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**EMERGENCY MEASURES IN THE PUBLIC INTEREST (MORTGAGE MORATORIUM AND SUSPENSION OF INTEREST) BILL 2020**

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*Mar a tionscnaíodh*

*As initiated*

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**DRAFT HEADS OF BILL**



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**DRAFT HEADS OF BILL**

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**DRAFT HEADS OF BILL**

*entitled*

An Act, to make exceptional provision, in the public interest and having regard to the manifest and grave risk to human life and public health posed by the spread of the disease known as Covid-19 and in order to mitigate, where practicable, the effect of the spread of that disease and to mitigate the adverse economic consequences resulting, or likely to result from the spread of that disease and to mitigate its impact on the administration of vital public service functions; to provide for a moratorium on mortgage repayments and the suspension of interest accrual on mortgages for the duration of the moratorium; for a certain period following the enactment of this Act and such further period (if any) as may be specified by order of the Government ; and to provide for related matters.

**Be it enacted by the Oireachtas as follows:**

**Definitions**

In this Act:

“Qualified Debtor” is a person who is financially vulnerable as a result of COVID-19; or a person who has lost a significant portion of income as a result of COVID-19.

“Creditor” means a credit servicing entity, including banks, vulture funds and other credit servicing vehicles that provide mortgages to customers.

“Interest” means all interest that accrues on the mortgage.

**Application for a Moratorium on Mortgage Repayments**

* A Qualified Debtor shall, upon application to a Creditor, be entitled to a moratorium on any and all mortgage repayments which fall due and owing; for a period of six months from the date on which the application was made.
* A Qualified Debtor must provide the Creditor with documentary evidence that the Qualified Debtor is “financially vulnerable” or has lost a significant proportion of income as a result of COVID-19.
* Where a Qualified Debtor cannot provide documentary evidence to prove that the Qualified Debtor is “financially vulnerable”, or that the Qualified Debtor has lost a significant proportion of income as a result of COVID-19, the Qualified Debtor shall provide the Creditor with a “Statement of Compliance” which details:
* the reasons why the application is being made;
* the financial circumstances of the Qualified Debtor; including the impact of the current public health emergency on the persons finances;
* the efforts made to obtain the said documentary evidence; and
* the reasons why the said documentary evidence cannot be obtained.
* Where a Qualified Debtor has not provided the documentary evidence; then the Creditor shall accept the Statement of Compliance as proof of financial vulnerability and shall process the application accordingly.
* A Qualified Debtor must provide the Creditor with the said documentary evidence within a period of one month from the date upon which this Act ceases to apply.
* A Creditor shall implement and apply the moratorium no later than 15 days from the date on which the application was made.

**Suspension of Interest Accrual during Moratorium**

* During the period of the moratorium, no interest shall accrue on the amount due and owing to the Creditor.
* During the period of the moratorium, the Creditor may not require payment of the mortgage fee, nor any of the concepts that make up it (depreciation of capital or interest payment), in whole, or in a percentage; either directly or indirectly.

**Existing Payment Breaks**

* Where a Qualified Debtor and a Creditor have entered into an arrangement providing for a payment break on mortgages, prior to the commencement of this Act, nothing shall prevent a Qualified Debtor from terminating the existing payment break arrangement and applying for moratorium on mortgage repayments under the provisions of this Act.
* Where a Qualified Debtor and a Creditor have entered into an arrangement providing for a payment break on mortgages, prior to the commencement of this Act, and where the Qualified Debtor is seeking an extension on that payment break arrangement, then no interest shall accrue on the amount due and owing to the Creditor during the period of that extension.

**Duty to Inform the Central Bank and Registration of Moratorium**

* Upon the granting of the moratorium, a Creditor shall inform the Central Bank of:
* The existence of the said moratorium;
* The duration of the said moratorium, including the date of commencement of the moratorium; and
* The amount due and owing, including the sum of interest accrued, at the date of application.
* An application for a moratorium above shall not require an agreement between the parties, or any contractual novation, for it to take effect.

**Repayments and Term of Mortgage following the Moratorium**

* An application for a moratorium shall not operate to permit a Creditor to increase the amount payable in mortgage repayments following the termination of the said moratorium for the remainder of the mortgage term.
* A Creditor may increase the term of the mortgage in proportion to the term of the moratorium applied for and granted to the Qualified Debtor only; and the amount repayable by a Qualified Debtor during the extended term of the mortgage shall be calculated in accordance with the terms and conditions of the mortgage agreement as existed between the parties on the date of the application by the Qualified Debtor for a moratorium.

**Non-Effect on Applicant’s Credit Rating**

* An application for a moratorium shall not affect the credit rating of a Qualified Debtor.

**Termination of Moratorium**

* The Moratorium may be terminated upon application for a termination by the Qualified Debtor.

**Liability for Non-Eligible Applicants**

* A person who applies for a moratorium in accordance with the provision of this Act and who does not meet the criteria specified; shall be liable for any loss, damage, inconvenience or expense suffered by the Creditor as a result of the non-eligible application.

**Short Title and Commencement**

* This Act may be cited as the Emergency Measures in the Public Interest (Mortgage Moratorium and Suspension of Interest) Bill 2020.
* This Act shall come into operation upon the date on which the Act is signed into law and shall:

(a) subject to paragraph (b), continue in operation until the 9th day of November 2020, and

(b) may be continued in operation by a resolution passed by each House of the Oireachtas before the date referred to in paragraph (a) until such date as may be specified in the resolutions.