Stepstone Mortgage Funding Limited

Response to the Central Bank of Ireland's proposals in CP 63 – Review of the Code of Conduct on Mortgage Arrears

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Response to CP 63 – proposed revision of Code of Conduct on Mortgage Arrears

a) Cooperation and engagement		
Definitions – not cooperating borrower	Definitions – A borrower can only be considered as not cooperating with the lender where any of the following apply to their particular case: c) a three month period elapses during which the borrower: ii) (B) – Has made contact with, or responded to communications from, the lender or a third party acting on the lender's behalf but has repeatedly failed to do so with a view to reaching an alternative repayment arrangement or other solution in relation to the arrears.	Stepstone welcomes the Central Bank's desire (as set out on page 5) to better define not cooperating. It agrees that clarity here is "critical" not only in the context of the role of the Personal Insolvency Act but also in relation to measures that a lender is permitted to pursue. However, the proposed revised definition of a not cooperating borrower, in particular as set out under c) ii) (B), given that it will require a call of judgement which may differ from lender to lender, may not provide the desired clarity which the Central Bank is hoping to achieve. A borrower's ability to avail of the Personal Insolvency Act will therefore be dependent upon his/her lender's judgement in this regard. Stepstone would welcome more detailed and specific definition of a not cooperating borrower. In addition, in Stepstone's experience, some borrowers abuse the application of the three month period by, after initially engaging with Stepstone, subsequently going to ground only to reappear just prior to the elapse of a further period of three months. Stepstone would like to see proposals which prevent borrowers from doing this.
Explanation of the application of MARP to borrowers classified as not cooperating	CP 63 page 6 – Where a borrower is not cooperating, the provisions relating to the restriction on imposing changes and/or surcharge interest on arrears and the 12-month moratorium no longer apply. However, the remaining provisions of MARP apply..... CP 63 page 7 – .....It is proposed that the lender would not be required to apply the MARP framework to that borrower if he or she is subsequently deemed to be not cooperating.	Stepstone believes there is an inconsistency in the approach described by the Central Bank in the context of the application of MARP in the circumstances where a borrower is classified by his/her lender as not cooperating. By way of contribution to the debate, Stepstone believes that the MARP should no longer apply and that the lender should be free to determine the appropriate action in the circumstances where a borrower is classified as not cooperating.

		As it is currently drafted the provisions in Appendix 1 do not reflect how the MARP should be applied in the circumstances where a borrower is classified by his/her lender as not cooperating.
Not cooperating - twice	CP 63 page 7 – The Central Bank is of the view that where a borrower has been classified as not cooperating, he or she should be given one further opportunity to re-engage and to be considered as cooperating again.	Stepstone is not clear from this explanation, and given that it is not reflected in the draft provisions in Appendix 1, what the process requirement is in this regard and what the borrower notifications should comprise. In Stepstone's view the best way of approaching this is by sending a borrower an initial letter informing him/her that they will be considered not cooperating if he/she does not engage by a certain date. If there is no engagement by this date, it should be followed by another letter informing the borrower that he/she is now considered not cooperating and what action his/her lender intends to take. At this stage, it is assumed that the lender would then be able to disapply its MARP going forward regardless of whether the borrower subsequently engages with his/her lender. Is this assumption correct?
b) Contact between the lender and the borrower		
Definitions – unsolicited communications	CP 63 page 20, Unsolicited communication: It does not include communications where the borrower does not answer the call or communications where the number is engaged when the lender seeks to contact the borrower.	Given that "communications" describes a wider variety of contact methods other than calls, Stepstone believes that this narrative should be clarified to make it more readily obvious that it relates only to telephone calls and not any other types of communication.
Provision 6 – third party borrower representation	At the borrower's request and with the borrower's written consent, the lender must liaise with a third party nominated by the borrower to act on his/her behalf in relation to his/her arrears situation. Notwithstanding this requirement, a lender must issue written communications	Stepstone believes that this approach is over prescribed and does not consider all the dynamics in the relationship between a borrower, his/her lender and his/her third party representative. For example, it does not cater for a borrower (the type of which Stepstone has) who insists that communications are only sent to his/her third party

	required under this Code directly to the borrower and advise the borrower to bring the contents of each such communication to the attention of any third party acting on his/her behalf.	representative. Stepstone's general approach is to adhere to the wishes of the borrower which generally results in copies of any communication sent to a third party representative being also sent to the borrower (where the borrower does not object to this). Stepstone believes that this approach enables the borrower to understand that his/her third party representative has received a communication and also to be aware of the content of the communication. Stepstone believes therefore that this provision should be relaxed to enable a lender to adopt an approach consistent with the desires of individual borrowers.
Provision 20 – levels of unsolicited communications	The lender must ensure that: a) The level of unsolicited communications from the lender, or any third party acting on its behalf, is proportionate and not excessive.	Stepstone believes that, in the absence of any reference as to what the level should be proportionate to, the word "proportionate" should be replaced with "appropriate in the circumstances ".
	The lender must ensure that: c) Borrowers are given sufficient breathing space following each unsolicited communication before further unsolicited communication is attempted.	As currently drafted, Stepstone believes that a lender is drawn into setting a single approach for all borrowers. In reality, the approach will need to be determined having regard to an individual borrower's circumstances and his/her current relationship with his/her lender. Stepstone believes that this approach should be reflected in the drafting of this provision.
Provision 24 – updated arrears information	Where the arrears exist on a mortgage loan account, an updated version of the information specified in provision 22 (a) (ii) and (iii) and (v) above must be provided to the borrower in writing, every three months.	With reference to provision 24 of the current CCMA, Stepstone has noted the absence of the need to provide the updated information in relation provision 22 (a) (i). This information may be important to a borrower who may wish to calculate how much of the CCMA's 12-month moratorium he/she has

		remaining.
Provision 25 – Unsolicited personal visits	a) A lender may only make an unsolicited personal visit to a borrower's primary residence in the following circumstances: i) When all other attempts at contact in relation to the borrower's arrears have failed, and ii) Immediately prior to classifying a borrower as not cooperating.	As drafted, a lender could interpret that: • A personal visit may be a prerequisite event before a borrower can be classified as not cooperating. Stepstone does not believe that it should be a prerequisite. • A personal visit is not permitted where a borrower has already been classified as not cooperating. Stepstone believes that visits to such borrowers should be permitted. • A personal visit would not be permissible to a borrower who no longer resides in the mortgaged property. Stepstone applies the requirements of the CCMA in these circumstances and believes that personal visits to borrowers at their current place of residence (even if this is not the mortgaged property) should be permitted. • If it is intended that a personal visit is to be a prerequisite of classifying a borrower as not cooperating, borrowers who do not reside at the mortgaged property will not be able to be classified as not cooperating. Stepstone would therefore welcome further clarity regarding the Central Bank's expectations on the purpose of such visits and any implications if a lender chooses not to undertake such visits.
	b) Where a lender wishes to make an unsolicited personal visit, in accordance with provision 25 a) above, the lender must give the borrower at least five business days' notice, in writing and must provide the specified timeframe within which it intends to make the visit. The specified timeframe must be no longer than 15 business days from the date of notification (including	As drafted, an unsolicited personal visit may not be undertaken more than 15 business days following the sending of the notification letter. Stepstone believes that as much notice as possible should be afforded to borrowers where a lender intends to undertake such a visit. In this context, Stepstone believes the notification letter should contain a timeframe/window of opportunity for the visit which is of a duration no longer than 10 days and which would start on a specified date not less

	the five business days' notice).	than 5 business days following the date of the notification letter.
	c) The lender must ensure that the notice issued in accordance with provision 25 b) above: v) Offers the borrower the facility to meet in a local branch instead of the borrower's home.	Stepstone assumes that there will be no requirement to comply with this provision if a lender has no network of branches.
	d) When carrying out an unsolicited personal visit, a lender must offer to explain the standard financial statement to the borrower and offer to assist the borrower to complete the standard financial statement. However, the lender must not compel the borrower to complete the standard financial statement during the visit.	As drafted, this provision suggests that one of the reasons for undertaking an unsolicited personal visit will always be to facilitate completion of a standard financial statement. There may be other reasons for undertaking an unsolicited personal visit where the required explanation will not be relevant in the circumstances. Stepstone suggests that compliance with the requirements of this provision would only be necessary where appropriate (i.e. discussion regarding the SFS is part of the reason for the visit).
Provision 26 – 3-month information	Where three mortgage payments have not been made in full as per the original mortgage contract and remain outstanding and an alternative repayment arrangement has not been put in place, the lender must notify the borrower, in writing, of the following: a) The potential for legal proceedings..... b) The importance of taking independent advice..... c) That irrespective of how the property is repossessed and disposed of the borrower will remain liable for.....	As drafted, this requirement may be over prescriptive and premature in the delivery of its message in certain circumstances (e.g. where a borrower has engaged with the lender by the end of such a three month period and has submitted, or is about to submit, a standard financial statement for the lender's ASU to consider). Stepstone suggests a less prescriptive approach in this regard or drafting which considers all the potentially relevant circumstances.
c) Link between the CCMA and the Personal Insolvency Act		
Explanation of	CP 63 page 3 – The Central Bank is seeking to ensure that	Stepstone welcomes any move to give borrowers this time and to

the link	borrowers who have been through the MARP and are considering their options under the Personal Insolvency Act, are given sufficient time to do so and that the process is as smooth as possible. It is therefore proposing to include certain new requirements for lenders, to achieve this aim.	ensure that the process is as smooth as possible. However, this explanation seems to suggest that borrowers can only avail of the Personal Insolvency Act once they "have been through the MARP". The CCMA provisions as drafted (current and proposed) suggest a borrower is continually in MARP. Now, however, according to these new proposals, an exception to this is when a borrower is classified as not cooperating. At this stage (with reference to CP 63, page 7), a lender can dis-apply MARP. This means that only a borrower who will have been through the MARP is one classified as not cooperating by his/her lender - a classification which prevents him availing of the Personal Insolvency Act in relation to his/her mortgage arrears. While Stepstone welcomes the need to give a borrower the opportunity to consider his/her options under the Personal Insolvency Act, the explanation and the associated provisions, as drafted in Appendix 1, do not appear to consider that a borrower may have already availed themselves of the Personal Insolvency Act in relation to his/her unsecured debts. These borrowers may have different information needs in these circumstances. In addition, this explanation seems to suggest that a borrower may not avail his/herself of the Personal Insolvency Act while he/she is going through MARP and Stepstone would welcome clarity in this regard. It would also welcome clarity regarding the application of the CCMA/MARP whilst a borrower is availing themselves of the Personal Insolvency Act and the subsequent application of the CCMA/MARP in the circumstances where a borrower, after availing his/herself of the Personal Insolvency Act, fails to reach a solution through this route. Stepstone would also welcome clarification on the continued applicability of MARP for a borrower who has been through it. It seems

		to Stepstone that in the circumstances where a borrower who has been through MARP, and a solution is not identified, a lender should be able to disapply MARP for that borrower from that stage going forward. Please also refer to comments set out in section i) below.
	CP 63 page 10 – In relation to 1 above, and in the context of the new Personal Insolvency Act, the Central Bank is now proposing that a lender should be required to give a 30-day notice period, before commencing legal action, to a borrower who has declined an arrangement. This would allow the borrower a period of time to consider his or her options, particularly whether to consult a Personal Insolvency Practitioner.	Stepstone has noted that, although this notice period is proposed, it is not reflected in the provisions as they are currently drafted in Appendix 1. Stepstone also notes that the intention to apply this notice period only applies where a lender has offered an alternative repayment arrangement and the borrower declines it. It does not seem to consider: • That, regardless of whether a borrower is offered or declined an alternative repayment arrangement by his/her lender, the borrower already has at least 20 business days to consider whether to appeal and he/she can consider his/her options relating to the Personal Insolvency Act during this time . • That for some such borrowers there will be remaining time on their moratorium (before legal action can be taken) and they will therefore be naturally afforded the time to consider options. • The lack of consistency it will introduce because this approach appears not to be required for those borrowers who are declined an arrangement by their lender and who have no time remaining on their moratorium (which prevents legal action being taken) but who need also to consider their options. • The needs of those borrowers to consider their options (not only those related to the Personal Insolvency Act) where a lender has already commenced legal action. Stepstone would welcome clarity in this regard.

Provision 22 – provision of relevant Insolvency Service of Ireland publications	Provision 22 – When arrears arise on a borrower's mortgage loan account and remain outstanding 31 days from the date the arrears arose, a lender must: c) Provide the borrower with the relevant publications, produced by the Insolvency Service of Ireland, on the processes under the Personal Insolvency Act 2012.	This approach places responsibility on a lender to ensure that the publications to be provided to a borrower are, and remain, relevant at any given time. Stepstone does not believe it is appropriate to place the responsibility on a lender in this way. Although Stepstone believes that a borrower should be provided with the relevant publications, it believes that a lender's role in this regard should be limited to providing general information on where a borrower may obtain the relevant publications.
Provision 44/45 – provision of information on PIA arrangements	Provision 44 – If a lender is not willing to offer a borrower an alternative repayment arrangement, for example, where it is concluded that the mortgage is unsustainable and an alternative repayment arrangement is unlikely to be appropriate, the reasons must be given in writing to the borrower. In these circumstances, the lender must inform the borrower of: b) The various arrangements available under the Personal Insolvency Act 2012 Provision 45 – If a borrower is not willing to enter into an alternative repayment arrangement offered by the lender, the lender must inform the borrower in writing of the following: a) The various arrangements available under the Personal Insolvency Act 2012	With reference to comments in relation to provision 22 (see immediately above), this approach also places responsibility on a lender to ensure that the information it is required to provide is, and remains, relevant at any given time. Again, Stepstone does not believe it is appropriate to place the responsibility on a lender in this way. Although Stepstone believes that a borrower should be provided with the relevant information on these arrangements, it believes that a lender's role in this regard should be limited to providing general information on where a borrower may obtain this information.
12-month moratorium response	CP 63 page 10 – In relation to 2 above, the Central Bank is seeking views on whether the 12-month moratorium should continue to apply where a lender has deemed a mortgage to be unsustainable (bearing in mind that the	Stepstone believes that applying a moratorium of 12 months (13 months effective from the date of first going into arrears) serves no purpose in the circumstances when a mortgage is classified as unsustainable and it can be detrimental to the borrower to delay

	time remaining will vary, depending on the length of time a lender has taken to assess a borrower's case), or whether the 30-day notice period outlined above, is a sufficient alternative period of time for a borrower to consider his or her options.	repossession as arrears will continue to accrue.
Provision 58 – application of the 12-month moratorium	Provision 58 – Where a borrower is in mortgage arrears, a lender may commence legal action for possession of the property without the 12 month period applying, only in the following circumstances; d) Where the borrower has declined an arrangement offered by the lender and i) the borrower has appealed the decision of the lender, but his/her appeal has not been upheld and the matter has not been referred to the Financial Services Ombudsman or the Financial Services ombudsman has not upheld any appeal, or ii) the borrower has declined to make an appeal.	It seems to Stepstone that a lender should be equally entitled to commence such legal action where it has declined to offer an alternative repayment arrangement to a borrower on the basis that his/her mortgage has been classified as unsustainable. In addition, in this scenario (and that described in provision 58 d)), a lender should be at liberty to disapply the application of MARP to the particular borrower going forward. Please also refer to comments set out in section i) below.
d) Use of the Standard Financial Statement (SFS)		
Response to temporary arrangement proposal	In recognition of the time it may take to complete and assess the SFS and the potential deterioration in a borrower's arrears situation while the process is being carried out, the Central Bank is proposing to clarify that a lender may put a temporary arrangement in place for a period of time of no more than three months, prior to receiving, and completing a full review of, the SFS (see Appendix 1, provision 37).	It is unclear to Stepstone what the Central Bank means by a temporary arrangement in the context of preventing the deterioration in a borrower's arrears situation. To achieve this, such arrangements would need to include, for example, converting a borrower's mortgage account to interest only. Stepstone believes that implementing such temporary arrangements: • Dilutes the importance and removes the urgency for a borrower to engage and complete an SFS so that a full assessment can be undertaken. • Would require the borrower's permission (which will not always be

		possible to obtain, in particular in circumstances where the borrower is not engaging with his/her lender regarding the return of an SFS but yet qualifies for a temporary arrangement in these proposals). • Any temporary arrangement implemented without a borrower's permission may render the lender exposed to liability for such an action. • If, following a full SFS assessment, an arrangement is offered by the lender which is different to the temporary arrangement it previously implemented, it may render the lender liable to unwind the temporary arrangement or back date the arrangement subsequently offered. There may be onerous requirements to change systems and establish processes to accommodate this. • Are also of the type which can be subject to appeal by the borrower, (the Central Bank's proposals are unclear as to whether this is the intention) which would require a lender to incur costs and develop process requirements to handle any received. Stepstone therefore believes it is better to wait until the borrower's circumstances can be fully assessed before implementing any type of arrangement and that analysing a completed SFS is the most appropriate way of achieving this.
Response to SFS completion proposal	The Central Bank agrees that there may be some situations where the full range of information contained in the SFS is not required and is seeking views on those potential situations and the information that would be required in each situation to facilitate proper consideration of the borrower's case.	Stepstone believes that most, if not all, of the information requirements of the SFS remain relevant for the purposes of fully assessing a borrower's circumstances. Although some of the information requirements may not appear to be as important as others, they can be indicators of a borrower's longer term financial stress and other problems and which need to be considered so that the appropriate solutions are offered. It believes that there can be few situations where only a partially

		completed SFS will suffice.
e) Reviews of alternative repayment arrangements		
Short, medium and long term arrangements proposal	CP 63 page 11 – Short, medium and long term arrangement proposals.	Stepstone welcomes the opportunity taken by the Central Bank to establish arrangement classifications and review frequency periods as proposed. In particular it welcomes the intended approach to remove the need to periodically review permanent restructures (e.g. where the mortgage term is extended or the arrears are capitalised).
Arrangement review proposals	CP 63 page 12 – The CCMA currently includes a requirement for a lender's ASU to immediately review a borrower's case, including the SFS, where a borrower ceases to adhere to the terms of an alternative repayment arrangement. In addition to this requirement, it is proposed to require a lender to formally review a borrower's case where an alternative repayment arrangement is coming to an end (see appendix 1, provision 47 (b)). Consequently, formal reviews will mainly capture cases where a borrower's circumstances improve.	A lender's ability to immediately review a borrower's case in these circumstances (in accordance with provision 48 b)) will depend upon whether the borrower has returned a newly completed SFS. Stepstone believes that this should be reflected in the provisions. Since the implementation of the 2010 CCMA Stepstone has been formally reviewing a borrower's case, including the SFS, when arrangements come to an end. However, its experience in this regard does not suggest that these reviews mainly capture cases where a borrower's circumstances improve. Any formal review of the borrower's circumstances, whether mid-term, when a borrower fails to adhere to the ARA terms or upon an ARA expiry more often reveals that a borrower's circumstances have worsened. Stepstone is therefore seeking clarity in this regard.
Provision 42 – change in circumstances at time of review	Where an alternative repayment arrangement is offered by a lender, the lender must provide the borrower with a clear explanation, in writing, of how the alternative repayment arrangement works, including: e) The frequency with which the alternative repayment arrangement will be reviewed in line with provision 43,	Stepstone believes that this provision is unworkable in practice. It is not possible to explain this in any meaningful way to a borrower and could only be highly speculative in nature. A borrower's circumstances may change in a myriad of different ways and to a lesser or greater extent. The only way to determine the potential outcome for a borrower is to assess his/her particular circumstances at the time of the review by

	the reason(s) for the reviews and the potential outcome of the reviews where: i) Circumstances improve, ii) Circumstance disimprove, and iii) Circumstances remain the same.	analysing a newly completed SFS.
Provision 48 – ARA expiry	Where an alternative repayment arrangement is coming to an end, the lender's ASU must: b) Request the borrower to update the standard financial statement where the borrower is unable to revert to full mortgage repayments at the end of the alternative repayment arrangement.	It seems to Stepstone that a lender will not know if a borrower is able to revert to full mortgage payments unless an analysis of a newly completed SFS (provided by a borrower at the end of the alternative repayment arrangement) is undertaken by his/her lender. In addition, even if a borrower is able to revert to full mortgage repayments at the end of the alternative repayment arrangement, his/her circumstances should still be assessed by his/her lender in the circumstances where residual arrears still exist at this stage and no agreement is in place relating to how they intend to be repaid. With reference to provision 47, a lender will not be able to undertake this "immediately" if a newly completed SFS has not been provided by the borrower at this time.
f) Treatment of appeals and complaints		
Treatment of appeals and complaints	CP 63 page 12 – proposal to allow complaints regarding a borrower's treatment under, and a lender's compliance with, the CCMA to be dealt with by the Complaints Department.	Stepstone welcomes this approach and would like to see it reflected within the CCMA provisions. Stepstone has been using such an approach for some time and can report that, based upon this experience, the appropriate treatment of a borrower's concerns is achieved.
	CP 63 page 13 – However, to maintain a consistent approach for the treatment of appeals or complaints under the CCMA, it is proposed that a lender's complaints	Stepstone believes that the Appeals Board may not be the most appropriate recipient of such reports for all lenders. The Central Bank should therefore draft the provisions to allow the reports to be provided

	department report all decisions on complaints relating to b) and c), above, to the Appeals Board on a regular basis, to ensure that it is aware of all issues arising in relation to arrears cases.	to the lender's body/committee who is assigned the responsibility to remediate any systemic issues identified from the reports. In Stepstone's case, the appropriate body/committee is the directors/main board.
g) Information on other options		
Provision 44/45 – relevance of other options	Provision 44 – If a lender is not willing to offer a borrower an alternative repayment arrangement, for example where it is concluded that the mortgage is unsustainable and an alternative repayment arrangement is unlikely to be appropriate, the reasons must be given in writing to the borrower. In these circumstances, the lender must inform the borrower of: c) Other options open to the borrower, including voluntary surrender, trading down, mortgage to rent or voluntary sale and the implications of each option for the borrower, and his/her mortgage loan account.... Provision 45 – If a borrower is not willing to enter into an alternative repayment arrangement offered by the lender, the lender must inform the borrower in writing of the following: d) Other options open to the borrower, including voluntary surrender trading down, mortgage to rent or voluntary sale and the implications for these for the borrower and the borrower's mortgage loan account....	It seems to Stepstone that a number of these options may not be relevant in all circumstances, in particular, where a borrower is in negative equity (e.g. trading down). Stepstone believes that the lender should be able to determine which options are relevant for inclusion for the purposes of complying with this provision or qualify against each that they may only be an option in certain circumstances (e,g, where a borrower has equity). Stepstone may, depending upon an individual borrower's circumstances offer to write off the outstanding balance following a voluntary sale but would prefer not to disclose this at the time of complying with provision 44 c) ii) so that the deployment of this relief can be appropriately managed. Stepstone assumes that if a lender does not offer certain of the options (e.g. mortgage to rent), there is no requirement to disclose them as prescribed by provision 44 c) and 45 d). Is this assumption correct?

h) Other specific CP 63 related comments		
Provision 12 – Information booklet & Provision 38 – ARA options	Provision 12 – A lender must prepare and make available to borrowers, an information booklet providing details of its MARP, which must be drafted in accordance with the requirements set out in provision 10 above and must include: b) An explanation of the alternative repayment arrangements available to borrowers, how these arrangements work and an outline in general terms, of the lender's criteria for assessing requests for alternative repayment arrangements. Provision 38 – In order to determine which options for alternative repayment arrangements are viable for each particular case, a lender must explore all of the options for alternative repayment arrangements offered by that lender. Such alternative repayment arrangements may include: b) Permanently reducing the interest c) Temporarily reducing the interest for a specified period k) Debt write off	Whilst Stepstone offers and therefore assesses a borrower's suitability for those options set out in provision 38 b), c) and k), it would rather not be placed in a position where it had to disclose the availability of these particular options within the information booklet required by provision 12, in particular provision 12 b). Stepstone carefully manages how these particular options are deployed and would prefer not to give the impression that they may be more widely available by disclosing them within the information booklet. Stepstone fears that disclosure within the information booklet as proposed may cause a borrower to focus on what, to him/her, appear the most attractive options but which may not be the most appropriate given his/her particular circumstances and which may not reflect the views of his/her lender.
Provision 13 – lender websites	Provision 13 – A lender must have a dedicated section on its website for borrowers in, or concerned about, financial difficulties which must include..... Page 8 – The central bank is proposing new requirement whereby a lender must include a link to the website operated by the Insolvency Service of Ireland on the	Stepstone assumes that where a lender does not have a website there will be no requirement to comply with provision 13 or the proposal set out on page 8 (which is not reflected in the provisions at Appendix 1). Is this assumption correct?

	dedicated section of its website.	
Provision 38 – the options a lender may explore	Provision 38 – In order to determine which options for alternative repayment arrangements are viable for each particular case, a lender must explore all of the options for alternative repayment arrangements offered by that lender. Such alternative repayment arrangements may include: k) Debt write off.	In light of recent media coverage, Stepstone would welcome clarification from the Central Bank on the potential for a borrower to incur a tax charge if such a relief is deployed by his/her lender.
Provision 42 – offering an alternative repayment arrangement	Where an alternative repayment arrangement is offered by a lender, the lender must provide the borrower with a clear explanation, in writing, of how the alternative repayment arrangement works, including: a) The reasons why the alternative repayment arrangement(s) offered is considered to be appropriate and sustainable for the borrower as documented by the lender in compliance with provision 39.	Stepstone believes that only permanent restructures (which facilitate the repayment of all outstanding mortgage debt) can be considered to be "appropriate and sustainable" and it would therefore be impossible to comply with this provision for other alternative repayment arrangements. A significant number of short, medium and some long term alternative repayment arrangements are only temporary and do not remediate or resolve a borrower's arrears situation. These cannot be considered appropriate or sustainable in the circumstances where the contractual monthly instalment is unaffordable and arrears remain outstanding and unaddressed. In addition, as drafted this provision suggests that only arrangements which are appropriate and sustainable must be offered by a lender. Stepstone would welcome further clarity with regard to these points.
Provision 44/45 – associated costs and charges	Provision 44 – If a lender is not willing to offer a borrower an alternative repayment arrangement, for example where it is concluded that the mortgage is unsustainable and an alternative repayment arrangement is unlikely to be	As drafted, it is unclear to Stepstone which costs and charges the Central Bank intends should be provided to the borrower. Are they: • Restricted only to costs and charges payable to his/her lender? • Intended to capture other third party related costs (e.g. a solicitors

	appropriate, the reasons must be given in writing to the borrower. In these circumstances, the lender must inform the borrower of: c) Other options open to the borrower, including voluntary surrender, trading down, mortgage to rent or voluntary sale and the implications of each option for the borrower, and his/her mortgage loan account including: i) Associated costs and charges. Provision 45 — If a borrower is not willing to enter into an alternative repayment arrangement offered by the lender, the lender must inform the borrower in writing of the following: d) Other options open to the borrower, including voluntary surrender trading down, mortgage to rent or voluntary sale and the implications for these for the borrower and the borrower's mortgage loan account , including: i) Associated costs and charges.	costs for undertaking conveyancing work where the borrower trades down), the amount of which the lender should not be expected to specify. • Intended to capture charges related to any residual debt which might remain following execution of a particular option? The provision of this information may not be possible at the time this information is proposed to be provided. Stepstone is therefore seeking clarity regarding the Central Bank's intentions and expectations in this regard.
i) General comments – as repeated in the covering communication		
Application of MARP	Stepstone believes that a material weakness of the current CCMA (which is not necessarily addressed within CP 63) is the circular application of MARP in that it applies regardless of whether a borrower's mortgage has been classified as unsustainable or where, and at what stage, a borrower is in his/her relationship with his/her lender. This means a borrower can trigger the reapplication of MARP to his/her situation. In Stepstone's experience, many borrowers use this trigger inappropriately by submitting repayment proposals, SFSs or instigating an appeal/complaint just prior to a court hearing which, because MARP must be followed, obliges Stepstone to adjourn the hearing , sometimes for several months, in order to review his/her circumstances once again or hear the appeal. Some borrowers have been successful in achieving several such adjournments using this approach which serves only to delay the inevitable	

	(i.e. that the borrower's mortgage is unsustainable and the court grants possession). In these circumstances the borrower's arrears have increased unnecessarily. Stepstone believes that the Central Bank should take the opportunity to introduce provisions within the CCMA which allow a lender to disapply MARP in these circumstances so that the appropriate conclusion can be reached through the litigation process.
Information requirements	When finalising its proposals for the revised CCMA, Stepstone would like the Central Bank to consider that: • While Stepstone believes that a borrower should be provided with appropriate information relevant to his/her particular circumstances, it has noted that, under the Central Bank's CP 63 proposals, there will be need for significant changes to a lender's CCMA letter suite which may incur significant costs where they are systems generated. At the time of responding Stepstone's servicer has not yet completed its analysis of likely costs (or the required lead in times) in this regard so the impact of this is unknown at this stage. When this becomes known, it could reveal that the costs required to deliver the required changes outweigh the benefit intended to be delivered by them. Stepstone would welcome details of the cost/benefit analysis the Central Bank has undertaken to determine that this is the appropriate set of provisions to introduce. Stepstone assumes that the Central Bank will propose sufficient transitional arrangements to give lenders an appropriate amount of time to make the required system changes. • The new information requirements currently proposed will result in a significant increase in the volume of information (including publications) being received by borrowers (e.g. the information to be given to borrowers in the context of the requirements set out in provision 22, 44 and 45). It has occurred to Stepstone that the volumes proposed may result in overload for the borrower and could drive a counterproductive behaviour inconsistent with what the Central Bank intends and Stepstone would be interested in the results of any research the Central Bank has undertaken in this regard.
Tax implications for a borrower following a debt write off	There has been recent media coverage related to the potential for a borrower to incur a tax charge where any of his/her mortgage debt is written off by his/her lender. Given that Stepstone, in certain circumstances, will write off mortgage balances/arrears as part of a solution which makes a borrower's mortgage become sustainable, it is seeking clarification from the Central Bank regarding clarity over this matter and its expectations in this regard.