



About the mortgage rescue scheme: Government mortgage to rent



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Government mortgage to rent is part of the mortgage rescue scheme, a new government initiative to help vulnerable households who may be at risk of having their homes reposessed. It allows you to stay in your home as a tenant paying rent, rather than as a homeowner, to relieve the financial pressure you are under.

Why am I being offered Government mortgage to rent?

Your lender recognises that you have been struggling to keep up with your mortgage repayments. In many cases, this will be due to circumstances beyond your control. Perhaps you have become ill or permanently disabled and are unable to work.

Your lender wants to help you solve your financial problems before they become too difficult to manage. They want to make sure your home is not reposessed. After talking to you about options to manage your finances, they believe that Government mortgage to rent may be more sensible than options such as restructuring your monthly payments or moving to an interest-only mortgage.

What will it mean?

A local housing association may buy your home. An independent surveyor will value your property to make sure that you get a fair price. The Government is funding the mortgage rescue scheme. If you are eligible it will help you pay off your mortgage and any loans your home is security for. If there is any money left over you will receive it and you can use it to help pay off other debts. If the price you are offered for your home does not cover all of your mortgage or the loans your home is security for, the Mortgage Rescue Fast Track team will help you to manage this situation by negotiating with your lender.

You will then stay in your current home and become a tenant of the housing association and pay them rent. The rent will

be lower than your mortgage – and lower than if you were renting a similar home from a private landlord. This should make your monthly payments more manageable and ease your money worries. Also, housing association tenancies are more secure than tenancies with private landlords.

You will need to keep up with your rent and make sure you stick to the terms of your tenancy, otherwise you could still lose your home.

This sounds like a ‘sale and rent back’ scheme – isn’t that risky?

‘Sale and rent back’ schemes are run by private companies. These are much more risky than Government mortgage to rent. They may charge you very high rent and only offer you a contract for a few months. They may also pay a lot less than your home is worth. Government mortgage to rent will offer you more security, lower rent and a better price for your home.

What are the advantages?

The main advantage of Government mortgage to rent is that you are able to stay in your own home, avoiding the stress and disruption of moving, but at a lower cost to you. You will have much greater peace of mind, because you will no longer be at risk of having your home reposessed.

Because your lender wants you to be considered for this scheme, you can be ‘fast-tracked’ through the process. You will get one-to-one support from a case co-ordinator, who will make sure that you have all the information you need. They can negotiate for you to protect your rights and interests. They will also put you in touch with free and independent money advisers from organisations like Shelter, Citizens Advice, or the Consumer Credit Counselling Service. These groups have experts who can advise you on all your options, help you decide if Government mortgage to rent is best for you and help you manage other debts.



Your lender is contacting you because they believe that you meet the conditions for the scheme. Not everyone who is having difficulty paying their mortgage is eligible. To be eligible:

- you, or someone you live with, must be vulnerable in some way (for example, be disabled, elderly or pregnant, have a long-term illness, or have dependent children)
- you must not own any other properties; and
- your household's yearly income must be less than £60,000.

If you want to go ahead with the scheme, your case co-ordinator will need to do a more in-depth assessment of your circumstances.

Do I have to pay?

You do not have to pay anything upfront. All the fees associated with selling a home are covered by the Government through this special mortgage rescue scheme. You will be expected to make an 'equity contribution.' This means the housing association will take 3 per cent of the value of your home to cover their costs. For example, if your home is worth £100,000, they will keep £3,000 and you will receive £97,000 to pay off your mortgage.

If your mortgage is worth more than your home (known as being in 'negative equity') and you can't make this contribution, the lender may decide either to write off the

difference or place it as an unsecured debt. You will have to pay this debt back in instalments. So, being in negative equity will not stop you being rescued by the scheme.

What should I do if I am interested?

Phone your lender for more details and a confidential discussion. If you want to go ahead, your lender will refer you to the Mortgage Rescue Fast Track team to start the assessment process. You will be assigned a case co-ordinator. They will make sure that you have all the detailed information and advice you need. They will also arrange for an independent surveyor to value your home. The team will also make sure you have access to debt advice (from the organisations we have mentioned earlier) so that you do not have to wait to be helped.

You will have to take part and co-operate fully with your case co-ordinator. You will need to give them written permission to make enquiries about your application, otherwise you won't be able to start the process. You will also need to give them honest and accurate information at all times – otherwise you may not be able to complete the process.

You will be able to change your mind at any time. And, if you have questions or concerns, your case co-ordinator will be there to answer them. If you decide not to go ahead – or if you are not successful in applying for the scheme – they will try and help you find another solution to your worries.

More information

For more information about support available to help you take control of your finances visit www.direct.gov.uk/mortgagehelp or call the National Debtline on freephone 0808 808 4000.

For more general advice visit the Financial Services Authority website at <http://www.moneymadeclear.fsa.gov.uk>

The National Homelessness Advice Service has a useful leaflet called 'Are You Worried About Your Mortgage?'. This explains all the different options. You can download the leaflet from www.nhas.org.uk.

It's your home, let's keep it that way.



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