

# **Mortgage Rescue Scheme**

## *Guide for Local Authorities*

### *2012/13*

## Contents

<b><u>Annexe Pack Contents</u></b>	<b>3</b>
<b><u>Introduction</u></b>	<b>4</b>
<b><u>Background</u></b>	<b>5</b>
<b><u>Preventing Repossessions – Wider Package of Support</u></b>	<b>7</b>
<b><u>Mortgage Rescue Scheme – Purpose &amp; Parameters</u></b>	<b>8</b>
<u>Government Mortgage to Rent Option</u>	8
<u>Equity Loan Option</u>	9
<b><u>6 Steps to Mortgage Rescue</u></b>	<b>10</b>
<u>Step 1: Initial Enquiry</u>	10
<u>Step 2: Establishing the Lender Position</u>	10
<u>Step 3: Involving Money Advice</u>	11
<u>Step 4: The MRS Local Authority Assessment &amp; Evidence</u>	11
<u>Step 5: Request to Lender to Freeze Repossession Action</u>	12
<u>Step 6: Referral to Registered Provider</u>	13
<b><u>Roles &amp; Responsibilities</u></b>	<b>14</b>
<u>The Local Authority</u>	14
<u>The Lender</u>	14
<u>The Money Advisor</u>	15
<u>The Registered Provider</u>	15
<b><u>Key Messages</u></b>	<b>16</b>
<b><u>Preventing Repossessions Fund</u></b>	<b>19</b>
<b><u>Court Desks</u></b>	<b>20</b>
<b><u>Other Options for Struggling Homeowners</u></b>	<b>22</b>
<b><u>Practical Tools &amp; Top Tips</u></b>	<b>24</b>
<b><u>Other useful links, examples, and sources of information</u></b>	<b>33</b>
<b><u>Specialist Advisor Contact Details</u></b>	<b>36</b>

## The Annexe Pack

*(Available on the Specialist Advisor pages of the NHAS Website)*

- |  |  |  |
|--|--|--|
| 1. Mortgage Arrears & Repossessions Parliamentary Paper                                  | 2. Mortgage to Rent Q&A  | 3. Equity Loan Q&A   |
| 4. Equity Loan – Information for Homeowners  | 5. MRS Equity Loan Calculator  | 6. Example SLA between Money Advice and LA   |
| 7. NHAS Mortgage Debt Advice flyer for LAs   | 8. Regional Property Price Caps  | 9. Quick Guide to MRS  |
| 10. Example of documentation required by a lender  | 11. Preventing Repossessions Fund Guide  | 12. Local Authority Groupings details  |
| 13. Example Court Desk Agreement between a LA and CAB                                    | 14. NHAS Good Practice Guide for Court Desk advisors   | 15. Example LA customer leaflet explaining Court Desk service                                  |
| 16. Example follow up letter from LA to customer following lender notification           | 17. Supplementary Homelessness Code of Guidance on Intentional Homelessness 2009                       | 18. NHAS Supporting People to Exit Homeownership Good Practice Guide                           |
| 19. Example LA/CAB leaflet marketing financial and repossession prevention health checks | 20. Example LA “10 Steps to Avoid Repossession” customer guide   | 21. Example LA/CAB Financial Advice customer leaflet   |
| 22. Example LA/CAB “Money Saving Tips” customer leaflet                                  | 23. Example LA Debt Advice leaflet   | 24. Example LA MRS customer advice sheet   |
| 25. Example letter from a lender to a Homeowner in mortgage arrears                      | 26. Example letter from a lender to a Homeowner in mortgage arrears providing named contacts at the LA | 27. Example lender offer letter  |
| 28. Example disbursement statement   | 29. Example checklist for LA to provide to Registered Provider   | 30. Example Financial Statement sheet  |
| 31. Example email for LA to send to MRS customer   | 32. Example Joint Owner Agreement for MRS  | 33. Example MRS application form for LA  |
| 34. Example Addendum to MRS application form   | 35. Example Mortgage to Rent Case Referral to the RP checklist   | 36. Example Equity Loan Case Referral to the RP checklist                                      |
| 37. Example RP Authority to Disclose Information form                                    | 38. NHAS Services Brochure   | 39. NHAS “Are you worried about your mortgage?” leaflet  |
| 40. Example LA action plan for MRS delivery  | 41. Example LA action plan for MRS delivery  | 42. A guide for LAs on action that can be taken to prevent mortgage and landlord repossessions |
| 43. Example LA MRS Enquiry Form  | 44. Example LA Initial Customer Enquiry Checklist  | 45. Example letter advising customer they cannot proceed with MRS                              |
| 46. LA MRS Champion Contact List   | 47. Lender MRS Champion Contact List   | 48. RP MRS Champion Contact List   |

[Press Ctrl & Click here to return to Contents](#)

## Introduction

This guide has been produced to support the delivery of the Mortgage Rescue Scheme in England. The guide aims to ensure that local authorities are aware of scope for flexibility within the scheme, that cases presenting to the local authority are assessed on individual merits, and to ensure front line officers are equipped and supported to deliver Mortgage Rescue.

The guide is accompanied by an Annexe Pack that contains a range of useful and practical guides, examples and paperwork that local authorities may wish to consider as they develop their services.

The examples referenced and provided in this guide are not recommendations. They may, however, provide useful aids for colleagues who are developing responses to the current austerity, and in seeking to deliver MRS effectively in 2012/13.

It is recommended that a copy of this guide is made available to key partners, for example local court desk advisors, money advice, and Registered Providers, so that they are aware of the messages given.

*This guide has been produced by specialist advisors in response to local authority questions and following recent MRS seminars offered to local authorities in partnership by the NHAS, DCLG, and Specialist Advisors & HCA. It represents the views of practitioners. It does not represent legal advice or statutory guidance. Local Authorities are encouraged to seek specific advice to satisfy themselves on any issues or questions raised.*

*Local authorities can use the NHAS Local Authority Advice Line for support on individual cases, Monday to Friday 9am-5pm – call 0300 330 0517.*

[Press Ctrl & Click here to return to Contents](#)

## **Background**

Figures published by the Council of Mortgage Lenders (CML) show the total number of properties taken into possession by first-charge mortgage lenders in 2011 was 36,200. This was the lowest annual total since 2007. In February 2012 CML released a statement saying they intended to maintain their December 2011 prediction that there will be in the region of 45,000 repossessions over the course of this year.

The CML's current assessment is *"that a greater number of stretched households are likely to find it more difficult to cope this year, despite continuing forbearance policies by lenders, as upward pressure on arrears and repossessions will be exacerbated by the weakening employment market"*.

The trend in statutory homeless acceptances resulting from households losing their last settled homes due to mortgage arrears is increasing. The table below breaks down these figures regionally, showing a comparison between October to December quarter 2010 and the corresponding quarter in 2011:

	Total Accepts due to Mortgage Arrears Q4 2010	Total Accepts due to Mortgage Arrears Q4 2011	Difference	% Change
North West	29	61	32	110
Yorkshire and the Humber	24	37	13	54
East Midlands	22	31	9	41
East of England	36	48	12	41
South East	33	46	13	39
West Midlands	60	79	19	32
North East	24	30	6	25
London	46	53	7	15
South West	23	21	-2	-9
<b>England</b>	<b>297</b>	<b>406</b>	<b>109</b>	<b>37</b>

The government is investing £135 million into the Mortgage Rescue Scheme during 2012/13 and 2013/14. The scheme is available through local authorities and is designed to offer support to vulnerable households to avoid repossession. It is one of a number of preventative options available to assist people who are struggling to meet the costs of their mortgage.

The scheme will need to close to new applications in spring 2013 - funding for 2013/14 will be available to complete cases already in the pipeline at that stage.

Summary of main changes to MRS that commenced from April 2011:

- For the 'Government Mortgage to Rent' option, the grant rate to providers was capped at 47%
- The redemption price offered by the provider to the household was reduced from 97% to 90% of the market value for the 'Government Mortgage to Rent' option
- The demand for MRS needed to be more carefully managed. Budgets were set for Registered Providers for the different areas they work in - with prioritisation of cases agreed at local level between authorities and providers. In terms of local authority referrals to providers, this arrangement could be made on a 1<sup>st</sup> come 1<sup>st</sup> served basis.

The Government's aim when introducing these changes was to improve the value for money of Mortgage Rescue so that the funding available would enable at least 2,500 households to be 'rescued' through the scheme.

*MRS offers Local authorities value for money savings on the costs of responding to homelessness and the provision of temporary accommodation - the Specialist Advisors encourage all local authorities to ensure the scheme is an available option for people who meet the eligibility criteria in their districts.*

[Press Ctrl & Click here to return to Contents](#)

## **Preventing Repossessions – Wider Package of Support**

The government considers the most effective way to prevent a large rise in the number of repossessions is to address the public deficit and make sure that interest rates remain low.

There is an expressed commitment to continue to work with lenders and money advisors to ensure that repossession is only ever treated as a last resort.

A range of measures are currently in place – including:

- Financial Services Authority (FSA) regulation of lenders
- Lender forbearance options
- Mortgage Pre-Action Protocol
- Funding for Debt Advice Services
- Support for Mortgage Interest (SMI)
- The Mortgage Rescue Scheme
- Preventing Repossessions Funding
- Court desk schemes
- Funding training and support through the NHAS

Further information can be found on the Directgov Mortgage Help website at:

<http://www.direct.gov.uk/en/homeandcommunity/buyingandsellingyourhome/mortgagesandrepossession/index.htm>

Local authorities are encouraged to promote links to the Directgov advice and information on their websites. It may be worth ensuring there are links included on any relevant housing options or homelessness pages in addition to the home page.

Local authority officers are also encouraged to make use of the NHAS Mortgage Debt Advice service that is available to you free of charge. Further information on the Mortgage Debt Advice service is included later in this guide and within the Annexe Pack which is available on the specialist advisor pages of the NHAS website.

***Annexe 1** provides a parliamentary note from June 2011 that considers the position of homeowners facing mortgage arrears and potential repossession of their property, the Government response to the issue, and possible courses of action for homeowners who are struggling with their mortgage payments. The paper includes a number of useful links to advice and information that local authorities may find helpful.*

[Press Ctrl & Click here to return to Contents](#)

## **Mortgage Rescue Scheme Purpose & Parameters**

The MRS is a targeted and specific homelessness prevention tool. It is intended to provide an additional safety net for vulnerable households who are at risk of losing their home through repossession.

Depending on their specific circumstances, homeowners eligible for help under the MRS may be offered either:

### ***Government Mortgage to Rent Option***

- The Registered Provider (RP) buys the property and the applicant remains in the home paying rent to the RP at an affordable level
- The RP buys the property for 90% of the current market value
- The homeowner must have no more than 25% equity
- Negative equity up to 120% of secured borrowing is allowed – *higher if the lender agrees*
- The homeowner makes an equity contribution of 10% - where this does not exist, the lender must agree to write off part of the loan
- The RP grants a 3 year assured short-hold tenancy
- Repairs and maintenance are the responsibility of the RP
- HCA provides grant up to a maximum of £20,000 per rescue towards the costs of repairs. RPs can also use their own resources to fund repairs over and above this amount and in consideration of repairs work across their wider property portfolio. *Repair costs should not reasonably exceed those required in order to meet the decent homes standard.*

***Annexe 2*** of this guide provides a helpful question and answer document regarding the mortgage to rent option.

Or:



### ***Equity Loan Option***

- In simple terms, the equity loan option allows for the refinancing of existing borrowing at a low rate of interest
- The RP provides a low interest Equity Loan which the homeowner uses to pay off any secured loans, or part of the mortgage
- This allows monthly housing costs to be reduced to an affordable level
- Homeowners with between 25% and 40% equity or more can apply – *less than 25% can be considered if money advisors confirm affordability and RP agrees*
- Homeowners with more than 40% equity cannot apply. This is because households with lots of equity may be able to downsize, and have more options available to them to avoid repossession (such as Assisted Voluntary Sale (AVS) – there is more detail regarding AVS and good practice later in the guide)
- The loan can only be between 25% and 75% of the existing borrowing

***Annexe 3** of this guide provides a helpful question and answer document regarding the Equity Loan option for practitioners and **Annexe 4** provides an advice sheet on the Equity Loan option for homeowners.*

***Annexe 5** provides a calculator that has been designed for practitioners to help them estimate at an early stage, the size of an Equity Loan required, to reduce household's housing costs to an affordable level.*

The MRS requires collaborative working, clear communication, and written agreements between mortgage lenders, money advisors, local housing authorities and Registered Providers, in order to deliver successful outcomes for households threatened with repossession.

The MRS will not provide a solution for every homeowner at risk of mortgage repossession. In all cases, local housing authorities should consider carefully the full range of options available to homeowners faced with repossession. The MRS is just one among a number of options, and should be used as a last resort.

[Press Ctrl & Click here to return to Contents](#)

## **6 Steps to Mortgage Rescue**

### ***Step 1: Initial enquiry stage***

*Providing initial advice & assistance and recording outcomes.*

The initial customer contact is extremely important. Homeowners in mortgage arrears will need confident, clear and accurate advice on the options available to them – and about the implications of any next steps they may choose to take. If people do not engage with advice, then there is a greater likelihood that they will lose their home.

At the earliest possible stage, get the homeowner's written consent – this saves time and crosses the first major hurdle. The Annexe Pack includes an example MRS application form which includes a declaration and consent, along with other examples that may be useful in developing the authority's response to initial customer contact.

Front line officers should be trained and supported to deliver advice and assistance to homeowners facing repossession. Some of the tools in this guide may be useful in supporting them.

*Free training on mortgage debt is available from NHAS - contact 0344 515 1676 for details. For support on individual cases call the NHAS Local Authority Advice line on 0300 330 0517 or email [mrs@shelter.org.uk](mailto:mrs@shelter.org.uk)*

### ***Step 2: Establishing the Lender Position***

*Confirming that the lender has exhausted hardship options and is prepared, in principle, to support the MRS*

*Confirming that the lender(s) is willing, on a case by case basis, to consider write off options for any overhanging debt where a homeowner is in negative equity*

Homeowners should be encouraged to speak to their lender in the first instance to discuss possible solutions. If this is too challenging for the homeowner, then the local authority may wish to contact the lender on the homeowner's behalf.

Lenders should only take possession action as a last resort - as outlined in the 'mortgage pre-action protocol' for the courts.

[http://www.justice.gov.uk/courts/procedure-rules/civil/protocol/prot\\_mha](http://www.justice.gov.uk/courts/procedure-rules/civil/protocol/prot_mha)

There is a range of ways that lenders can help borrowers manage their monthly payments better such as:

- Allowing reduced payments in the short term
- Changing the loan to an interest only loan
- Adding arrears to the amount borrowed
- Cutting arrears charges
- Extending the time of the loan

### **Step 3: Involving Money Advice**

*Up to date financial assessment shows how the homeowner can afford to stay with MRS help*

Involving money advice is vital in helping homeowners in mortgage difficulties and essential to demonstrate that the MRS is a viable option. Money advisors will work with homeowners to help prioritise debts, maximise income and if possible, achieve a solution which means that MRS is not required.

***Annexe 6** provides a model SLA between the local authority and local money advice provider.*

Where the homeowner has already accessed a national debt advice provider such as National Debt Line, CCCS, Community Legal Advice, Citizens Advice Bureau, Shelter and Payplan, they will support the homeowner to produce the financial statement and associated evidence papers direct to the local housing authority for assessment.

Local authorities may wish to note that Citizens Advice (the national organisation), via the NHAS can provide support to individual bureaux assisting a client to look at the various options available to them to prevent repossessions including MRS. To find out more email [nhas@citizensadvice.org.uk](mailto:nhas@citizensadvice.org.uk)

***Annexe 7** is the leaflet for local authorities outlining how to access the NHAS Mortgage Debt Advice Service*

### **Step 4: the MRS LA assessment and evidence**

*Local authority has received a copy of the letter from the lender that confirms that the hardship options have been exhausted & has received a copy of a financial statement from money advice which confirms that MRS support would be affordable*

At this stage the local authority should satisfy itself of the following:

- ownership (*who owns and lives at the property*)
- risk of homelessness (*not the statutory definition of homelessness*)
- eligibility for assistance
- priority need (*household must be vulnerable, remembering that the local authority can be more flexible around the application of vulnerability as MRS is not a statutory scheme*)
- No outstanding charges or restrictions / ownership disputes that will need to be resolved before the Registered Provider can purchase the property. (*Where there are other charges or restrictions you can seek specialist help from the NHAS Mortgage Debt Advice service. Where there are 2<sup>nd</sup> charges that may prevent mortgage rescue, the 1<sup>st</sup> charge lender may assist you in negotiating with 2<sup>nd</sup> charge lenders. In the case of relationship breakdown the client may need a family law solicitor*).
- Homeowner's income (*Estimate whether the homeowner's household earns less than £60,000 per annum (all income is taken into account in assessing the £60k threshold). In exceptional circumstances where gross income exceeds the threshold local authorities are encouraged to talk to the RP. The RP will raise on a case by case basis with HCA*)
- Property valuation below regional property cap (*there is still flexibility on a case by case basis – speak to the RP who will liaise with HCA*)  
**Annexe 8** provides the property price caps applicable in each region
- The situation regarding any negative equity (up to 120% of secured borrowing is allowed – *higher if the lender agrees*)
- Property appropriate for continued occupation (*based on the size, general condition and occupation of the property*)

### **Step 5: request to lender to freeze repossession action**

*Local authority requests homeowner's lender freezes the interest, fees and any repossession action because the authority has assessed that the homeowner qualifies for the MRS.*

This stage may also include, in the case of a homeowner in negative equity, indication from the lender(s) that they are willing to write off overhanging debt and accept a full and final settlement from the Registered Provider. Authorities can seek help in negotiating with lenders via the NHAS.

The local authority should:

- Make contact with the homeowner's lender
- Remember MRS isn't a payment holiday and ensure the homeowner understands this
- Emphasise that contractual payments (or reduced payments where agreed) need to be paid

### **Step 6: referral to Registered Provider**

*Gather together all the information and evidence that supports the homeowner's MRS application and send to the Registered Provider's MRS champion.*

The local authority should also:

- Notify the lender and money advice provider
- Notify the homeowner and remind them again of the need to continue to make payments to the lender as agreed with money advice
- Track the progress and timescales of the case for future reference – lenders, money advice and householders are likely to contact the local housing authority for feedback
- Ensure the lender is kept in the loop

*Local authorities may wish to review the DCLG Mortgage Rescue Guidance and associated Annexe Pack from May 2009 – whilst elements of the May 2009 guidance are now out of date in terms of statistics and the changes to the scheme that were introduced in 2011, nevertheless, this guidance pack contains a range of practical advice and tools that front line advisors may find useful in their day to day work.*

**Annexe 9** provides a short guide on MRS that may be helpful to front line officers delivering the service, or to support new staff members to familiarise themselves with the scheme

[Press Ctrl & Click here to return to Contents](#)

## **Roles & Responsibilities**

### ***Local housing authority:***

- Providing information, advice and signposting – including marketing and communication to raise awareness with communities appropriately. Remember the majority of households will not be MRS eligible, however you can encourage households to seek help by providing clear messages around the kind of help which may be available
- Initial point of contact for MRS
- Ensuring vulnerable homeowners have access to the MRS assessment
- Acts as case manager, tracking applications and communicating with all partners at each step of the process
- Assesses whether the household meets the MRS criteria (*as outlined above*)
- Estimates the property value (*It is important to estimate a property value early in the MRS process. Getting an accurate open market valuation may be difficult in the current climate but it is important. Failure to get the valuation right may mean that a homeowner ‘falls out’ later in the process causing additional distress to the household – there is some further advice on estimating value later in this guide*)
- Secures lender(s) agreement (*in some areas RPs carry out this part of the process - find out from your RP what work they expect to have been completed*)
- Refers case to RP for consideration
- Advises on other options to avoid repossession
- Monitors MRS delivery

### ***Mortgage lenders:***

- Required to help borrowers by offering hardship options (forbearance) – changing the loan, allowing lower payments in the short term, etc.
- Confirm in writing to local authority that all hardship options have been exhausted and that possession proceedings are, or will be taken
- May need to decide whether to write off part of the mortgage to allow MRS to proceed

*(MRS is often cheaper than repossession. Repossessed properties which are not occupied are not attractive to buyers).*

***Annexe 10*** provides an example checklist that a lender will expect to receive in relation to a MRS case.

### **Money Advisors:**

- Can help to provide homeowners with other options to avoid repossession by maximising income (through benefit), prioritising debts, and reducing expenditure (better money management)
- Assesses whether MRS is affordable for the homeowner by carrying out a financial statement (this should include confirming any entitlement to housing benefit after rescue - and the impact of any equity released on ongoing benefit entitlements).
- Work with the LA, to consider which option is most suitable for MRS (Equity Loan, or Government Mortgage to Rent)
- Help with negotiating with lenders and attending court if required

### **Registered Providers (RPs):**

- Carry out standard MRS financial assessment
- Make home visit
- Obtain formal property valuation
- Arranges structural survey, estimates likely repairs
- Obtains final balances and statements from lenders prior to completion
- Prepares a contract for the homeowner to sign and arranges for independent financial advice for the homeowner
- Appoints solicitor to carry out the transaction
- Where the RP does not intend to retain ownership of the property, the RP will seek a syndicated provider to take on the ownership and management of the property ensuring that there is no delay between the MRS purchase and syndication that causes detriment to the homeowner or lender

*(It is often a good investment - RPs receive 47% of the sale price from Government to part finance the purchase – and MRS provides more affordable housing)*

[Press Ctrl & Click here to return to Contents](#)



## Key Messages

The new MRS delivery model needs to be carefully managed between partner local authorities and the relevant Registered Provider to ensure there is not an open ended pipeline of applications.

HCA allocate annual budgets to lead RPs in England. At a regional level the funding break down during 2011/12 looked like this:

HCA Operating Area	Funding	Homes
East and South East	£13,796,065	169
London	£7,465,776	71
Midlands	£18,461,295	321
North East, Yorkshire and The Humber	£14,313,316	279
North West	£11,495,292	123
South and South West	£20,468,258	257
<b>TOTAL</b>	<b>£86,000,000</b>	<b>1,319</b>

The specialist advisors would encourage local authorities to ensure that they are actively considering MRS as an option for eligible homeowners to avoid the available funding going unspent. This means that regular contact and monitoring should happen between authorities and their RP. The funding can, if necessary, be spent on a first come first served basis. It is therefore important that a cautious approach to prioritising the available funding does not result in money being under spent where it may otherwise be used to rescue vulnerable households.

There is scope for local authorities and their lead RPs to agree an approach that will work to deliver rescues and maximise the benefit of the funding in their areas. The lead provider and local authorities should regularly review allocations to meet demand.

Local authorities should not refrain from discussing cases directly with the lead provider where individual circumstances make the household appropriate for rescue. This includes discussing flexibility in the property price cap and other areas of the eligibility criteria that may be subject to local discretion.

Figures held by HCA demonstrate that local authorities, and their partners, have greatly reduced their engagement in the MRS. Under the 1<sup>st</sup> MRS there were 5,288 referrals and 3,542 rescues. Under the 2<sup>nd</sup> MRS - up to the end of February 2012 - there had been 1,328 referrals and 312 rescues.



It is hoped that by acting on the advice and information contained in this guide, local authorities and their partners can improve MRS delivery and ensure it is an option available to prevent homelessness in every district in England.

### ***Liaise with RPs***

Funding is available on a first come first served basis – partners need to take a view on priority cases but if you think a case is worthy of a rescue then speak to the RP who can liaise with the HCA about individual circumstances. If you are unable to reach agreement with your RP, you may wish to speak to HCA directly.

Ensure your team is delivering MRS and appropriate advice to homeowners approaching for assistance.

### ***Delivering the Scheme - Localism***

- Local Authorities have flexibility to prioritise a limited number of households for MRS – *however, this should be reviewed regularly to ensure that eligible homeowners are not being denied access to the scheme while funding is available to assist them*
- Local authorities need to ensure households are only put forward for MRS in high priority cases - *however, this should be reviewed regularly to ensure that eligible homeowners are not being denied access to the scheme while funding is available to assist them. In some instances the assessment of priority need is subject to the local authority application of the 'Pereira test' of vulnerability – this can be a high threshold and local authorities who are not making use of available MRS funding should review whether the threshold they are applying to enable access to the scheme may be too high - precluding otherwise eligible households. This must be balanced against the intention that eligible households should be 'vulnerable' in some way.*
- Local authorities should agree local eligibility criteria depending on local need and priorities – *but these should be kept under review to ensure they do not prevent mortgage rescues.*
- For example, MRS can be offered in cases where the rationale is strongest, such as where disability adaptations have been carried out, or where large family social housing is in very short supply. *Equally, if cases are not presenting who meet criteria like this and would otherwise be eligible for MRS, it is important for this to inform decision making and future reviews of the progress of the scheme.*

## ***Solving Difficult MRS cases***

MRS is not easy to deliver for a number of reasons including:-

- Some households find it hard to engage with institutions and require intensive support to hand hold them through the process
- Working with partners can be challenging – but the scheme has pioneered closer working between lenders, RPs and Money Advisors
- Cases involve complex financial circumstances – high debts, multiple charges, variable property conditions

BUT – help and support is available from practitioners on the MRS online forum, including recent problems that have been solved such as property valuations, bankruptcy, non traditional build, housing benefit and more. Further information regarding how to join the forum is included later in this guide.

The NHAS can also support local authorities and Registered Providers to deliver MRS through the Mortgage Debt Advice service. Further information regarding the services available through NHAS will be provided later in this guide.

## ***Key Issues and Points:***

- ♦ Mortgage Rescue should be seen as an option of last resort – *but also – it should be seen as an option!*
- ♦ Any referrals that do not complete by 31<sup>st</sup> March will be honoured in 2012/13 as funding has agreed to be rolled forward
- ♦ A further £135m of funding for 2012/13 and 2013/14
- ♦ Local authorities should determine eligibility and priority need and are responsible for referrals to providers irrespective of how potential cases are identified
- ♦ As part of the HCA's 2011-15 Affordable Homes Programme Framework there is an *expectation* that providers will be syndicate partners – *if RPs are refusing to assist with MRS due to geographical issues associated with their stock, LAs are encouraged to discuss these cases with the HCA*
- ♦ Review the funding distribution method in place in your area – is it working? Has a review taken place?
- ♦ HCA is looking at the method of distribution of funding for 2012/13 and beyond, e.g., one that reflects the level of repossessions
- ♦ HCA is willing to be flexible within reason regarding rules and parameters of the scheme
- ♦ The household remaining in their property remains the best outcome

[Press Ctrl & Click here to return to Contents](#)

## **Preventing Repossessions Funding**

In February 2012 the government announced a new £19 million Preventing Repossessions Fund for local authorities. This funding was paid to local authorities in England on 8<sup>th</sup> March 2012. The minimum payment threshold for a local authority was set at £30,000.

Local authorities have been encouraged to develop local Preventing Repossessions Funds that can be used to stabilise individual household's financial situations. This could be achieved in a number of ways using this resource, including:

- Offering interest free loans to pay off additional secured loans (where it can be demonstrated that to do so will make ongoing housing costs affordable and sustainable);
- Offering loans to reduce arrears in exchange for lenders writing down debt to a more manageable level (where it can be demonstrated that to do so will make ongoing housing costs affordable and sustainable)
- Brokering a three-way agreement between the homeowner (hardship payment), lender (writing off debt) and Local Authority (interest free loan);
- Facilitating access to the Mortgage Rescue Scheme

*Annexe 11 provides a copy of the specialist advisors' guidance on how to develop or enhance Preventing Repossessions Funds.*

Local authorities can carry the funding forward into the new financial year. Although the grant is not ring fenced, and can be used on wider preventing repossession activity, the intention of the grant is to provide as many loans as possible to avoid repossession.

Local authorities may wish to additionally consider developing a specialist resource using this funding to provide MRS casework expertise to enable MRS cases to complete effectively. This could complement available support provided through the NHAS.

The specialist advisors are working in partnership with Crisis, Homeless Link and NHAS to support local authority groupings to develop and improve their homeless prevention services. It is hoped that the lead authorities will provide a coordinating role for each group in bringing together statistics on the use of the Preventing Repossessions funding and preventing repossessions work more generally.

It may be sensible for these local authority groups to consider contributing a small proportion of their DCLG Preventing Repossessions Fund to provide a shared resource that will ensure MRS is being effectively delivered across the group. This may be particularly relevant where local authorities are struggling to deliver MRS effectively.

***Annexe 12** provides details of the local authorities comprising the groups referenced above and also highlights the lead authority for each grouping.*

[\*Press Ctrl & Click here to return to Contents\*](#)

## **Court Desks**

In February 2012 the government announced a new £1m fund to enable full access to the Housing Court Possession Duty Desk Scheme. The intention of this additional funding is to ensure that there is universal access for all when faced with a court hearing for possession. Local Authorities can ensure that either directly, or by commissioning a third party, they can offer free on the day legal advice and representation.

Often people at risk of repossession do not seek advice as early as they should. The court desk scheme provides another part of the vital safety net to support and assist people to retain their homes and ensure repossession is always the last resort. People accessing advice on the day of their hearing often have their possession order suspended whilst they access independent advice. Help should not be restricted to residents from the local authority area where the court is situated. You need to remember many local courts have closed, so people living in your area may be listed in courts away from your locality. You need to find out where cases are to be heard and establish a relationship with the court, for example via the Court User group.

It is important to establish good communications with your local Court Desk Service. Good working relationships and effective information sharing arrangements are vital in developing the local response to preventing repossessions. Local authorities may wish to develop new, or review existing, Court Desk schemes in their areas to ensure that they are effective and feed into the local strategic approach to preventing repossessions.

***Annexe 13** provides an example partnership agreement between a local authority and third sector provider (in this example the Citizen's Advice Bureau) for the delivery of a County Court Help Desk and Representation Scheme.*

**Annexe 14** provides a useful good practice guide for advisors providing Court Desk and representation services. This was developed by the NHAS.

**Annexe 15** provides a copy of a leaflet one local authority has used to promote and provide information about their local Court Desk Scheme.

Local authorities may want to note that a set of Barristers Chambers has been offering free support for representatives taking part in County Court duty schemes on housing possession days. The service enables advisers to call *from court* and get immediate free legal back-up from a specialist housing barrister. Calls are routed immediately to specialist counsel - or for a call-back within 15 minutes. This service was initially offered to advisers operating under Legal Services Commission funded duty schemes, but it has been extended to *all possession day schemes and court advice desks*.

(Advisers should call Garden Court Chambers on **020 7993 7600** from the court, ask to be put through to a Housing Clerk, and mention they are calling from a duty scheme).

[Press Ctrl & Click here to return to Contents](#)

## **Other Options for Struggling Homeowners**

*This section provides an outline of Support for Mortgage Interest and Assisted Voluntary Sale – this is not an exhaustive list of ‘other options’ but does cover 2 areas that often cause confusion for front line advisors.*

**Support for Mortgage Interest (SMI)** – SMI is a means-tested benefit that can help those who are unable to pay their mortgage because they are out of work or are in receipt of a qualifying benefit. If a homeowner is receiving out of work benefits (Income Support, Income Based Job Seeker's Allowance, Income Related Employment & Support Allowance, Pension Credit) they may be entitled to help towards mortgage interest payments for a mortgage or loan that was taken out to buy (or improve, if qualifying) their property. SMI is paid direct to the lender.

The standard interest rate used to calculate SMI is currently 3.63 per cent. Many homeowners who currently receive SMI will still have to pay something towards their mortgage because there will be a shortfall between the help they can get and the amount they are required to pay.

There is no limit to the amount of time a homeowner can receive SMI unless they are in receipt of JSA, their claim made after Jan 2009. In those cases SMI can only be paid for up to a maximum 2 years.

Local authorities are encouraged to work with their local money advice provider to monitor, identify and contact people who are coming to the end of the 2 year period to establish their current situation and provide appropriately targeted advice and support if required. This may be possible by undertaking a review of cases that have been seen by the local authority and money advice provider, and writing to them using a generic letter that provides advice and encourages the homeowner to contact the Council if they think they may face difficulty in meeting the costs of their mortgage. New cases referred through the local authority or money advice service could involve the officer ensuring that a diary reminder is triggered at an appropriate future point to contact the household and discuss their situation (i.e. within the 2 years).

This work can be complemented by wider marketing and awareness campaigns to encourage these households to access advice.

Directgov information on SMI can be read here:

[http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/On\\_a\\_low\\_income/DG\\_180321](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/On_a_low_income/DG_180321)

**Annexe 16** provides a copy of a letter one local authority has used as a follow up contact on cases previously referred to the Council through the lender notification process. This letter highlights that people on SMI may be affected by changes to the amount they can claim.

**Assisted Voluntary Sale (AVS)** - AVS means that the lender will give the homeowner assistance and extra time to sell their property rather than face repossession. The borrower remains in the property during the process, potentially leading to a higher selling price. Sometimes the lender can help with some of the costs of the sale or move.

Effective AVS schemes offer a controlled environment within which the lender can ensure that the property is actively marketed at the correct price, with the most appropriate estate agent and that the borrower is fully co-operating with the marketing effort. Assisted Voluntary Sale can also enable borrowers to avoid building up long term arrears and eroding their equity when owner-occupation is no longer a sustainable option for them. In certain situations lenders will also agree to suspend arrears charges whilst the sale takes place.

Homeowners should be encouraged to get advice from an independent money advisor to discuss what is right for them. Local authorities should have regard to individual circumstances and provide clear and accurate advice regarding the consequences of someone selling their home, should they then require assistance from the Council through homelessness legislation.

**Annexe 17** provides a copy of the 2009 Local Authorities Homelessness Code of Guidance - Supplementary Guidance on Intentional Homelessness.

The NHAS has developed a good practice guide which provides a helpful overview of the spectrum of AVS support that is available across the sector - and gives a step by step guide to taking people through the process. “*Supporting people to exit homeownership through a voluntary or assisted voluntary sale*” can be viewed at the link below:

<http://www.nhas.org.uk/publications.htm>

**Annexe 18** also provides a copy of the NHAS Assisted Voluntary Sale Good Practice Guide.

**Advice for Homeowners** – the Directgov website includes clear and concise advice for homeowners who may be at risk of repossession. Use the link below to access the Directgov mortgages and repossessions pages:

[http://www.direct.gov.uk/en/HomeAndCommunity/BuyingAndSellingYourHome/Mortgagesandrepossessions/DG\\_174580](http://www.direct.gov.uk/en/HomeAndCommunity/BuyingAndSellingYourHome/Mortgagesandrepossessions/DG_174580)

[\*Press Ctrl & Click here to return to Contents\*](#)



## **Practical Tools & Top Tips**

*This section highlights a number of practical tools and advice that local authorities may wish to consider in developing their approach to preventing repossessions and in delivering the MRS locally. The section highlights good practice and provides ideas that could be adopted to increase the effectiveness of local services...*

***Develop a communications strategy*** - map existing services and disseminate advice regarding where to seek help and what help is available across the area. This should include active encouragement for struggling households who may be at risk of homelessness to seek available help at the earliest possible opportunity. It may be possible to engage other Council services to assist in this process by including marketing material in any mail shots going out to households (such as using Council Tax billing service to disseminate advice and information), and ensuring opportunities to include pieces in local free papers are not being missed.

It may be possible to check Council Tax records for arrears and enforcement action - there is likely to be a correlation of Council Tax arrears and households in mortgage debt – it may help to target households.

As part of these considerations, local authorities may wish to consider how to link marketing to include broader marketing of available services including CAB money advice, and running partnership briefing sessions to develop a common understanding of local services and their responses. Delivering training to partner agencies and stakeholders regarding the local response could contribute to a 'no wrong door' approach where all agencies working in a locality have a practical awareness of how and where to refer anyone approaching them who may be at risk of homelessness. *(This could include briefing full Council and raising awareness of available services at Local Strategic Partnership meetings, along with other statutory and voluntary agencies operating in the area).*

***Annexe 19*** provides a copy of a leaflet developed by a local authority in partnership with their local CAB to offer free 'repossession prevention health checks' and free 'financial health checks'

***Annexe 20*** provides a copy of a leaflet/flyer/poster developed by a local authority providing basic advice on '10 steps to avoid repossession'

***Annexe 21*** provides a copy of a leaflet developed by a local authority with their local CAB providing advice and signposting for households who may be struggling financially



**Annexe 22** provides a copy of a leaflet developed by a local authority with their local CAB providing 'top money saving tips' for households who may be struggling

**Annexe 23** provides a copy of a leaflet developed by a local authority giving basic debt advice

**Annexe 24** provides a copy of a customer advice sheet on MRS developed by a local authority

Other examples of marketing online:

- Manchester 'Helping Hands'  
<http://www.manchester.gov.uk/helpinghands/>
- Basingstoke 'Debt and Financial Advice'  
<http://www.basingstoke.gov.uk/browse/advice-and-benefits/recession-and-recovery-help/moneyand+benefits/>
- Mendip 'Debt Worries?'  
<http://www.mendip.gov.uk/Documents/Debt%20Worrie%20Booklet.pdf>
- Blackpool 'Debt Advice' pages  
<http://www.blackpool.gov.uk/Services/A-F/DebtAdvice/>
- Hart 'Are you struggling to pay your rent or mortgage' page  
[http://www.hart.gov.uk/index/community\\_living/housing/housing-advice/mortgage-advice.htm](http://www.hart.gov.uk/index/community_living/housing/housing-advice/mortgage-advice.htm)
- Cherwell 'Mortgage Rescue Scheme' page  
<http://www.cherwell.gov.uk/index.cfm?articleid=4584>
- Solihull 'Money Counts' pages  
<http://www.solihull.gov.uk/moneycounts/default.htm>

**Review first points of customer contact and recognise the importance of the first customer contact** in supporting people to avoid repossession. It is vital to maximise the value of first contact from someone who has decided to seek help with mortgage arrears. All customer contact points should be set up to channel queries to advisors who are knowledgeable about the issues around mortgage arrears and repossession, and who can provide advice and assistance regarding available options.

This includes the local authority website - which is often a first point of contact for people seeking help from the Council. Ensure you regularly review the housing advice pages, with clear regard to the 'customer perspective'. Similarly, consider mystery shopping contact centres and telephone numbers into the Council to understand what type of first contact a struggling homeowner might experience. Act on your findings so that whenever a homeowner makes contact with regard to their housing situation, they are dealt with confidently and appropriately.

It can be helpful to have a named contact within the service and to develop specialist knowledge within the housing options team. If there is a named contact within the service, include their name and contact details on the Council's website to reduce the likelihood homeowners will need to interact with generic contact centres, or explain their situations to more than one person.

***Encourage homeowners to speak to their lenders*** – so that they can let the lender know they have engaged with the Council's housing options team, and who their contact within the Council is.

***Get the homeowner's written consent at first approach*** – this saves time and crosses the first major hurdle of progressing MRS cases. It also facilitates housing advisors being able to request information and discuss circumstances with key partners to get the ball rolling as quickly as possible, so that wherever it is achievable, people remain in their homes.

***Responding to Lender Notifications*** - Local authorities may wish to review their existing approach to lender notifications. It may be worth keeping a record of how many notifications are being received, how many homeowners have been seen by local services, how many actively engage with support, how many refuse assistance and what feedback the Council is getting from homeowners through the process. It is useful to monitor the level of success and/or failure and implement processes to ensure responses are more proactive.

Examples of approaches that have worked for some authorities;

- Sending a letter in a plain, handwritten envelope that does not go through the Council's franking machine
- Using diarised reminders to prompt Officers to send follow up letters, followed by home visits
- Alerting court desk providers
- Including a tear off and return slip at the bottom of the letter asking the homeowner to tell the Council how they would like to be contacted - and when
- Sending 'advice packs' with an open invitation to contact the service
- Engaging the help of local voluntary sector partners to contact the household
- *It's important to remember many households will have ignored initial court dates and not attended – Officers should contact the court to determine the levels of applications for warrants being made – some households may present for advice even at this late stage and this would to target them*

***Promote where customers can access good quality telephone advice -***

Telephone advice can be an important tool in assisting people who may otherwise struggle to access face to face advice services and where people are well placed to manage their own affairs and are comfortable making use of self-help tools. There are a number of examples local authorities could consider highlighting including;

- The Community Legal Advice helpline (0845 3454 345) can help with free 30 minute telephone advice for people who qualify for legal aid. It can also help callers find both legal aid funded and other face-to face debt advice.

A number of free telephone helpline services are available for people in debt, including those who don't qualify for legal aid. These include:

- National Debtline – 0808 808 4000
- Consumer Credit Counselling Services (CCCS) – 0800 138 1111
- Debt Advice Foundation – 0800 043 4050

***Make use of available online resources*** that may be helpful to customers who are comfortable using the internet. Some examples local authorities could consider including have been listed below:

- The Money management section of the Citizens Advice 'adviceguide' site  
[http://www.adviceguide.org.uk/index/your\\_money/money\\_management\\_index\\_ew/help\\_with\\_debt\\_index\\_ew.htm](http://www.adviceguide.org.uk/index/your_money/money_management_index_ew/help_with_debt_index_ew.htm)
- Shelter's information pages on debt, rent and mortgage arrears  
[http://england.shelter.org.uk/get\\_advice/debt\\_and\\_arrears](http://england.shelter.org.uk/get_advice/debt_and_arrears)
- The Money Advice Service website includes a useful source of advice and links to self-help diagnostic tools  
<http://www.moneyadviceservice.org.uk/yourmoney/>
- Shelter's website now has an interest rate rise calculator that gives an idea of the extra money home-owners will have to find if their mortgage interest rates rise  
[http://england.shelter.org.uk/get\\_advice/paying\\_for\\_a\\_home/interest\\_rates/calculator](http://england.shelter.org.uk/get_advice/paying_for_a_home/interest_rates/calculator)
- The Directgov website offers benefit advice and answers customer's questions anonymously online about savings, income and outgoings  
[http://www.direct.gov.uk/en/Diol1/DoltOnline/DoltOnlineByCategory/DG\\_172666](http://www.direct.gov.uk/en/Diol1/DoltOnline/DoltOnlineByCategory/DG_172666)

By enabling capable customers to utilise self-help tools to manage their own circumstances, it may be possible to gain time to deliver a handholding service to more vulnerable customers.

**Officers should sign up to the MRS forum** on the Knowledge Hub website if they have not already done so. This is the online forum for the Government Mortgage Rescue Scheme (England only). By signing up Officers are joining over 400 Mortgage Rescue Scheme (MRS) practitioners. The forum enables practitioners to share problems, information and good practice - and find out the latest news and announcements about the scheme:

<https://knowledgehub.local.gov.uk>

**Provide training to staff** – to ensure that when customers present to the local authority, front line housing advisors are confident and well versed in how to advise and support homeowners who are threatened with repossession. Training should include how to effectively liaise with money advisors, lenders and registered providers, and in the wider package of support available to prevent repossessions including the delivery of the MRS. NHAS provides free training on mortgage debt for frontline staff – visit the NHAS website for details or make contact via the 'contact us' pages on the site.

***Engage MRS delivery partners early and share information*** – this is relevant on a case by case basis but also, as outlined earlier, in monitoring and communicating how the local approach is working at a strategic level too (reviewing existing methods of service delivery, funding arrangements and access to services).

***Ensure that interactions between organisations are based on mutual respect*** - no organisation is in the business of making people homeless – if the local authority thinks a lender is acting unreasonably take the case to court with the evidence.

***Engage with lenders and work collaboratively*** – lenders may be able to provide you with lists of households in your area that they are concerned about, who would benefit from early intervention to prevent repossession. It may also be worth contacting the 1<sup>st</sup> charge lender where there are 2<sup>nd</sup>, 3<sup>rd</sup> 4<sup>th</sup> charges against a property. The 1<sup>st</sup> charge lender can assist in the negotiations to enable mortgage rescue to go ahead.

In some areas, lenders have worked with local authorities to write to homeowners they are concerned about to provide personalised contact details for the specialist mortgage arrears advisors at the local authority.

***Annexe 25 provides an example advice letter from a lender highlighting the local authority service and encouraging the homeowner to contact them to discuss their situation***

***Annexe 26 provides a sample of text from a letter by a lender to a homeowner highlighting the specific local authority service they should approach and providing named contacts and telephone numbers. This letter was the result of joint working between the lender and the local authority.***

***Annexe 27 provides a sample template lender offer letter and Annexe 28 provides a sample disbursement statement that could be used to accompany the letter if appropriate.***

***Gather data to help identify trends and target activity at those at risk*** – what information is held locally by partner agencies and how can this be shared to contribute to strategic information that can inform delivery? Are there geographical hot spots locally where targeted work could be undertaken? Are there specific types of households who are presenting to agencies locally? Are there particular lenders who are generating the most repossession activity – so that you can seek to engage with them? (This list is not exhaustive).

The Ministry of Justice publishes statistics on court possession activity which is broken down to local authority and local County Court level. The latest statistics, including trend information, can be viewed and downloaded here:

<http://www.justice.gov.uk/statistics/civil-justice/mortgage-possession>

***Develop the relationship with Housing Benefit and Council Tax Benefit Services*** – so that when a homeowner applies for Housing &/or Council Tax Benefit they are referred to the Housing Options team, and when Council Tax colleagues are chasing arrears they are providing basic advice and signposting, recognising that Council Tax arrears may be symptomatic of wider financial distress, including mortgage arrears.

It is also important to ensure your Housing Benefit team are fully briefed on Regulation 9 of the Housing Benefit regulations. The Former Home Owner Rule means that a person will not be entitled to Housing Benefit if they rent the home they once owned as a freeholder or leaseholder, and they claim Housing Benefit within 5 years of selling that home.

The Former Owner Rule will not apply where the applicant can satisfy the Housing Benefit department that they could not have stayed in their home without selling it. All cases offered MRS through the Government 'Mortgage to Rent' option will be cases where repossession was inevitable without MRS. This should satisfy Housing Benefit colleagues that the applicant is eligible for Housing Benefit once they become a tenant in the property.

Any households refused Housing Benefit on the basis of the incorrect application of the 'Former Home Owner Rule' should be advised to appeal the decision and referred to specialist welfare benefits or housing law advisor (such as Shelter or CAB). *An applicant must request an appeal in writing and within one month of receiving the decision.*

***Engage with other agencies & organisations*** – local authorities may wish to consider how they can work jointly with Job Centre Plus to develop the local response to preventing repossessions by providing briefings to JCP advisors and providing advice literature for JCP to provide to households who may be at risk of repossession.

It may also be possible to engage with local businesses and trades unions to provide information and advice packs that can be given to people who are at risk of redundancy, or reduced working hours so that they are able to access advice and services.



**Standardise the approach to MRS** – by working in partnership with the Registered Provider to develop a standard pack for MRS referrals.

*Annexe 29 to 37 provides a copy of a standard MRS pack that has been developed by a provider in partnership with local authorities (Press Ctrl and click [here](#) to see further details outlining what is included in 29-37 of the Annexes).*

**Ensure you have measures in place to get estimated valuations that are as accurate as possible** - there are 3 suggested ways that a local authority can obtain estimated valuations of a property and local authorities are encouraged to secure 2 valuations and work on the lower of those 2:

- **With the homeowner's permission you can telephone the lender to request** their current valuation. Lenders update their property valuations regularly. Some lenders refer to this as their automatic valuation model (AVM) figure. This is likely to be the best method for establishing an early indication of the property valuation. You can also access estimated valuations from lender websites such as Nationwide and Halifax.
- **Telephone a local estate agent** for help. If you explain the purpose of your call and provide them with some basic property details, the agent may be prepared to provide a valuation by comparing it with other similar properties on their books. Your authority may be prepared to pay a small fee to an estate agent in return for a quick visit to the property. Homeowners with properties already on the market may already have a current valuation.
- There are **property web sites** that supply property price information free of charge such as [www.rightmove.co.uk](http://www.rightmove.co.uk). However - *checks on line come with a health warning that owners have a say in the price that is set*. Some properties are priced higher than their current market value, so tread with caution when assessing internet prices. The length of time a property has been on the market might help you to understand if a property has been overpriced. Websites like; <http://www.ourproperty.co.uk/> and [www.hometrack.co.uk](http://www.hometrack.co.uk) - can give you actual sales prices from the land registry. If similar properties, in similar locations and similar condition have been sold recently then this could be a good indication as to price.
- **Evidence:** a copy of information downloaded from lender websites, estate agent valuation, advertisements in local newspaper property pages can be used to support the MRS application

Remember this is not the formal valuation, just a guide to whether or not the property is likely to fall within the criteria (it will avoid raising expectations). The formal valuation is arranged at [Step 6](#) of the MRS process by the registered provider.

Other websites that may be useful in determining the estimated value of a property include:

- <http://www.moneysavingexpert.com/mortgages/free-house-prices#value> (advice on how to go about getting free property valuation)
- <http://www.zoopla.co.uk/home-values/>
- <http://www.propertypriceadvice.co.uk/> (tendency to overvalue)
- <http://www.mouseprice.com/> (provides a range of prices based on postcode and number of bedrooms)
- <http://www.nationwide.co.uk/hpi/> (put in the original price the homeowner paid for the property for an estimate of what it may be worth now - the Nationwide House Price Calculator is intended to illustrate general movement in prices only. The calculator is based on the Nationwide House Price Index. Results are based on movements in prices in the regions of the UK rather than in specific towns and cities)

*Please note the health warning above applies to all online checks the LA may opt to undertake.*

***Do not adopt any blanket policies or approaches to households approaching in mortgage arrears*** – this applies across all MRS partners. Each household should be assessed and advised based on their individual circumstances.

[Press Ctrl & Click here to return to Contents](#)



## Other useful links, examples, and sources of information....

**The National Homelessness Advice Service (NHAS) Mortgage Debt Advice service** supports local authorities and registered providers to help homeowners in mortgage difficulty. Specialist NHAS advisers are on hand to:

- Provide a full money advice and welfare benefits check
- Explore 'hardship' options that the lender may offer
- Negotiate with the lender to stop or delay possession action
- Make an application to suspend and/or vary a Court Order
- Look at other options open to a homeowner, including:
  - Mortgage Rescue Scheme (MRS)
  - Support for Mortgage Interest (SMI)
  - Assisted Voluntary Sales (AVS), and
  - Securing alternative accommodation

NHAS can support local authority Officers to work through their client's mortgage debt case, or Officers can refer the case to NHAS Mortgage Debt Advice and they will work directly with the household (with their agreement). To make a referral call the Local Authority Housing Advice Line **0300 330 0517** or email [mrs@shelter.org.uk](mailto:mrs@shelter.org.uk)

The **NHAS also provide free training** covering a range of housing issues and topics, designed to meet the needs of frontline advisers – the programme of courses employs a blended learning approach, designed and developed in response to the latest developments in housing and homelessness. Telephone **0344 515 1676** for details

The **NHAS Supported Money Advice Scheme supports CABx** to help homeowners in mortgage difficulty. Through the scheme information and specialist consultancy support is available to bureaux advisers assisting clients in mortgage difficulty. This includes exploring the range of options to avoid repossession including MRS, SMI etc., as well as a managed withdrawal from home ownership such as AVS. If you have any queries regarding this scheme please email [nhas@citizensadvice.org.uk](mailto:nhas@citizensadvice.org.uk)

**Annexe 38** provides an overview brochure of the NHAS services

**Annexe 39** provides a print ready copy of the NHAS "Are you worried about your mortgage?" leaflet

The HCA's **Capital Funding Guide** and **MRS Syndication Toolkit** can be viewed here:

[www.homesandcommunities.co.uk](http://www.homesandcommunities.co.uk)

The specialist advisors' **Housing Options Toolkit** can be accessed on the member's pages of the NHAS website (username **locala** and password **bluegoose81**): <http://www.nhas.org.uk/>

The **Council of Mortgage Lenders'** advice to homeowners who are struggling can be viewed using the link below: <http://www.cml.org.uk/cml/consumers/guides/worried>

Local authorities may wish to review, **update or develop action plans** regarding MRS delivery. **Annexe 40** and **Annexe 41** provide 2 examples of action plans previously developed by local authorities – please note these were developed in 2009/10.

In 2009 the specialist advisors circulated a '**Short Guide to Preventing Repossessions**' which contained a range of useful hints and tips that are still relevant in 2012. **Annexe 42** provides a copy of "A guide for Local Authorities on action that can be taken to prevent mortgage and landlord repossessions"

Local authorities may wish to consider supporting front line advisors by developing **specific assessment forms** to help Officers at interview. **Annexe 43** provides a further example of an approach developed by a local authority (in addition to the assessment form provided in Annexe 33-34).

Ensure the **customer is clear about what they need to provide** – **Annexe 44** provides an example from a local authority of an initial customer enquiry checklist.

**Annexe 45** provides a template letter advising a customer that their case cannot proceed for MRS.

There are named MRS champions within local authorities, lenders and registered providers who are responsible for ensuring the scheme operates as smoothly as possible in their areas. **Annexe 46** provides the contact details for local authority MRS champions, **Annexe 47** provides the relevant contact within specific lenders, and **Annexe 48** provides the contact for Registered Providers delivering MRS in each area. (Please note that an exercise will be undertaken shortly to update and re-circulate these lists).

[Press Ctrl & Click here to return to Contents](#)

***This guide has been provided to Local Authorities by homelessness practitioners and represents the views of practitioners. It does not represent legal advice or statutory guidance. Local Authorities are encouraged to seek specific advice to satisfy themselves on any issues or questions raised.***

*The specialist advisors would like to thank all those who contributed to the development of this guide and to various colleagues who contributed practical examples and guidance to the Annexe Pack.*

## **Coming Soon...**

*The specialist advisors' pages of the NHAS website will be bringing you a **Self Diagnostic Toolkit (SDTK)** in the very near future. The SDTK has been developed by the specialist advisors with support from DCLG, the NHAS and Acclaim. It will support local authorities to identify how to effectively review their services so that they tackle homelessness proactively and deliver services efficiently...*

*We will be in touch with our contacts as soon as this is available to let you know and to offer you training seminars on how to undertake diagnostic assessments...*

[Press Ctrl & Click here to return to Contents](#)

## **Contacts:**

If you have any queries regarding any aspect of this guide, or if you think we can provide any practical support and assistance, please do not hesitate to contact us:

If you are in the **SW**: **Tracy Hendren (Team Leader)**  
[specialistadvisor@sky.com](mailto:specialistadvisor@sky.com)  
07980732064

If you are in the **SE or WM**: **Phil Turner**  
[specialistadvisor@hart.gov.uk](mailto:specialistadvisor@hart.gov.uk)  
07796308167

If you are in the **E or EM**: **Tracey Brushett**  
[specialistadvisor@gmail.com](mailto:specialistadvisor@gmail.com)  
07785353403

If you are in the **NE or NW**: **Tracy Hendren (*temporary cover*)**  
[specialistadvisor@sky.com](mailto:specialistadvisor@sky.com)  
07980732064

If you are in **Y&H**: **Linda McGowan**  
[specialistadvisor.mcgowan@gmail.com](mailto:specialistadvisor.mcgowan@gmail.com)  
07766335631

[Press Ctrl & Click here to return to Contents](#)