

Appendix 2 – Mortgage Rescue Case Studies

Case Study 1 – Mr and Mrs A have two dependent children and a property valued at £120,000. Mrs A lost her job and the family have been unable to make their mortgage payments. They have now been threatened with re-possession. The Housing Options Team have established that the lender has exhausted its forbearance options and that the family are likely to be made homeless. A referral is made for mortgage rescue. The outstanding debt is £95,000. The Council will offer £108,000 for the property, which would leave them with equity of £13,000

The applicants are eligible for mortgage rescue as they will not exceed the equity threshold.

Case Study 2 – Mr and Mrs B have two dependent children and a property valued at £120,000. Mrs B lost her job and the family have been unable to make their mortgage payments. They have now been threatened with re-possession. The Housing Options Team have established that the lender has exhausted its forbearance Options and that the family are likely to be made homeless. A referral is made for mortgage rescue. The outstanding debt is £90,000. The Council will offer £108,000 for the property, which would leave them with equity of £18,000.

The applicants are not eligible for mortgage rescue as they will exceed the equity threshold of £16,000.

Case Study 3 – Mr and Mrs C have two dependent children and a property valued at £120,000 and a mortgage of £100,000. They have been threatened with repossession due to reduced income. The Housing Options Team have made a referral for Mortgage Rescue as the lenders forbearance measures have been exhausted and the applicants are likely to be made homeless. The Council will offer £108,000 for the property which will leave them with £8,000 equity. However, when the local authority's surveyor inspects the property and finds it in a severe state of disrepair. He costs out the required repairs to bring the property up to decent homes standard and it exceeds the £15,000 repairs threshold.

The applicants are not eligible for mortgage rescue as the property repairs exceed the threshold of £15,000

Case Study 4 – Mr and Mrs D have two dependent children and one non-dependent child, and a property valued at £120,000 and a mortgage of £100,000. They have been threatened with repossession due to Mrs D having lost her job. Housing Options have made a referral to mortgage rescue as the lenders forbearance measures have been exhausted and the applicants are likely to be made homeless. However, the applicant's eldest son who lives with them earns £25,000. When his income is combined with Mr B's £15,000 income the household income exceeds £35,000.

The applicants are not eligible for mortgage rescue as the household income exceeds £35,000.

Case Study 5 – Mr and Mrs E have two dependent children and a property valued at £120,000. They have been threatened with repossession due to Mrs E having lost her job. Housing Options have made a referral for mortgage rescue as the lenders forbearance measures have been exhausted and the applicants are likely to be made homeless. The outstanding mortgage is £125,000. The lenders refuse to accept the offer of 90% of the value of the property which is £108,000.

The applicants are not eligible for mortgage rescue as the lenders will not accept 90% of the value in full and final settlement of the debt.

Case Study 6 – Mr and Mrs F have two dependent children and a property valued at £120,000. Housing Options have made a referral for mortgage rescue as the lenders forbearance measures have been exhausted and the applicants are likely to be made homeless. They are not happy with the valuation provided by County Council Property Services.

The applicants refuse the offer of mortgage rescue. The file is passed back to the Housing Options Team.