

## MORTGAGE RESCUE SCHEME

**If you are in arrears with your mortgage repayments and there is a danger of your home being repossessed, the Mortgage Rescue scheme may help.** The Mortgage Rescue scheme is a government scheme which in Birmingham is run by the city council.



### Who can apply

To be eligible for the scheme your household must include someone in 'priority need'. This could be:

- a pregnant woman
- someone with dependent children
- someone who is vulnerable because of old age or a physical or mental impairment

You will also need to meet the following criteria:

- your household must earn less than £60,000 a year
- the value of your home should not be higher than a certain level set for each region – in the West Midlands this is currently £155,000
- everyone named on the mortgage must agree to be considered for the Mortgage Rescue scheme and must sign a written agreement to that effect
- you must have received debt counselling and advice from an independent debt adviser
- you should have explored all other options to meet your repayments with your bank or mortgage lender
- you must have a clear need to stay in your home, which means it is not practical or reasonable to move somewhere smaller or cheaper
- your home must be suitable for your needs - for example, there are not too many people sharing the same space making it unsafe and unhealthy
- you must not own a second home, including a home abroad.

There are other conditions that apply to this scheme, which will be set out in more detail if you decide to go ahead.

**Negative Equity** You may be eligible for help from the Mortgage Rescue scheme if you are in 'Negative Equity'. This is when the total amount owed on the property is more than your home is worth. If you are in negative equity, you can apply for the scheme if you meet all the other eligibility criteria. The condition here is that the current value of your mortgage plus any loans taken out against your home must not add up to more than 120% of the current value of your home.

## What happens after you apply

- the council will arrange for you to meet with their money adviser
- you will get advice and a plan to help you manage your debt or find some other way so that you can meet your housing costs
- the council may arrange an assessment of your home
- you may get help, either with a **Shared Equity Loan** or through a **Government Mortgage to Rent**, depending on your circumstances

### Shared Equity Loan

The council may involve a Registered Social Landlord (RSL) who may be able to provide a shared equity loan, which means they will pay off a part of your mortgage. In return they receive a share in your property. The RSL will agree on the proportion, which will be based on an assessment of your household's finances. This will reduce your mortgage to a more affordable level so you can continue to make repayments. However you will still need to pay an amount to the RSL for the share of the property that they own. To qualify for this scheme you will need to have at least 25%, but no more than 40%, equity in your property. This means that the total amount that you owe on the property, including any secured loans, must be no more than 75% of the current value of the property.

### Government Mortgage to Rent

Alternatively, the RSL may suggest a Government Mortgage to Rent, which means the RSL will pay off your mortgage completely by buying the property outright. You will stay in your home and pay rent to the RSL as their tenant. The rent will be at a level lower than the market rate. To be eligible for this scheme you must not own more than 25% equity of your home.

**The Mortgage Rescue scheme is not the only way to get help if you are having problems with your mortgage**

**Remember, your home is at risk if you do not pay the mortgage or other loans secured on your property**

**The information provided in this factsheet is for guidance only. Before embarking on any strategy it is important to seek advice**



### Further Information

Debt Advice can be obtained from Birmingham City Council on **0121 303 2087** or your local Neighbourhood Office (please call **0121 303 1111** for your nearest office). You can also visit the Council's website:

[www.birmingham.gov.uk/debtadviceteam](http://www.birmingham.gov.uk/debtadviceteam)

More information about the Mortgage Rescue Scheme can be found at

[www.communities.gov.uk/housing/buyingselling/](http://www.communities.gov.uk/housing/buyingselling/)

[www.direct.gov.uk/en/HomeAndCommunity/index.htm](http://www.direct.gov.uk/en/HomeAndCommunity/index.htm)