



Mortgage Rescue Scheme

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What is the Mortgage Rescue scheme?

You'll need to meet the eligibility criteria to get help from the Mortgage Rescue scheme. The Mortgage Rescue scheme is unable to help people in negative equity, which is when the amount owed on your mortgage is more than the value of your home. If you are in negative equity or having any difficulty making your mortgage repayments, you should:

- get advice as soon as possible to avoid repossession
- keep making payments if you can
- talk to your mortgage lender or an independent advice agency as soon as possible

Mortgage worries - get advice to keep your home

If you are having difficulty making your mortgage repayments, you must get advice as soon as possible to avoid repossession. This means talking to your mortgage lender or an independent advice agency as soon as possible.

Get advice about your mortgage worries first

To avoid repossession you need to pay your mortgage debts before any other debts. Let your lender know immediately if you are worried about your repayments. You should also get advice from a free independent debt adviser at an organisation like the Citizens Advice Bureau or Shelter. They are experts and can help you work through all the options to ensure you stay in your home.

Get help with your housing costs

A debt adviser can help you to manage your housing costs and find ways to pay off some of your debts. When you see the adviser, take information about your monthly household income and costs, any loan payments you are making and any benefits you receive.

- The adviser can help you:
- identify benefits you may be eligible for
- put together a plan for managing your debt

HOUSING OPTIONS ADVICE LEAFLET

- prepare to speak to your lender

Contact your lender if you are able to meet your mortgage payments after looking at your budget - offer to pay any outstanding debts.

You'll increase your chances of keeping your home if you speak to your lender and show that you are willing to try and meet your repayments.

Don't ignore any letters from your mortgage lender

If you are behind on your repayments, your lender should send you a letter telling you:

- how much money you owe them
- how much of your mortgage you still have to pay
- what interest or charges you'll have to pay because you owe them money

Don't ignore this letter or any phone calls from your lender. If your lender doesn't know why you aren't paying they could start legal action to repossess your home. If you contact your lender, you may still be given extra time to stop you losing your home - even if repossession action begins.

Your lender should communicate with you in a way that you can understand. If you don't understand the letter, contact your lender and meet with them to discuss it. You could also take the letter to an independent debt adviser. Your lender must treat you fairly and think about what they can do to prevent you losing your home.

Discuss your options for repaying your mortgage debt

Your lender should agree with you the best option for managing your repayments. They may:

- agree to change or lengthen the term of your loan
- accept reduced payments from you in the short term
- add any repayment debt to the amount you have borrowed

Before agreeing to a plan, remember that any changes to your mortgage can lead to penalties or charges. You could end up paying more in the long term - speak to an adviser about how you'll be affected by changes to your mortgage.

Whatever you arrange may only be a short-term solution, so keep in regular contact with your lender. Let them know about any changes in your circumstances. If your lender doesn't agree a plan with you or you can't pay at all speak to an independent adviser immediately.

What to do if you can't keep your home

You may find that you won't be able to keep your home, even after getting advice and finding out about all the help available. Think very carefully about selling your home because you need somewhere to live. Make sure you get advice before taking steps to sell. You'll need to prove you haven't made yourself intentionally homeless or your local council may not be able to help you into a new home.

Who can get help from the Mortgage Rescue scheme?

You may get help through the Mortgage Rescue scheme if you are facing repossession and at risk of becoming homeless. To be eligible for the scheme your household must include someone in priority need. This could be:

- a pregnant woman
- someone with dependent children
- someone who is vulnerable because of old age or a physical or mental impairment

You'll also need to meet the following criteria:

- all owners of your home must agree to be considered for the Mortgage Rescue scheme
- you must have received debt counselling and advice and agreed to arrangements to repay your debts
- you should have discussed all other options to meet your repayments with your bank or mortgage lender
- your household must earn less than £60,000 a year
- the value of your home shouldn't be higher than local set levels
- you must have a clear need to stay in your home, which means it is not practical or reasonable to move somewhere smaller or cheaper
- your home must be suitable for your needs, for example it is not overcrowded with too many people sharing the same space
- you shouldn't own a second home, including a home abroad
- the value of the part of your home that you own must be enough to pay off any outstanding debts

Owners of freehold and leasehold properties are eligible for the Mortgage Rescue scheme.

How the Mortgage Rescue scheme works

You can be referred for help through the Mortgage Rescue scheme by advice agencies, courts or lenders, or by coming to see us directly.

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If you are eligible, Central Bedfordshire Council will arrange for you to meet with their money advisers. They will agree with you a plan to manage your debt or some other way that you can meet your housing costs.

Central Bedfordshire Council will then ask bpha, their Homebuy agent, to assess your home. Depending on your circumstances, bpha may help you either with a shared equity loan or through a Government mortgage to rent.

Shared equity loan

bpha can provide a shared equity loan, which means they will pay off a proportion of your mortgage. In return they receive a share in your property's 'equity' – the market value of your home minus the outstanding mortgage balance. bpha will agree on the proportion, which could be between 25 and 75 per cent of the total mortgage. It will be based on the assessment of your household's finances. This will reduce your mortgage to a more affordable level so you can continue to make repayments.

Government mortgage to rent

bpha may suggest a Government mortgage to rent, which means they will pay off your mortgage completely by buying the property. You'll be able to stay in your home and make repayments to bpha as their tenant at a level you can afford.

You'll continue to receive advice after you have entered the scheme to help you manage your finances.



If you would like to discuss the Mortgage Rescue scheme with a Housing Options adviser, please contact the team on 0300 300 8000.