

INTRO

Hafod understands that for an increasing number of homeowners the strain of trying to meet mortgage payments and keep on top of other debts is simply too much. We offer a **Mortgage Rescue scheme**, which is designed for homeowners who are in financial distress and facing the threat of losing their home.

Mortgage Rescue is only suitable in situations whereby the market value of the home is greater than the outstanding mortgage debt, which is known as 'positive equity'.

MORTGAGE PROBLEMS

IF YOU ARE IN DIFFICULTY WITH YOUR MORTGAGE...

Many people experience financial difficulties at some stage during the term of their mortgage and it is nothing to be ashamed of. In most cases, difficulties arise due to a change in personal circumstances such as redundancy, business failure, marital breakdown or illness.

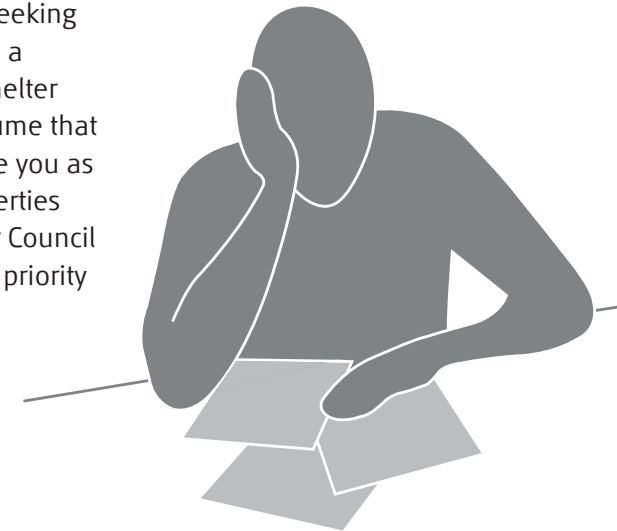
YOU SHOULD:

- Contact your mortgage lender as soon as you possibly can. Your lender will be more able to help you if you approach them for assistance and explain why you are having difficulties making the repayments. It is never too late to speak to them, even if they have already started legal proceedings against you.
- Seek advice from Shelter Cymru or your local Citizens' Advice Bureau. Visit their websites at www.sheltercymru.org.uk and www.citizensadvice.org.uk to find details of your local office and make an appointment to speak to an advisor

Finding that you are unable to pay your mortgage can be a very traumatic and worrying experience. This page aims to give some general advice which may assist you if you are having difficulty in meeting your mortgage repayments. Further information about the Hafod Mortgage Rescue Scheme can be found overleaf.

NEVER:

- Stop paying your mortgage. Pay as much as you can each month, even if it isn't the full amount.
- Ignore the problem. The debt will not simply go away, and the longer you leave it the worse it is likely to get.
- Sell your home without seeking independent advice from a professional such as a Shelter Cymru advisor. Don't assume that your Council will re-house you as demand for council properties outstrips supply and your Council might not consider you a priority case.
- Abandon your home or hand your keys in to your mortgage lender. This will not end the problem and you will still be liable for the mortgage repayments and accrued debt.



WHAT IS MORTGAGE RESCUE?

Hafod will purchase your home for a price that will allow you to pay off your current mortgage. The amount we pay will reflect the condition of the property and take into account any major works we may have to carry out.

We can purchase the property very quickly if there is a threat of legal action against you. After we purchase the home you can remain living in the property as either a tenant or a shared owner.

THE OPTIONS AVAILABLE TO YOU

OPTION 1: BECOMING A TENANT

You will become a tenant of Hafod and we will charge you an affordable rent which is cheaper than what you would have to pay in the private market. Depending on your income and circumstances, you may be eligible to claim Housing Benefit to help pay your rent. As the landlord, Hafod will be responsible for managing and maintaining your property and you will have the security of an Assured Tenancy which means that you can stay in your home as long as you wish providing that you keep to the terms of your tenancy agreement. If you want to, you can purchase the property from us on shared ownership terms in the future.

OPTION 2: BECOMING A SHARED OWNER

Sometimes referred to as 'part buy, part rent', this option enables you to purchase a share in your property with a new mortgage at a level which you can afford. The minimum share that you could purchase is 25% and the maximum is 75%. You will pay rent to Hafod for the share which you don't own. Over time, you can buy further shares if you wish and eventually own the property outright again. As a Shared Owner you will be responsible for all repairs and future upkeep of the property.



THE BENEFITS

If you are a homeowner with positive equity but struggling to meet your monthly mortgage repayments, our Mortgage Rescue scheme might be an option for you.



THE ADVANTAGES AND DISADVANTAGES

THE ADVANTAGES OF MORTGAGE RESCUE ARE:

- Whether you decide to become a Tenant or a Shared Owner, either option allows you to remain living in your home and therefore stay close to friends, family, schools etc.
- Once you have accepted our offer, we can purchase your home very quickly if needed e.g. if there are legal proceedings already against you.
- The amount that we pay for your home will allow you to clear your mortgage debt and if you choose to become a Tenant the amount we pay will also include the cost of any essential works that we may need to carry out.

THE DISADVANTAGE OF MORTGAGE RESCUE, AS WE SEE IT, IS:

- The amount we may be able to offer for your home is not as much as what you would generally expect to receive if you were to sell on the open market. This is because we have to take account of any major works we may have to carry out along with the costs involved with providing you with an Assured Tenancy or Shared Ownership lease.

FAQs

HOW QUICKLY CAN HAFOD MAKE A DECISION?

We aim to give you a decision within 10 working days. This is subject to receiving confirmation of the debts to be cleared and the cost and extent of any works that are required to bring the property up to our standards.

WHAT IF MY MORTGAGE LENDER ALREADY HAS A COURT ORDER?

We can still help you. We may be able to help your defence in the County Court and negotiate more time to allow us to buy your home.

DO I NEED TO BE WORKING IN ORDER TO APPLY?

Not if you are interested in becoming a Tenant. You will need to be working if you wish to become a Shared Owner as you will need to take out a new (smaller) mortgage.

WHAT HAPPENS IF MY PROPERTY REQUIRES MAJOR WORKS?

Under the Tenant option we will pay for and carry out all of the works needed in order to bring the property up to our standards. If there are a lot of works this will reduce the amount that we can pay for your home. If you

are interested in the Shared Owner option you will be responsible for all repairs and maintenance of the home and we will check to make sure that you will be able to afford to do so as part of the Mortgage Rescue paperwork.

HOW MUCH CAN I EXPECT TO GET FOR MY PROPERTY?

We aim to offer you a price that will pay off your current mortgage and allow us to meet the costs of carrying out major works. It is likely that your local estate agent will value the property at a higher figure.

HOW MUCH WOULD I PAY HAFOD PER WEEK?

For the Tenant option, your charges are calculated according to how much we have spent on buying your home, carrying out essential works and the on-going costs of managing and maintaining the property. A typical weekly rent would be in the region of £80. Under the Shared Owner option you would need to pay Hafod rent on the share that you don't own. As a guide, if your home is worth £100,000 and you own 50% you would pay

rent to Hafod on the remaining £50,000 which would be in the region of £30 per week. Remember that in addition you would still need to meet your new mortgage repayment as well as being responsible for repairs and general upkeep to your home.

ARE THERE ANY OTHER COSTS INVOLVED?

Yes. You will need to pay for your own solicitor's costs when we purchase the property and you may also be liable for estate agent fees depending if your property was already on the market.

CAN I BUY MY HOUSE BACK IN THE FUTURE?

Yes. If you are a Tenant, you can purchase the property from us either outright or on shared ownership terms. The amount you would pay would be the open market value at the time you want to buy. If you are a Shared Owner, you can purchase Hafod's share at any time which is known as 'staircasing'.



HOW TO APPLY

Before you contact us, please read all of the information in this booklet to make sure that Mortgage Rescue is the right option for you and your family.



WHAT TO DO FIRST

If you can, try and discuss the situation with someone that you know and trust and get independent advice from either a solicitor or an advisory organisation such as Shelter Cymru or the Citizens' Advice Bureau.

CONTACT US

Once you are ready to proceed you should contact us.

We employ a specialist Mortgage Rescue advisor who can be contacted Monday to Friday by phone on **02920 675828** or email at **mortgagerescue@hafod.org.uk**.

Our Advisor will be able to discuss your situation in more depth and advise whether or not we may be able to assist you.

ABOUT US

Hafod is a housing association registered with the Welsh Assembly Government. We are a non-profit making organisation and operate under strict controls. We work with local authorities and other agencies to provide homes and services to people in housing need across South East Wales.

For further information about Hafod please visit our website at www.hafod.org.uk or phone us on 02920 675800.



MORTGAGE RESCUE

This brochure is available in Welsh upon request
Mae'r llyfryn hwn ar gael yn Gymraeg