

## ANNEX A

### 1.0 BACKGROUND TO THE MORTGAGE RESCUE SCHEME

- 1.1 The scheme aims to prevent homelessness and support home ownership. The scheme will provide equity loans to eligible homeowners experiencing financial difficulty with their mortgage payments, and will provide support and access to financial, housing and debt advice. It is a pilot scheme that helps homeowners remain in their home and where this is not possible, enable a planned sale.
- 1.2 The Equity Loan is secured against the property.
- 1.3 Where home ownership cannot be sustained, the Loan will be provided to allow sufficient time for a household to sell their property at its market value.
- 1.4 Homeowners will be required to take independent financial advice. The Scheme will not be the best option for everyone.

### 2.0 OUTLINE OF THE SCHEME

- 2.1 Following a debt / financial assessment by an accredited advice agency (CAB / Shelter / HARP) and a housing options assessment by the local authority to confirm eligibility , successful homeowners will be provided with an Equity Loan under one of the options below.

- **Option One** – Equity Loan to clear outstanding mortgage arrears and future monthly payments for a maximum of **12 monthly mortgage payments**.
- **Option Two** - Equity Loan to clear outstanding mortgage arrears and a lump sum to reduce future mortgage payments to an affordable level.
- **Option Three** – Equity Loan to clear outstanding mortgage arrears and payment of future mortgage payments to enable a planned sale.

- 2.2 The minimum amount of equity loan is £2,000. The maximum amount available under each of the options is shown below:

	<b>Option One</b>	<b>Option Two</b>	<b>Option Three</b>
Maximum Equity Loan	£10,000	£40,000	£10,000

- 2.3 In calculating the loan assistance that can be offered, the RSL will take into account the amount of arrears outstanding on the original mortgage at the date of the loan application, and a maximum of 12 months future monthly installments on the mortgage. Alternatively, the loan may be based on the redemption figure of the mortgage, if this is below the maximum loan amount.
- 2.4 By way of guidance, the Scheme is a pilot and as such a degree of flexibility to the above figures is allowed depending on the homeowner's circumstances. The RSL must contact the Golden Triangle Partnership for confirmation and approval before allowing any flexibility.