

Factsheet on Mortgage Rescue

This factsheet is about the government mortgage rescue scheme launched in January 2009. It also contains other information that should be helpful if you are having problems paying your mortgage or think you may have problems in the near future.

The government scheme is for families and vulnerable households who are facing repossession and who are eligible for the scheme. It works in two ways depending on circumstances

- A shared equity option to reduce the homeowner's monthly mortgage payments, or
- Government mortgage to rent, where the homeowner remains in their home as an assured shorthold tenant of a registered social landlord

The government scheme is only available where all other options have been exhausted.

There are lots of options that lenders may offer to homeowners in financial difficulty, including the new Homeowners' Mortgage Support introduced from April 2009. For example, lenders may

- Allow the mortgage to be paid over a longer term
- Accept reduced payments or allow a payment holiday
- Add any arrears to the mortgage to be paid off over the full term
- Temporarily suspend or reduce interest or other charges
- Convert the mortgage to a lower interest rate
- Suspend action if the homeowner is trying to sell the property

The earlier you speak to your lender the better, and it will also help if you can show that you are doing your best to make payments, and that you are following any advice you are given.

Whatever the problem at the moment, your home is a valuable asset. Do not be tempted by newspaper adverts from private companies offering to buy your home and rent it back to you. Take time to consider all of your options, and take independent advice before you make a decision. For specialist advice on any of the options listed, please use the contact numbers given below and overleaf. For general information or to book a housing options interview, please contact 0300 555 2345.

Useful contact numbers

Housing options advice	0300 555 2345
CAB mortgage advice	01384 816499
CAB general advice	01384 816222
Shelter	0808 800 4444

Options available to homeowners in financial difficulty

Self help options

You may be able to reorganise your finances by cutting back on non-essential items or renegotiating payments on other accounts. It may be that you have Mortgage Payment Protection Insurance, and can make a claim. With recent changes in interest rates, it may be possible to find a better mortgage deal with another lender, subject to independent financial advice to protect your interests in the future. Some people are able to work extra hours or perhaps other adults in the household can increase their contribution to the budget. Others take in a lodger or choose to sell their home and buy a cheaper property or rent in the private sector.

Government help

The rules on benefit help with mortgage interest payments have changed. From 5 January 2009, Support for Mortgage Interest (SMI) is available after 13 weeks for new claimants, and on the first £200,000 of the mortgage. Older people in receipt of Pension Credit are eligible straight away. For up to date information relevant to your circumstances contact Jobcentre Plus. **Contact number: 0800 055 6688**

Help from the council and registered social landlords

The council's Homelessness Team can provide advice and assistance on your options for staying in your home or finding another, and may be able to help you with temporary or permanent accommodation depending on your circumstances. They can refer you for specialist help with benefits or debts. They can also refer you for the Government Mortgage Rescue Scheme if you qualify. Registered social landlords (also known as housing associations) sometimes buy individual properties to add to their rented stock, and may consider renting them back to the previous owner. **Contact number: 0300 555 2345 (to be referred to the Homelessness Team or for a list of Registered Social Landlords).**

Advice and support

If you feel that your lender is not being helpful in considering any of the options mentioned on the front page of this factsheet, you can contact the Financial Services Authority on 0845 606 1234. Most courts (including Dudley and Stourbridge) have a government funded free service for people who need somebody to represent them in a repossession hearing. For general help on managing debts, contact the Consumer Credit Counselling Service on 0800 138 1111 or www.cccs.co.uk, National Debtline on 0808 808 4000 or www.nationaldebtline.co.uk, or Payplan on 0800 917 7823 or www.payplan.com. Locally, you can visit the Citizens Advice Bureaux in Dudley, Halesowen, Stourbridge or Brierley Hill for general money advice, or for specialist advice contact our Mortgage Advice Arrears Service.

Contact number: 01384 816499

Would I be eligible for the Government Mortgage Rescue Scheme?

If our Homelessness Team and Mortgage Arrears Advice Service have explored all of the other options, and none of them will work for you, then there are a few other conditions of the scheme to consider

- It is only available to families including children or expected children, or to households including a person who is vulnerable through age, disability, mental illness or similar reason
- It is only available if your household income is less than £60,000 per year
- All owners of the property must agree, and you must not have a second home
- The property must still be suitable for your needs, and should not generally exceed a certain value unless there are special circumstances – for the West Midlands this is £155,000
- The scheme is available to homeowners with at least 3% equity, and has been extended from 1st May 2009 to include some homeowners with negative equity (up to 20% over the property value)
- You will need to demonstrate through money advice services that your finances will be stabilised and you will be able to afford your home after it has been rescued.

If all of these conditions are met, we should be able to refer you for the scheme, but acceptance will be up to the Registered Social Landlord appointed by Government.

Important note: This is a new scheme and may be subject to change. The above information is correct to the best of our knowledge as at December 2010. You should always take independent financial advice before making any commitments in respect of your home and finances.