

## **Start Mortgages COVID-19 Support FAQs**

Start Mortgages is fully committed to working with customers affected by COVID-19 to provide financial support to them during this extraordinary and difficult time.

### **Question 1. What is a payment break?**

Mortgage payments (for private dwellings and buy-to-lets) may be deferred for up to three months, with the ability to extend them for a further three months, allowing a break of up to six months in total where required.

Payment breaks can take a number of forms depending on what best suits your specific situation.

- a) Full Payment Break (or “moratorium”): This means that your full mortgage repayment is deferred for an agreed period of time, so you do not pay anything to Start. At the end of this period, full mortgage repayments resume.
- b) Partial Payment Break (or “Fixed Repayment”): This means that you pay a fixed amount, which is less than your current monthly mortgage repayment, during the agreed period. At the end of this period, full mortgage repayments resume.

You should be aware that your future mortgage repayments may increase as a result of availing of a payment break – see How does a payment break operate?

If you have a short-term alternative repayment arrangement, please see Question 9.

### **Question 2. How does a payment break operate?**

A payment break effectively gives you breathing space – a period of time during which you do not have to make full repayments on your mortgage. For example, if you take a full mortgage payment break of up to three months, Start may spread these repayments over the remaining term of the existing mortgage so that your mortgage is repaid within the original term, or may agree to extend the term of the mortgage by three months.

Where you have the capacity to do so, another option is to pay a partial or reduced payment during the payment break period.

Either way, a payment break may give rise to higher repayments spread out over the remaining term of the loan, or by agreement, may extend the term of your mortgage.

Please note, if you can or wish to make repayments to your mortgage during any payment break period, we encourage you to do so as this will reduce both the amount you owe and the amount of interest you will pay over the remaining term of your loan.

Borrowers on a short-term alternative repayment arrangement, please see Question 9.

Interest will continue to be charged to your mortgage account, subject to the Terms and Conditions of your Loan Offer Document.

The following illustrates how a Payment Break would work out in practice, if you recalculate your monthly repayments to clear the principal balance outstanding on your account within the existing term of your mortgage:

| Term Remaining                                       | 10 Years | 15 Years | 20 Years | 25 Years | 30 Year  |
|--|----------|----------|----------|----------|----------|
| Mortgage Balance                                     | €100,000 | €100,000 | €100,000 | €100,000 | €100,000 |
| Current Interest Rate                                | 3.00%    | 3.00%    | 3.00%    | 3.00%    | 3.00%    |
| Current Repayments                                   | €965     | €690     | €554     | €474     | €421     |
| Next 3 months repayments                             | €0       | €0       | €0       | €0       | €0       |
| Future repayments (post break)                       | €994     | €705     | €564     | €481     | €427     |
| Monthly Repayment Difference                         | €29      | €15      | €10      | €7       | €6       |
| Projected Balance in 3 months (with no break)        | €97,848  | €98,675  | €99,084  | €99,324  | €99,484  |
| Revised Balance in 3 months (post the payment break) | €100,756 | €100,756 | €100,756 | €100,756 | €100,756 |
| Difference in balances                               | €2,908   | €2,081   | €1,672   | €1,432   | €1,272   |
| Total Amount Repayable (Current)                     | €119,173 | €131,101 | €143,831 | €157,294 | €171,445 |
| New Amount Repayable                                 | €119,727 | €131,745 | €144,563 | €158,109 | €172,347 |
| Difference   | €554     | €664     | €732     | €815     | €902     |

(Source: Banking and Payments Federation of Ireland)

### **Question 3. Will I go into arrears if I avail of a payment break?**

Your account will not go into arrears due to availing of a Payment Break, or further into arrears if arrears were outstanding on your account prior to availing of the Payment Break.

### **Question 4. Can I still apply for a Covid-19 payment break?**

No, the deadline for making an application for a new Covid-19 Payment Break was 30<sup>th</sup> September 2020.

### **Question 5. Are there alternative supports available if Covid-19 Payment Break applications are closed?**

Yes, Start has a range of short and long term supports available for customers facing difficulties meeting their mortgage repayments and we encourage customers facing difficulties to make contact with us early. Please refer to the Arrears Help section of our website for more information.

### **Question 6. What happens at the end of a mortgage payment break?**

A member of the Start COVID-19 team will contact you in advance of the expiry of your payment break to discuss your situation and the options available to you. These options are to:

- 1) recalculate your monthly repayments to clear the principal balance outstanding on your account within the existing term of your mortgage. If you continue repayments within the existing term of the mortgage, your monthly repayments will be higher. This is because the repayments that were put on hold or reduced and the interest charged during the payment break will be spread over the remaining monthly loan repayments. If we are unable to contact you before the expiry of your current payment break, this option will take place;
- 2) extend the term of your mortgage by three months. If you extend the term your mortgage, the repayments that were put on hold or reduced and the interest charged during the payment break will be recalculated over a longer term. Your loan will be extended to correspond to the length of the payment break you availed of, and the repayments that were put on hold or reduced during the payment break will be collected over the extended term meaning your repayment will be similar to what it was before your payment break.

This option is only available where all parties to the mortgage agree to the term extension;  
or

- 3) extend the existing three-month payment break by another three months (note this option is only available once at the completion of your first payment break), see Question 10.

If you are on a short-term arrangement and a payment break is agreed, see Question 9.

**Question 7. Will my mortgage rate change as a result of using a payment break?**

No, your mortgage interest rate will not change due to your availing of a payment break.

**Question 8. Will a repayment break affect my credit record?**

There will be no impact to the Central Credit Register or the Irish Credit Bureau credit records of borrowers who avail of a payment break as a result of being financially impacted by COVID-19.

**Question 9. What happens to my alternative repayment arrangement if I get a 3-month payment break?**

If agreed, your existing alternative repayment arrangement will be paused for 3 months and will resume after the (Payment Break / Fixed Repayment) has expired.

**Question 10. How do payment break extensions work?**

If you choose a second final payment break, this is a temporary solution offered to assist you in dealing with this ongoing period of unexpected financial difficulty. Prior to the completion of this extended payment break, we will contact you again to discuss your mortgage account and you may be required to complete a Standard Financial Statement at that time.

If you choose this option, you may be able to avail of a six-month term extension at the end of the payment break period.

**Question 11. What happens at the end of my extended payment break?**

A member of the Start team will contact you to discuss your options before your Extended Payment Break ends. The Start team member will explain your options and how each option will impact the total cost of credit and your monthly payments. You don't need to take any further action to start this process.

**Question 12. What are my options at the end of my extended payment break?**

Customers who have availed of an extended 6 month payment break will automatically revert to their pre-covid repayment terms when the extended break ends. For most customers, this means:

- 1) Recalculating your monthly repayment to clear the loan within the remaining term;
- 2) Returning to full payments and extending the remaining term by 6 months; or
- 3) Returning to the Alternative Repayment Arrangement (ARA) that was in place before the Payment Break.

Our team will explain how each option impacts your mortgage and your monthly repayments.

**Question 13. How will my account be treated if I continue to experience financial difficulty after my Payment Break or Extended Payment Break ends?**

In advance of the completion date of your payment break we will contact you to discuss your circumstances. If you have taken a second payment break and your situation hasn't improved, or if you are unable to return to full mortgage repayments when the Payment Break ends, your account will be treated in line with the relevant regulatory code (e.g. CCMA / CPC) and a Standard Financial Statement may be required.

**Question 14. Do Payment Breaks impact my Tax Relief at Source (TRS)?**

Tax Relief at Source (TRS) is calculated on the amount of interest paid on the mortgage in previous months. If you are in receipt of TRS, you may see a change to the amount of TRS you receive in subsequent months.

**Question 15. Do Payment Breaks impact my life policy, mortgage protection or payment protection cover?**

There could be implications for your life cover, mortgage protection or payment protection from accepting this Payment Break and you may need to review it with your policy provider.