' circumstances that the borrowers can afford the current monthly instalments.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Profile Reset All

Loan Reference Number:

Select Loan Type	Post 2002	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€80,000.00	4.30%	Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€80,000.00	4.30%	Current Rent Charge (on Day 1 REB)
Term	25 years	4.50%	Rent Increase each year on July 1st
Start Date	01/01/2007		
Maturity Date	02/01/2032		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1971
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1970

- Enter data of loan profile from the text above as outlined in Section 9.3.2.

Current Position

	Annuity Loan	Rental Equity	Arrears	Total
Optional Capital/Rent Charged to date	<input type="text"/>	<input type="text"/>		
Optional Interest Charged to date	<input type="text"/>	<input type="text"/>		
Outstanding Balance	€56,600.14	€52,834.50	<input type="text"/>	€109,434.64
Full Instalment Charge	€327.03	€486.15		€813.18
MPI Charge	€22.18	€15.66		€37.84
Total Monthly Charge	€349.21	€501.81		€851.02
Balance at Maturity	€0.00	€0.00		€0.00
Total Projected Cost	€35,712.19	€35,473.74		€71,185.93
Currently Monthly Payment	€851.03			
Mandatory SFS Affordable Monthly Amount	€851.03			€851.03

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

REB Only Solution 1 Solution 2 Solution 3 Solution 4 All Solutions

SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term

as of 12 February 2016

	Annuity Loan	Rental Equity	Total
Outstanding Balance	€56,600.14	€52,834.50	€109,434.64
Annuity Start Date	12/02/2016		
Remaining Term	192 months	15.97 years	
Monthly Charge	€304.47		
MPI Charge	€37.21		
Total Monthly Charge	€341.68		
Balance at Maturity	€0.00	02/01/2032	
Total Projected Remaining Cost	€154,164.64	excluding MPI	

This solution works for the borrower as it is within the affordability level and it results in a reduction in the amount payable per month.

Case Study 8:

Joint Borrowers, DOB 1/1/1971 and DOB 1/1/1970. They hold Post 2002 Loan since 1/1/2007. Original Purchase Price of house is €180,000 over 30 years, original Annuity Loan of €80,000 and original Rental Equity of €100,000. Current repayment amounts are as follows:

MPI:	€44.13*
Rent:	€581.52
Loan Repayment:	€326.43
Total Monthly Payment:	€952.08

* Borrower has MPI at 2 different rates, on the Annuity Loan (0.4703%) (€23.10) and REB (0.3414%) (€21.03).

The current outstanding balance on the loan is €58,937.61 and the outstanding REB is €71,357.13.

Borrower currently is in arrears of €5,000 but is engaging with the Local Authority and has been on short term solution of interest only in MARP for 18 months.

Total amount to be considered for restructuring is €135,294.74.

An SFS has been completed by the borrowers and it has been assessed that, due to changes in the borrowers' circumstances, the borrowers can afford a monthly payment of €800.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Profile Reset All

Loan Reference Number:

Select Loan Type	Post 2002	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€80,000.00	4.30%	Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€100,000.00	4.30%	Current Rent Charge (on Day 1 REB)
Term	30 years	4.50%	Rent Increase each year on July 1st
Start Date	01/01/2007		
Maturity Date	01/01/2037		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1970
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1974

- Enter data of loan profile from the text above as outlined in Section 9.3.2.

Current Position

	Annuity Loan	Rental Equity	Arrears	Total
Optional Capital/Rent Charged to date	<input type="text"/>	<input type="text"/>		
Optional Interest Charged to date	<input type="text"/>	<input type="text"/>		
Outstanding Balance	€58,937.61	€71,357.13	€5,000.00	€135,294.74
Full Instalment Charge	€326.43	€581.52		€907.95
MPI Charge	€23.10	€21.03		€44.13
Total Monthly Charge	€349.53	€602.55		€952.08
Balance at Maturity	€0.00	€0.00		€5,000.00
Total Projected Cost	€35,712.19	€35,473.74		€76,185.93
Currently Monthly Payment	<input type="text"/>	<input type="text"/>		
Mandatory SFS Affordable Monthly Amount	€800.00			€800.00

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term			
as of 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€58,937.61	€71,357.13	€135,294.74
Annuity Start Date	12/02/2016		
Remaining Term	252 months	20.97 years	
Monthly Charge	€835.30		
MPI Charge	€45.36		
Total Monthly Charge	€880.66		Exceeds affordable monthly payment by €80.66
Balance at Maturity	€0.00	01/01/2037	
Total Projected Remaining Cost	€210,184.23	excluding MPI	

This option is not feasible as the payment amount exceeds the affordability amount assessed for the borrowers.

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority			
as of 18 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€21,047.75	€141,232.01	€162,279.76
Annuity Start Date	18/02/2016		
Age of Youngest Borrower at maturity		66.00 years	
Repayment Term	131 months	10.87 years	
Monthly Charge	€1,574.10		
MPI	€48.43		
Total Monthly Charge	€1,622.53		Exceeds affordable monthly payment by €922.53
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2027		
Total Projected Remaining Cost	€206,206.66	excluding MPI	

This option works for the borrower that allows for the repayment of the loan by the borrowers 66th birthday and the repayments required are within the SFS Affordability Levels.

SOLUTION 2 - Loan to be paid at a repayment amount over a term acceptable to the Local Authority			
as of 18 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€86,359.11	€52,849.91	€154,709.02
Annuity Start Date	18/02/2016		
Age of Youngest Borrower at maturity		66.00 years	
Repayment Term	287 months	23.87 years	
Monthly Charge	€385.46		
MPI	€53.88		
Total Monthly Charge	€339.34		Exceeds affordable monthly payment by €339.34
Balance at Maturity	€0.00		
Calculated Maturity Date	01/01/2040		
Total Projected Remaining Cost	€254,126.82	excluding MPI	

This solution is not feasible as the repayments required to repay the loan by the youngest borrowers 66th birthday exceed the SFS Affordable level.

Case Study 9:

Joint Borrowers, DOB 1/1/1971 and DOB 1/1/1974. They hold Post 2002 Loan since 1/1/2007. Original Purchase Price of house is €190,000 over 25 years, original Annuity Loan of €110,000 and original Rental Equity of €80,000. Current repayment amounts are as follows:

MPI:	€52.42*
Rent:	€445.52
Loan Repayment:	€426.01
Total Monthly Payment:	€923.95

* Borrower has MPI at 2 different rates, on the Annuity Loan (0.4703%) (€34.04) and REB (0.3414%) (€18.38).

The current outstanding balance on the loan is €86,859.11 and the outstanding REB is €62,849.91.

Borrower currently is in arrears of €5,000 but is engaging with the Local Authority and has been on short term solution of interest only in MARP for 18 months.

Total amount to be considered for restructuring is €154,709.02.

An SFS has been completed by the borrowers and it has been assessed due to changes in the borrowers' circumstances that the borrowers can afford a monthly payment of €600.

- Enter data of loan profile from the text above as outlined in Section 9.3.1.

Shared Ownership Calculator 2016

Loan Profile Reset All

Select Loan Type	Post 2002	4.55%	Current Interest Rate, compounded monthly
Original Loan Amount	€110,000.00	4.30%	Initial Rent Charge (on Day 1 REB)
Original Rent Equity	€80,000.00	4.30%	Current Rent Charge (on Day 1 REB)
Term	25 years	4.50%	Rent Increase each year on July 1st
Start Date	01/01/2007		
Maturity Date	02/01/2032		
Borrower 1: Name	<input type="text"/>	Date of Birth	01/01/1971
Borrower 2: Name	<input type="text"/>	Date of Birth	01/01/1974

- Enter data of loan profile from the text above as outlined in Section 9.3.2.

Current Position

	Annuity Loan	Rental Equity	Arrears	Total
Optional Capital/Rent Charged to date	<input type="text"/>	<input type="text"/>		
Optional Interest Charged to date	<input type="text"/>	<input type="text"/>		
Outstanding Balance	€86,859.11	€62,849.91	€5,000.00	€154,709.02
Full Instalment Charge	€445.52	€426.01		€871.53
MPI Charge	€34.04	€18.38		€52.42
Total Monthly Charge	€479.56	€444.39		€923.95
Balance at Maturity	€0.00	€0.00		€5,000.00
Total Projected Cost	€35,712.19	€35,473.74		€76,185.93
Currently Monthly Payment	<input type="text"/>	<input type="text"/>		
Mandatory SFS Affordable Monthly Amount	€600.00			€600.00

- Review each Solution of the Calculator results. This is done by paying heed to the red warning/alert messages that are shown.

REB Only			
Solution 1			
SOLUTION 1 - Convert to a Single Annuity over Existing Remaining Term			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€86,859.11	€62,849.91	€154,709.02
Annuity Start Date	12/02/2016		
Remaining Term	192 months	15.97 years	
Monthly Charge	€1,137.29		
MPI Charge	€53.88		
Total Monthly Charge	€1,191.17		Exceeds affordable monthly payment by €591.17
Balance at Maturity	€0.00	02/01/2032	
Total Projected Remaining Cost	€217,944.00	excluding MPI	

This option is not feasible as it exceeds the affordability amount assessed on the SFS for the borrowers.

REB Only			
Solution 2			
SOLUTION 2 - Convert to a Single Annuity with Current Full Instalment Charge - Extended Term			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€86,859.11	€62,849.91	€154,709.02
Annuity Start Date	12/02/2016		
Repayment Term	297 months	24.75 years	
Monthly Charge	€370.07		
MPI	€53.88		
Total Monthly Charge	€423.95		Exceeds affordable monthly payment by €323.95
Balance at Maturity	€0.00		
Calculated Maturity Date	12/11/2040		
Total Projected Remaining Cost	€258,410.22	excluding MPI	

This option also exceeds the affordability amount assessed on the SFS for the borrowers.

SOLUTION 3 - Convert to a Single Annuity - Extend term Until Youngest Reaches 70			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€86,859.11	€62,849.91	€154,709.02
Annuity Start Date	12/02/2016		
Remaining Term	334 months	27.83 years	
Monthly Charge	€17.59		
MPI	€53.88		
Total Monthly Charge	€71.47		Exceeds affordable monthly payment by €271.47
Balance at Maturity	€0.00		
Calculated Maturity Date	12/12/2043		
Total Projected Remaining Cost	€273,073.61	excluding MPI	

This option is not affordable for the borrowers according to the assessment of the borrowers' SFS.

SOLUTION 4 - Convert to a Single Annuity Using Repayments based on SFS Affordable Amount over 35 Years Max until youngest reaches 70			
as at 12 February 2016			
	Annuity Loan	Rental Equity	Total
Outstanding Balance	€86,859.11	€62,849.91	€154,709.02
Annuity Start Date	12/02/2016		
Projected Term to reach €0	420 months	35.00 years	Term Exceeds 35 years
SFS Affordable Monthly Amount	€600.00		
Monthly Payment net of MPI	€546.12		
Balance at 70 years	€181,826.86		EXCEEDS CURRENT OUTSTANDING BALANCE
Last Repayment Date to 70	12/12/2043		
No. of Repayment Months to 70	334 months	27.83 years	
Total Projected Remaining Cost	€364,230.30	excluding MPI	

This option indicates that the borrower would pay the affordable amount of €600 for just under almost 28 years to the youngest borrowers 70th birthday and then a charge would be placed on the property. In this case, the Local Authority must assess against the parameters set out in Section 8 as the potential amount of the charge may be in excess of the current outstanding balance. The Local Authority may examine this case under the Local Authority Mortgage to Rent scheme.

Appendix 1 – SOS Restructuring Letter 1

Date

Name

Address Line 1

Address Line 2

Address Line 3

Address Line 4

Re: Index Linked Shared Ownership Loan

Mortgage Loan Account Number: [Insert Number]

Mortgaged Property: [Insert Address]

Customer: [Insert Name]

Term of Loan: [Insert Years]

Term Remaining on Annuity Loan: [Insert Years (with months in brackets)]

Current Interest Rate: [Insert Rate]

Outstanding Loan Balance: [Insert Amount]

Rental Equity Balance: [Insert Amount]

Dear [Insert Name],

I am writing to you in connection with your above loan and note that the term remaining on your Annuity Loan is [Insert Term].

Under the provision of your Shared Ownership Loan you must acquire the Leasehold interest of the Local Authority at the end of the Annuity Loan Term. In order to do this, you must redeem the Rental Equity Balance as set out above.

I would appreciate it if you could notify the undersigned in writing no later than the [Insert Date] of the provision that you have put in place to acquire the leasehold.

In the event that you have not made such a provision, I would invite you to contact [Insert Name] on [Insert Phone Number] to discuss the issue as we may be able to provide some assist to you in this regard.

Yours sincerely,

[Insert Name],
on behalf of [Insert LA Name].

Appendix 2 – SOS Restructuring Letter 2

Date

Name

Address Line 1

Address Line 2

Address Line 3

Address Line 4

Re: Index Linked Shared Ownership Loan

Mortgage Loan Account Number: [Insert Number]

Mortgaged Property: [Insert Address]

Customer: [Insert Name]

Term of Loan: [Insert Years]

Term Remaining on Annuity Loan: [Insert Years (with months in brackets)]

Current Interest Rate: [Insert Rate]

Outstanding Loan Balance: [Insert Amount]

Rental Equity Balance: [Insert Amount]

Arrears Due: [Insert Amount]

Dear [Insert Name],

I refer to your above loan and your participation in the Mortgage Arrears Resolution Process (MARP). I note that currently under MARP you are [Insert Alternative Arrangement] since [Insert Date].

The Council does not view this arrangement as a viable long term option for your mortgage. As a result, we are reviewing your case with a view to trying to put a more sustainable option in place.

I would request that you contact [Insert Name] on [Insert Phone Number] to arrange a meeting to discuss the issue further.

Yours sincerely,

[Insert Name],
on behalf of [Insert LA Name].

Appendix 3 – SOS Restructuring Letter 3

Date

Name

Address Line 1

Address Line 2

Address Line 3

Address Line 4

Without Prejudice

Re: Index Linked Shared Ownership Loan

Mortgage Loan Account Number: [Insert Number]

Mortgaged Property: [Insert Address]

Customer: [Insert Name]

Term of Loan: [Insert Years]

Term Remaining on Annuity Loan: [Insert Years (with months in brackets)]

Current Interest Rate: [Insert Rate]

Outstanding Loan Balance: [Insert Amount]

Rental Equity Balance: [Insert Amount]

Dear [Insert Name],

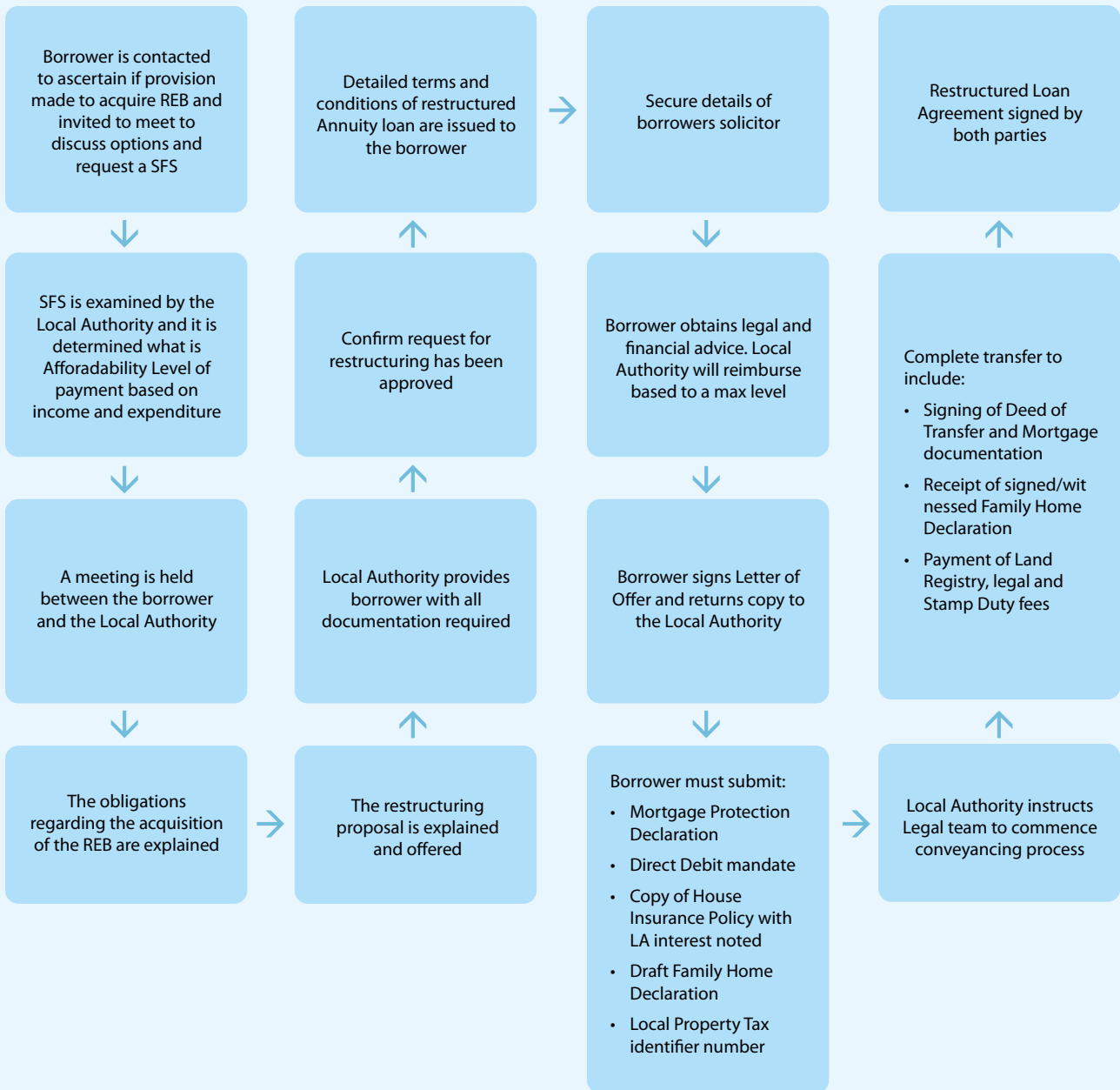
I refer to your above Shared Ownership Loan acquired by you on [Insert Date]. As part of a review of the Local Authority's Loan Book, I am in a position to propose a restructuring of your loan that would allow you to acquire the full interest in the property immediately, subject to certain terms and conditions.

I would request that you contact [Insert Name] on [Insert Phone Number] to arrange a meeting to discuss the issue further.

Yours sincerely,

[Insert Name],
on behalf of [Insert LA Name].

Appendix 4 – Process Map



Appendix 5 – SOS Restructuring Letter 4

Date

Name

Address Line 1

Address Line 2

Address Line 3

Address Line 4

Without Prejudice

Re: Letter of Offer to Restructure Shared Ownership Loan

Mortgage Loan Account Number: [Insert Number]

Mortgaged Property: [Insert Address]

Customer: [Insert Name]

Term of Loan: [Insert Years]

Term Remaining on Annuity Loan: [Insert Years (with months in brackets)]

Current Interest Rate: [Insert Rate]

Outstanding Loan Balance: [Insert Amount]

Rental Equity Balance: [Insert Amount]

Arrears Due: [Insert Amount] (delete if not relevant)

Dear [Insert Name],

I refer to our recent discussion regarding the restructuring of your current Shared Ownership Loan to a full Annuity Loan with [Insert Local Authority Name].

Following a full assessment of your situation including a recent credit check, I am pleased to inform you that the Council is in a position to offer you a restructured mortgage for the total outstanding balance of €[Insert Amount]. This discharge figure is valid for one calendar month only. The term of the loan offer is [Insert Term].

The monthly repayment will be €[Insert Amount]. This amount is subject to a variable rate of interest and may go up as well as down depending on the prevailing interest rate. This monthly payment includes the premium payment for your Mortgage Protection Insurance (MPI) (the MPI payment will reduce as the insurable annuity amount reduces over time).

Delete if not applicable [On the [Insert youngest borrower's 70th birthday], the amount owing will be frozen and placed as a charge on the property. This charge will be paid down by one or more instalments or by lump sum at time of sale or by your Estate.]

To indicate that you are in agreement with this offer, please sign one copy of this letter and return to the undersigned by [Insert Date].

In order to accept the offer, please:

1. Complete the enclosed Mortgage Protection Declaration.
2. Submit a copy of your House Insurance Policy with the interest of [\[Insert Local Authority Name\]](#).
3. Submit contact details of your Solicitor.
4. Submit your Local Property Tax Identifier Number.
5. Complete the enclosed Direct Debit Mandate.
6. Submit a draft Family Home Declaration.

Please return all documentation for the attention of [\[Insert Name\]](#) at [\[Insert address\]](#) at your earliest convenience.

The issue of this approval does not bind [\[Insert Local Authority Name\]](#) to: restructure your Shared Ownership agreement; make any advance; or make an advance at a particular interest rate.

Please note that this Loan restructuring offer is valid until [\[Insert date\]](#).

If you have any further queries, please do not hesitate to contact [\[Insert Name\]](#) on [\[Insert Phone Number\]](#).

Yours sincerely,

[\[Insert Name\]](#),
on behalf of [\[Insert LA Name\]](#).

Appendix 6 – Deed of Transfer

LAND REGISTRY

[INSERT LOCATION]

[INSERT FOLIO NUMBER]

PREMISES: [INSERT LOCAL AUTHORITY]

FIRSTLY

[Insert Local Authority Name] having its registered offices at [insert address] in the County of the [insert county] (hereinafter called "The Council") the registered owner as beneficial owner in consideration of the sum of €[insert amount] (receipt of which is acknowledged) hereby transfers the Council's equity on foot of the Lease registered on [insert folio number] of the Register of Leaseholders County [insert county] HEREBY TRANSFERS the property described in [insert folio number] of the register of Freeholders County [insert county] to [insert borrower name] (hereinafter called "The Transferee").

The address of the transferee in the State for service of notices and his description is:

The Council hereby acknowledges receipt of all monies due on foot of a charge registered at entry N0.2, Part 3 of [insert folio number] of the Register of Leaseholders County [Insert County] and request a note of the discharge of the said Charge as a Burden on the said Property to be entered in the said Folio of the leasehold Register.

SECONDLY

The Transferee is the registered owner of the property comprised in the said leasehold folio and he requests that the Leasehold interest in [insert folio number] of the Register of Leaseholds County [insert county] merge and be extinguished in the freehold reversion expectant thereon.

IN WITNESS whereof said [insert borrowers name] has hereunto set his hand and the Council has caused its Corporate Seal to be affixed hereto the day and year first herein WRITTEN.

Delivered as a deed and

PRESENT when the Corporate

Seal of [insert Local Authority]

Was affixed hereto:

[Insert Local Authority & Address]

Chief Executive of [Insert Local Authority]

SIGNED and DELIVERED as a DEED
By the said [insert borrower name]
In the presence of:

Appendix 7 – Letter of Loan Agreement with borrower

[Insert Date]

[Insert Borrower Name]
[Insert Borrower Address]

Account No: [Insert Account Number]

RE: Annuity Loan Agreement

Dear [Insert Borrower Name]

I am pleased to inform you that arrangements to transfer [Insert Local Authority] interest in [Insert Property Address] were completed by [Insert Local Authority] on the [Insert Date]. The Local Authority has now agreed to offer you a housing loan secured on such premises.

As required by the Consumer Credit Act 1995, you are requested to note the following important information in relation to the mortgage equity:

1. Amount of credit advanced (€) [Insert amount]
2. Period of Agreement [Insert term]
3. Number of repayment instalments [Insert number of instalments]
4. Amount of each instalment*(€) [Insert amount]
5. Total amount Repayable*(€) [Insert amount]
6. Cost of this credit* (€) [Insert amount]
7. Typical APR** [Insert percentage]
8. Amount of Mortgage protection Premium*(€) [Insert amount]
9. Effect on amount of instalment of 1% increase in first year in interest rate [Insert amount]

*As calculated at the time of making the agreement

**Annual percentage rate of change

Please note that the monthly mortgage repayments on [Insert amount] at the current rate of [Insert percentage] will be [Insert amount] over a period of [Insert term]. The Interest rate will be variable for the duration of the loan. You will be notified in advance of any change in interest.

Summary of payments

First payment due on [Insert date] is [Insert amount]

[Insert month] monthly repayment and thereafter, is [Insert amount]

When making payments please quote the account number – [Insert account number]

Payments of the amount due must be made punctually on the dates mentioned and each month thereafter, failing which [insert local authority] may, under the provisions of the Housing Acts, take up possession of the premises or sell same without further notice to you.

This loan will be secured by way of mortgage in the attached format to be registered against your interest in the premises.

NOTE:

Please note that you may be entitled to Tax Relief At Source on the loan. To apply for this Tax Relief At Source, please apply online at www.revenue.ie and the section marked Mortgage Interest Relief applies to the Regulation for the Tax Relief at source- Mortgage interest Relief

Yours sincerely,

[Insert Name],
on behalf of [Insert LA Name].

Appendix 8 – Family Home Legislation Declaration of borrower

STATUTORY DECLARATION OF HUSBAND AND WIFE THAT PROPERTY IS A FAMILY HOME

We, _____
and _____
both of _____
in the County of _____ both aged 18 years and upwards SOLEMNLY AND SINCERELY DECLARE
as follows:

1. This declaration relates to the property known as _____
_____ in the County of _____
_____ (being the property comprised in folio _____ County _____)
(hereinafter called "the property").
2. The property is our family home within the meaning of that term in the Family Home Protection Act, 1976, as amended by the Family Law Act, 1995.
3. We have been married once and once only, namely to each other, on the _____ day of _____ 19/20____. We are each the lawful spouse of the other. We refer to a photocopy of our civil marriage certificate upon which we have endorsed our names prior to making this declaration. Neither of us has ever been the civil partner of any other person within the meaning of the term "civil partner" in Section 3 of the Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 ("the 2010 Act").
4. None of the provisions of the Family Law Act, 1981 (hereinafter called "the Act of 1981") apply to the property because neither of us has been party to an agreement to marry which has terminated within the past three years, and no proceedings of any kind have been threatened or instituted in relation to the property under any of the provisions of the Act of 1981. None of the provisions of Part 15 of the 2010 Act apply to the property and neither of us is or ever has been a cohabitant or a qualified cohabitant with any other person within the meaning of the terms "cohabitant" and "qualified cohabitant" respectively in Section 172 of the 2010 Act.
5. No proceedings of any kind have been instituted or threatened, and no application or order of any kind has been made, in relation to the property, under any of the provisions of the Judicial Separation and Family Law Reform Act, 1989, the Family Law Act, 1995 ("the 1995 Act"), the Family Law (Divorce) Act, 1996 (" the 1996 Act"), or the 2010 Act, and the assurance of the property to the party or parties mentioned in paragraph 8 hereof is not a disposition for the purposes of defeating a claim for relief (as defined in Section 35 of the 1995 Act, Section 37 of the 1996 Act and Section 137 of the 2010 Act).
6. The property is not subject to any trust, licence, tenancy or proprietary interest in favour of any person or body corporate arising by virtue of any arrangement, agreement or contract entered into by either of us, or by virtue of any direct or indirect financial or other contribution to the purchase thereof, or by operation of law, or otherwise, and the property is held free from encumbrances.

7. We understand the effect and import of this declaration which has been fully explained to us by our solicitor. We make this solemn declaration conscientiously believing it to be true for the satisfaction of

_____ and
pursuant to the provisions of the Statutory Declarations Act, 1938.

DECLARED before me(name of commissioner/practising solicitor/peace commissioner in capitals) a commissioner for oaths / practising solicitor / peace commissioner *

by and
[who are personally known to me]

[or: who are identified to me by
who is personally known to me]

[or: see ** below]

at
in the City/County of.....

this day of 20....

Commissioner for Oaths / Practising Solicitor / Peace Commissioner *

*If being declared before another person empowered to take or receive statutory declarations, please refer to Statutory Declarations Act 1938 (as amended) and amend jurat, as appropriate.

**If using a form of identification per the Civil Law (Miscellaneous Provisions) Act 2008 (i.e. passport / national identity card / Aliens Passport / refugee travel document / travel document other than refugee travel document), please refer to the Act and insert appropriate jurat clause.

**STATUTORY DECLARATION OF CIVIL PARTNERS
THAT PROPERTY IS A SHARED HOME**

We, _____
and _____
both of _____
_____in the County of _____ both aged 18 years and upwards SOLEMNLY AND SINCERELY DECLARE
as follows:

1. This declaration relates to the property known as _____
_____ in the County of _____ (being the property comprised in folio
_____ County _____) (hereinafter called "the property").
 - 2.1 The property is our shared home within the meaning of that term in the Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 ("the 2010 Act").
 - 2.2 The property is not a family home within the meaning of that term in the Family Home Protection Act, 1976.
 - 2.3 No other civil partner within the meaning of the term "civil partner" in Section 3 of the 2010 Act, or no married couple, or no cohabitant or qualified cohabitant within the meaning of the terms "cohabitant" and "qualified cohabitant" respectively in Section 172 of the 2010 Act, has ordinarily resided in the property since we acquired an interest therein.
3. We are the civil partner of each other within the meaning of the term "civil partner" in Section 3 of the 2010 Act. Our civil partnership was registered on the _____ day of _____ 20 _____. We refer to a photocopy of our civil partnership registration certificate upon which we have endorsed our names prior to making this declaration. Neither of us is or has ever been the civil partner of any other person within the meaning of the term "civil partner" in Section 3 of the 2010 Act. Neither of us is or has ever been married to any person under the law of this or any other jurisdiction, and no proceedings have been instituted or threatened by any person alleging the contrary.
4. None of the provisions of the Family Law Act, 1981 (hereinafter called "the Act of 1981") apply to the property because neither of us has been party to an agreement to marry which has terminated within the past three years, and no proceedings of any kind have been threatened or instituted in relation to the property under any of the provisions of the Act of 1981. None of the provisions of Part 15 of the 2010 Act apply to the property and neither of us is or ever has been a cohabitant or a qualified cohabitant with any other person within the meaning of the terms "cohabitant" and "qualified cohabitant" respectively in Section 172 of the 2010 Act.
5. No proceedings of any kind have been instituted or threatened, and no application or order of any kind has been made, in relation to the property, under any of the provisions of the Judicial Separation and Family Law Reform Act, 1989, the Family Law Act, 1995 ("the 1995 Act"), the Family Law (Divorce) Act, 1996 ("the 1996 Act"), or the 2010 Act, and the assurance of the property to the party or parties mentioned in paragraph 8 hereof is not a disposition for the purposes of defeating a claim for relief (as defined in Section 35 of the 1995 Act, Section 37 of the 1996 Act and Section 137 of the 2010 Act).

6. The property is not subject to any trust, licence, tenancy or proprietary interest in favour of any person or body corporate arising by virtue of any arrangement, agreement or contract entered into by either of us, or by virtue of any direct or indirect financial or other contribution to the purchase thereof, or by operation of law, or otherwise, and the property is held free from encumbrances.
7. We understand the effect and import of this declaration which has been fully explained to us by our solicitor.
8. We make this solemn declaration conscientiously believing it to be true for the satisfaction of _____
_____ and pursuant to the provisions of the Statutory Declarations Act, 1938.

DECLARED before me (name of commissioner/practising solicitor/peace commissioner in capitals) a commissioner for oaths / practising solicitor / peace commissioner *

by and

[who are personally known to me]

[or: who are identified to me by

who is personally known to me]

[or: see ** below]

at

in the City/County of.....

this day of 20....

Commissioner for Oaths / Practising Solicitor / Peace Commissioner *

*If being declared before another person empowered to take or receive statutory declarations, please refer to Statutory Declarations Act 1938 (as amended) and amend jurat as appropriate.

**If using a form of identification per the Civil Law (Miscellaneous Provisions) Act 2008 (i.e. passport / national identity card / Aliens Passport / refugee travel document / travel document other than refugee travel document) please refer to the Act and insert appropriate jurat clause.

**STATUTORY DECLARATION OF HUSBAND AND WIFE THAT PROPERTY IS A
FAMILY HOME WHERE THE PROPERTY IS OWNED BY ONLY ONE OF THEM**

We, _____ (“owner spouse”)
and _____ (“consenting spouse”)
both of _____
in the County of _____ both aged 18 years and upwards SOLEMNLY AND SINCERELY DECLARE
as follows:

1. This declaration relates to the property known as _____
_____ in the County of _____ (being the property comprised in folio _____
County _____) (hereinafter called “the property”).

The property is our family home within the meaning of that term in the Family Home Protection Act, 1976 as amended by the Family Law Act, 1995. The property is owned by owner spouse.

3. We have been married once and once only, namely to each other, on the _____ day of _____ 19/20____. We are each the lawful spouse of the other. We refer to a photocopy of our civil marriage certificate upon which we have endorsed our names prior to making this declaration. Neither of us has ever been the civil partner of any other person within the meaning of the term “civil partner” in Section 3 of the Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 (“the 2010 Act”).
4. None of the provisions of the Family Law, 1981 (hereinafter called “the Act of 1981”) apply to the property because neither of us has been party to an agreement to marry which has terminated within the past three years, and no proceedings of any kind have been threatened or instituted in relation to the property under any of the provisions of the Act of 1981. None of the provisions of Part 15 of the 2010 Act apply to the property and neither of us is or ever has been a cohabitant or a qualified cohabitant with any other person within the meaning of the terms “cohabitant” and “qualified cohabitant” respectively in Section 172 of the 2010 Act.
5. No proceedings of any kind have been instituted or threatened, and no application or order of any kind has been made, in relation to the property, under any of the provisions of the Judicial Separation and Family Law Reform Act, 1989, the Family Law Act 1995 (“the 1995 Act”), the Family Law (Divorce) Act, 1996 (“the 1996 Act”) or the 2010 Act, and the assurance of the property to the party or parties mentioned in paragraph 9 hereof is not a disposition for the purposes of defeating a claim for relief (as defined in Section 35 of the 1995 Act, Section 37 of the 1996 Act and Section 137 of the 2010 Act).
6. The property is not subject to any trust, licence, tenancy or proprietary interest in favour of any person or body corporate arising by virtue of any arrangement, agreement or contract entered into by either of us, or by virtue of any direct or indirect financial or other contribution to the purchase thereof, or by operation of law, or otherwise, and the property is held free from encumbrances.
7. I consenting spouse have given my prior written consent to the assurance of the property to the party or parties named in paragraph 9 hereof pursuant to Section 3 of the said Family Home Protection Act, 1976. I consenting spouse fully understand the nature and import of this consent. I consenting spouse have been advised that I have the right to be independently advised in connection therewith, and I have waived this right.

8. We understand the effect and import of this declaration which has been fully explained to us by our solicitor.
We make this solemn declaration conscientiously believing it to be true for the satisfaction of _____ and pursuant to the provisions of the Statutory Declarations Act, 1938.

DECLARED before me (name of commissioner/practising solicitor/peace commissioner in capitals) a commissioner for oaths / practising solicitor / peace commissioner *

by and
[who are personally known to me]

[or: who are identified to me by
who is personally known to me]

[or: see ** below]

at

in the City/County of.....

this day of 20.....

Commissioner for Oaths / Practising Solicitor / Peace Commissioner *

* If being declared before another person empowered to take or receive statutory declarations, please refer to Statutory Declarations Act 1938 (as amended) and amend jurat as appropriate.

**If using a form of identification per the Civil Law (Miscellaneous Provisions) Act 2008 (i.e. passport / national identity card / Aliens Passport / refugee travel document / travel document other than refugee travel document) please refer to the Act and insert appropriate jurat clause.

**STATUTORY DECLARATION OF HUSBAND AND WIFE
THAT PROPERTY IS NOT A FAMILY HOME OR A SHARED HOME**

We, _____ (“owner spouse”)
and _____ (“consenting spouse”)
both of _____
in the County of _____ both aged 18 years and upwards SOLEMNLY AND SINCERELY DECLARE
as follows:

1. This declaration relates to the property known as _____
_____ in the County of _____ (being the
property comprised in folio _____ County _____) (hereinafter called “the property”).
 - 2.1 The property is not a family home within the meaning of that term in the Family Home Protection Act, 1976 as amended by the Family Law Act, 1995.
 - 2.2 The property is not a shared home within the meaning of the term “shared home” in Section 27 of the Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 (“the 2010 Act”).
 - 2.3 Neither we, nor any other married couple, nor any civil partner within the meaning of the term “civil partner” in Section 3 of the 2010 Act, nor any cohabitant or qualified cohabitant within the meaning of the terms “cohabitant” and “qualified cohabitant” respectively in Section 172 of the 2010 Act have ordinarily resided therein since we acquired an interest therein.
 - 2.4 Our family home is at

_____.
3. We have been married once and once only, namely to each other, on the _____ day of
_____ 19/20____. We are each the lawful spouse of the other. We refer to a photocopy of our
civil marriage certificate upon which we have endorsed our names prior to making this declaration. Neither of
us has been the civil partner of any other person within the meaning of the term “civil partner” in Section 3 of
the 2010 Act.
4. None of the provisions of the Family Law Act, 1981 (hereinafter called “the Act of 1981”) apply to the property
because neither of us has been party to an agreement to marry which has terminated within the past three
years, and no proceedings of any kind have been threatened or instituted in relation to the property under any
of the provisions of the Act of 1981. None of the provisions of Part 15 of the 2010 Act apply to the property
and neither of us is or ever has been a cohabitant or a qualified cohabitant with any other person within the
meaning of the terms “cohabitant” and “qualified cohabitant” respectively in Section 172 of the 2010 Act.
5. No proceedings of any kind have been instituted or threatened, and no application or order of any kind has
been made, in relation to the property, under any of the provisions of the Judicial Separation and Family Law
Reform Act, 1989, the Family Law Act 1995 (“the 1995 Act”), the Family Law (Divorce) Act, 1996 (“the 1996 Act”)
or the 2010 Act, and the assurance of the property to the party or parties mentioned in paragraph 8 hereof
is not a disposition for the purposes of defeating a claim for relief (as defined in Section 35 of the 1995 Act,
Section 37 of the 1996 Act), and Section 137 of the 2010 Act.

6. The property is not subject to any trust, licence, tenancy or proprietary interest in favour of any person or body corporate arising by virtue of any arrangement, agreement or contract entered into by either of us, or by virtue of any direct or indirect financial or other contribution to the purchase thereof, or by operation of law, or otherwise, and the property is held free from encumbrances.
7. We understand the effect and import of this declaration which has been fully explained to us by our solicitor.
8. We make this solemn declaration conscientiously believing it to be true for the satisfaction of

and pursuant to the provisions of the Statutory Declaration Act, 1938.

DECLARED before me (name of commissioner/practicing solicitor/peace commissioner in capitals) a commissioner for oaths / practising solicitor / peace commissioner *

by and

[who are personally known to me]

[or: who are identified to me by

who is personally known to me]

[or: see ** below]

at

in the City/County of.....

this day of 20....

Commissioner for Oaths / Practising Solicitor / Peace Commissioner *

*If being declared before another person empowered to take or receive statutory declarations, please refer to Statutory Declarations Act 1938 (as amended) and amend jurat as appropriate.

**If using a form of identification per the Civil Law (Miscellaneous Provisions) Act 2008 (i.e. passport / national identity card / Aliens Passport / refugee travel document / travel document other than refugee travel document) please refer to the Act and insert appropriate jurat clause.

Appendix 9 – Land Registry Form 52 completed by the borrower

FORM 52

Specific charge for present and future advances arising on the creation of a commercial mortgage or debenture (Rules 52 and 105)

LAND REGISTRY SPECIFIC CHARGE

Date:		
Secured Party:		
Mortgagor:		
Mortgaged Property subject to specific charge: The property comprised in Folio County ALL THAT the property known as <div style="text-align: right;"><i>(use a continuation sheet if necessary)</i></div>		
Mortgage Conditions: This Mortgage incorporates the Mortgage Conditions in Mortgage/Debenture of even date, between the parties herein, as if they were set out in this Mortgage in full. The term "Secured Liabilities" has the meaning given in the Mortgage Conditions.		
SPECIFIC CHARGE: As security for the payment and discharge of the Secured Liabilities, the Mortgagor as beneficial owner (and also in the case of registered land as registered owner or as the person entitled to be registered as registered owner) hereby charges in favour of the Secured Party the Mortgaged Property with the payment of the Secured Liabilities, and assents to the registration of this charge as a burden on the Mortgaged Property. The Mortgagor acknowledges that the charge hereby created forms one transaction with the security created in the aforesaid Mortgage/Debenture of even date for payment of the Secured Liabilities.		
Signatures:		
Signed and Delivered as a deed:	Present when the common seal of the mortgagor was affixed hereto:	
Signature of witness:	Signature of witness:	
Name of witness:	Name of witness:	
Address of witness:	Address of witness:	
Occupation of witness:	Occupation of witness:	
	<i>(use a continuation sheet for additional signatories)</i>	
Note - For execution and the attestation of the execution of a charge - see Rules 54 and 55.		

Appendix 10 – MARP - Impact on Financial Reporting of various scenarios

MARP - Impact on Financial Reporting of various scenarios no page nos.xls / Working 1

Scenario being presented:
 (A) Loan is being repaid in full in accordance with the loan agreement;
 (B) There are no arrears;
 (C) The objective of this working is to show the mechanics of the accounting treatment underlying the financial reporting;

Accounting Entries (One instalment / one month):

Calculation of Collection % (Annualised):

Dr	Reference	Description	Cr	Arrears @ 01-Jan-11	Accrued	Write Off	Waivers	Collected	Arrears @ 31-Dec-11	Collection %
1	01-Jan-11 (B7)ed	Opening Balance	135,473.85	0.00	8,760.60	0.00	0.00	8,760.60	0.00	100.0%
		Loan Principal Account (Account Element 21216)								
		31-Jan-11 21148371 102010 Instalment		417.89						

Notes:

- 1 Loan of €155,200 borrowed 31-Mar-08 repayable over 25 years
- 2 Monthly instalment over 25 years
- 3 Payment of monthly instalment
- 4 No arrears

Dr	Reference	Description	Cr
2	31-Jan-11 21148371 102010 Instalment	TRIS Holding Account (Account Element 21276)	
		61.03	

Dr	Reference	Description	Cr
		Loan Interest Receivable (Account Element 55254)	
		31-Jan-11 21148371 102010 Instalment	310.00

Dr	Reference	Description	Cr
		Loan Fees (MPS) Receivable (Account Element 55252)	
		31-Jan-11 21148371 102010 Instalment	63.39

Dr	Reference	Description	Cr
4	01-Jan-11 (B7)ed	Opening Balance	0.00
2	31-Jan-11 21148371 102010 Instalment	Non Commercial Debtors (Account Element 21800)	
		31-Jan-11 65064843 HL BK-5442041 HL 65940	730.06

Dr	Reference	Description	Cr
3	31-Jan-11 65064843 HL BK-5442041 HL 65940	Bank Account (Account Element 20000)	
		730.06	

Balance Sheet Accounts are shown in Black
 P&L Accounts are shown in Blue

Issues to be considered:

- (A) There are no issues requiring attention under this scenario.

Appendix 11 – Step by step guide to loan accounting for Solution 4 Workaround

- Drawdown new loan for the full amount due to LA
- On the Repayment tab tick interest only, insert the agreed amount and insert a review date
- Leave the Interest Only Capital field blank for the moment

It should look like this:

Interest Only

Interest Only Agreed Payment 450.00 Review Date 31-12-2016

MARP Type MARP2

	Sub	Draw Down	Elapsed	Terms	Int. Start	Open Bal.	Spec. Repay	Net Balance	Gross Instal.	Avg Instal.	CTD	Int. Plan	Entry Date	Int Only Capital
I	A	85915.89	4	180	01/03/2016	85118.65	0.00	85118.65	416.33	0.00	0.00	02-47-01	28/01/2016	0.00
Σ		85915.89				85118.65	0.00	85118.65	416.33	0.00	0.00			0.00

- Run the ML05 Instalment Due Calculation in non-post mode

21215	201606 21215	0.10-
21800	201606 21800	356.77
55251	201606 55251	323.00-
55252	201606 55252	33.67-

- Find the Loan number and subtract the amount against 21800 from the agreed payment amount. In this case the agreed payment is €450 and the amount due to be charged to the customer account is €356.77. So €93.23 is the figure to be keyed into the Interest Only Capital field in the Repayment tab & SAVE.

It should look like this:

Interest Only

Interest Only Agreed Payment 450.00 Review Date 31-12-2016

MARP Type MARP2

	Sub	Draw Down	Elapsed	Terms	Int. Start	Open Bal.	Spec. Repay	Net Balance	Gross Instal.	Avg Instal.	CTD	Int. Plan	Entry Date	Int Only Capital
I	A	85915.89	4	180	01/03/2016	85118.65	0.00	85118.65	416.33	0.00	0.00	02-47-01	28/01/2016	93.23
Σ		85915.89				85118.65	0.00	85118.65	416.33	0.00	0.00			93.23

- Run the ML05 in non-post mode again. The instalment charge is now €450.

21215	201606 21215	93.33-
21800	201606 21800	450.00
55251	201606 55251	323.00-
55252	201606 55252	33.67-

The software will need to be amended to facilitate accounting for a loan repayment in this manner without having to resort to this workaround.