

How does Homeowners Mortgage Support work?

Homeowners Mortgage Support allows qualifying homeowners to delay paying part of the interest on their loans for up to two years. It's designed to help people who are having trouble keeping up with their repayments because their household income has fallen temporarily.

The interest that you do not pay while you are on the scheme is added onto your outstanding mortgage. It's important to remember that the interest you defer is not written off – you will have to repay it eventually. Payments can be deferred for a maximum of two years, although your situation will be reviewed after the first year. Shared ownership or shared equity properties may be included in the scheme.

Is it a good option for me?

The scheme is designed to help people in short-term difficulties - for example, if your hours at work have been reduced, overtime has been cut or your household is having to rely on one income instead of two.

It is particularly important to remember the following points:

- Homeowners Mortgage Support is not a payment holiday – your monthly payments will be reduced, but not stopped.
- Your debt will be increasing while you are taking advantage of Homeowners Mortgage Support.
- So afterwards, you will need to extend your mortgage term or make higher repayments than you currently pay, to pay off the debt you have put off.
- Homeowners Mortgage Support is only a short-term solution, while you get your finances back on track. You must be confident that your financial situation is going to improve over the next couple of years.
- If your circumstances change, Homeowner Mortgage Support may no longer be the best option for you. For example, if you lose your job and can no longer keep up with the smaller repayments, another Government scheme such as the Mortgage Rescue Scheme may be more suitable.
- The scheme reduces the risk of repossession, but does not eliminate it. Your home will still be at risk if you don't keep up with the reduced payments, or if you cannot afford the higher payments when you leave the scheme.

When making any important decision about your home and finances it is always important to get specialist advice. You can get independent financial advice from

- Citizen's Advice Bureau, Blaby Citizen Advice Bureau, Blaby Service Shop, 10 Forge Corner, Blaby, Leicester, LE8 4FZ – Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, Fountain Court, Rear of 42 High Street, Market Harborough, Leicester, LE16 7AF – Tel: 0844 848 9009 or 0116 2727793

- Citizen's Advice Bureau, One Stop Shop, Gilmorton Road, Lutterworth, Leicester, LE17 4DY - Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, Glenfield Parish Council, Park House, Stamford Street, Glenfield, Tel: 0116 2318498
- Citizen's Advice Bureau, Braunstone Civic Centre, Kingsway, Braunstone Town, Tel: 0116 2890045
- Citizen's Advice Bureau, Stoney Stanton Library, St. Michaels Court, New Road, Stoney Stanton, Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, King Street, Enderby, Tel: 0844 848 9009 or 0116 2727793
- Citizen's Advice Bureau, Broughton Astley Library, Main Street, Broughton Astley, Tel: 0844 848 9009 or 0116 2727793

Am I eligible?

To be eligible you must also be able to show that your household income has dropped substantially (but temporarily) and that you cannot meet the current monthly payments on your mortgage. You must agree to pay as much as you can afford and at least 30% of the interest due. You and your lender will decide together how much you can afford, with help from your money adviser.

Lenders will also usually say that:

- your mortgage and any other loans secured against your home must not be more than a certain amount
- your savings must be below a certain level
- you must have taken out a mortgage or re-mortgaged before a certain date, and
- you must have been making regular repayments (though not necessarily of the full amount due) over the five months before joining the scheme, unless you had agreed a payment holiday with your lender

Even if you meet these criteria, you may not be eligible for the scheme if:

- your income is unlikely to return to its previous level – for example if your loss of income has been caused by a long-term illness (in this situation, other options may be more appropriate so you should get advice)
- your lender is not offering Homeowner Mortgage Support
- you have mortgage payment protection insurance (MPPI) that will cover your situation
- you are not working and are claiming jobseeker's allowance, income support or employment and support allowance, so you may be able to claim Support for Mortgage Interest (SMI) instead
- other assistance that you may be eligible for would be more suitable – this might include the Mortgage Rescue Scheme
- you own more than one property, for example a buy-to-let investment
- There are more suitable options available.

Is my lender offering Homeowners Mortgage Support?

You can only apply for Homeowners Mortgage Support Scheme if your mortgage lender and any other lenders with a charge on the property have agreed to offer it.

The first step is always to talk to your lender(s):

- Explain the reason for your financial difficulties.
- Discuss all of the available options with them.
- Ask whether signing up to the scheme would be appropriate in your circumstances.

If you find it very difficult to negotiate you should get help from an adviser as soon as you can. Don't be put off because you think your situation is hopeless. There is often a solution. A specialist adviser may be able to help you put together a realistic and affordable proposal.

How can Blaby District Council help me?

The Housing Options advisers can be contacted in a number of ways:

- By calling our direct line on **0116 272 7770**.
- By Email: Housing.Options@blaby.gov.uk
- By Visiting the Main Council Offices at Narborough, Blaby Service Shop or Braunstone Civic Centre.

We will arrange an interview to discuss your housing options and contact your lender's on your behalf or refer you to the nearest Citizen Advice Bureau Centre if that's more appropriate. You will also need to give your Citizen's Advice Bureau adviser detailed evidence of your household's financial situation. You should get all your mortgage statements and other financial paperwork together before you call or visit an advice centre, so that they can assess whether it is in your best interests to join the scheme.

Other agencies accredited by the scheme are:

- National Debt line – Tel: 0808 808 4000 or visit the website: www.nationaldebtline.co.uk
- Consumer Credit Counselling Service – 0800 138 1111 or visit the website: www.cccs.co.uk

How do mortgage rescue schemes work?

Mortgage rescue schemes buy your home and rent the property back to you. This allows you to stay in your current home while making it more affordable.

Some schemes may allow you to:

- sell only part of your home, so that the property is owned on a shared ownership basis, or
- buy your home back when your financial situation improves.

These options are usually only available with council and housing association-run schemes - private companies don't usually allow this, but it is worth asking them.

What are the risks?

In some cases, a mortgage rescue scheme may be the right option but you should always get independent advice about both your finances and how your rights would be affected before you take any action. [Use our directory](#) to find a local adviser.

Some companies' advertisements sound too good to be true... and they often are. Companies that offer an immediate, easy solution or target customers aggressively should usually be avoided. Be aware that there are significant risks, particularly with privately run, profit-making schemes:

- They often buy homes at well below the market rate, so you could lose a large percentage of the true value of your home.
- They are not regulated. The [Financial Services Authority \(FSA\)](#) does not consider them to be offering a financial product, merely buying a property and renting it out. The Government has announced that it plans to bring them under FSA regulation in future, however.
- Their advertisements are not scrutinised for inaccurate or misleading information and there are no checks as to whether the advice they give you is in your best interests or is the best way of resolving your problems.
- Many schemes give [assured shorthold tenancy](#) agreements to the former owners. This gives you very little protection from eviction once you have sold your home. They do not have to prove a reason to do this - as long as they follow the [correct procedure](#) the eviction will be legal.
- The rent you have to pay may end up being as much as your current mortgage payments. Rent increases may be very large. This increases your chances of getting into arrears after the sale.
- If a privately run company goes bankrupt after it has bought your home, the property will usually be repossessed by their lender.

What are the benefits?

There are some benefits to these schemes:

- Struggling homeowners get to stay in their homes, avoiding the trauma of [repossession](#).
- Any equity you have can be released to pay debts (although mortgage debts should always be your top priority).
- Both you and your lender would avoid the costs of going to court and having your home repossessed.

Who runs these schemes?

This is a very important question. Mortgage rescue schemes can be run by:

- not-for-profit agencies (such as local councils or housing associations)
- mortgage lenders, or
- private, profit-making companies.

It is very important to check whether any scheme you are considering is a profit-making company, as this can be very risky and is usually best avoided.

Unfortunately, there are very few not-for-profit schemes available, although the Government has announced plans to provide funding so that more housing associations and councils are able to provide this service. Please see our section on the [Government mortgage rescue scheme](#) for more information.