

MABS National Development CLG

The Irish Mortgage Market

**Response to Public Consultation sought by the Competition and
Consumer Protection Commission
March 2017**

Contents

Introduction	2
MABS Submission	2
Default, Credit Risk and Repossessions	2
Regulatory Environment	3
Lending Criteria	5
Information Available to Lenders	6
Mortgage Switching	6
Independent Financial Advisers	8
Credit Union Activity in Mortgage Lending.....	10
Other Views.....	11

Introduction

The Money Advice and Budgeting Service (MABS) was established in 1992 to help people on a low income to cope with debts and take control of their own finances. It is a free, confidential and independent service. It currently comprises 51 MABS Services, located in over 60 offices nationwide. MABS is funded and supported by the Citizens Information Board (CIB).

MABS National Development CLG (MABSndI) was established in 2004 to further develop the MABS Service in Ireland. It provides training and technical support to MABS staff nationally. MABSndI also assists the MABS service in providing educational and informational supports as well as assisting in highlighting policy issues that arise in the course of the money advice work on behalf of clients. MABSndI has responsibility for the provision of a national Approved Intermediary Service, the ongoing development of the MABS website www.mabs.ie and for providing the MABS National Helpline service. Under the remit of the CIB, MABS further acts as the 'Gateway to Debt Advice' in administering the ABHAILE scheme, the Government's response to supporting those in long-term mortgage arrears and has, since 2015, provided a network of Dedicated Mortgage Arrears Advisers and Court Mentors nationally to support borrowers experiencing long-term mortgage difficulty and at risk of losing their home.

MABS Submission

This submission is made at the request of the CCPC, further to a meeting between MABSndI and CCPC on the 9th February 2017. The views outlined below are informed by the 25 years' experience which MABS has built up in dealing with and supporting those in indebted, multi-indebted and over-indebted circumstances, especially vulnerable individuals and groups, to enable them to better manage their debts and ideally to facilitate their ultimate exit from over-indebtedness where possible. Our work with borrowers in long term mortgage difficulty has resulted in the development of the BPF/MABS Framework Agreement on Mortgage Arrears (2017) in addition to supports for consumers generally.

While this submission will take the form of answers to the questions posed in the Public Consultation as they pertain to the work of MABS, there is an onus on MABS to highlight areas of particular importance to our clients and the wider consumer cohort, where relevant.

Default, Credit Risk and Repossessions

2.9 We understand that the arrears profile for Small Medium Enterprise (SME) mortgage customers has improved at a faster rate than that of the Principal Dwelling Home (PDH) segment. We understand that SME engagement with lenders has been one of the principal reasons behind the relative improvement in arrears.

- (a) What in your view is inhibiting the current engagement process between lenders and borrowers from the PDH segment that are in arrears? Please explain your answer.

The latest figures show that, as at the end of 2016, 54,269 mortgages were in arrears over 90 days, with 33,447 of those in arrears over 720 days. One of the main issues presenting in repossession proceedings is that those in long-term mortgage arrears are not engaging with

their lender, with many not opening correspondence received until they have been served with legal proceedings. While the method of communication from lenders, including the language used, may be a factor in this lack of engagement, mistrust of the process and the banking sector generally also plays a role. There are now a number of advice organisations attending court, some of whom while well-intentioned are misinformed as to the legal and regulatory status of the mortgage and/or the current owner of the debt. MABS advisers have clients who have previously followed the advice of these organisations and stopped paying their mortgage on the unfounded assumption that their mortgage was not legal or enforceable. Unfortunately, this only serves to exacerbate the problem and makes negotiation of a realistic, affordable and sustainable solution difficult.

Many borrowers in late stage mortgage arrears are in this position due to long-term income inadequacy. Where this position is unlikely to change over the course of the mortgage term, e.g. in cases of long-term disability / recipients of State pension, they may feel that there is little point in engaging as there is nothing that can be done in their situation.

(b) Could this process be amended or improved? Please explain how.

MABS has, since 2015, had a Court Mentor Scheme in operation, where MABS advisors attend all repossession hearings in the Circuit Court. In addition, under the ABHAILE¹ scheme there is now a 'Duty Solicitor' in attendance to further support borrowers. The Scheme also provides free access to a range of professionals who can provide advice to borrowers in mortgage arrears. Through these developments MABS, and other State stakeholders have been able to engage many more borrowers in late-stage mortgage arrears. However, the numbers attending Court remain low. In addition, a communication plan for ABHAILE is currently being rolled-out by the Citizens Information Board. It is vitally important to continue to emphasise accurate and timely messaging about the value of engaging and the potential to put in place arrangements (either on a voluntary or statutory basis) that may assist borrowers to stay in their home.

In addition there must be a willingness on the part of lenders to provide and support creative solutions aimed at keeping people in their home, together with a greater use of lifetime mortgages and the newly updated Mortgage to Rent scheme. All of which could provide solutions for those with long-term income deficits vis a vis their contractual mortgage repayments.

Regulatory Environment

2.11 While we recognise that the regulatory framework has been designed and implemented, to a large extent, at a European level there may be specific features of the regulatory environment that are unique to the Irish market.

(a) While a credit institution that is regulated in another EU state could enter the Irish mortgage market without having to undergo a full regulatory assessment process in

¹ <https://www.mabs.ie/en/abhaile>

Ireland, do you consider that regulatory policies and practices in Ireland are more or less onerous than those in other comparator countries? Please explain your answer.

From 1994 until the crash in 2008, Ireland had a 'light touch' regulatory regime. While regulation has increased in recent years and Government policy endeavours to keep people in their home, we have seen an increase in the number of funds entering the mortgage space, purchasing large tranches of, mainly distressed, loan books from Irish lenders at a reduced price. While the Credit Servicing Firms acting on behalf of funds are regulated (under the Consumer Protection (Regulation of Credit Servicing) Act 2015), the funds themselves are not subject to regulation or supervision by the Central Bank of Ireland². This has two impacts:

First, the ability of the Central Bank of Ireland to bring enforcement actions on foot of non-compliance is unclear and any attempts from MABS advisers to challenge their actions in respect of pursuing family homes in lieu of sustainable forbearance arrangements have been frustrated by their unregulated status.

Where technical legal issues have arisen precluding a fund from progressing repossession proceedings (e.g. where the title to the security was not properly registered prior to the transfer of the mortgage to the fund), the borrowers are left in limbo as to a resolution of their mortgage arrears – the fund is not obliged by the Code of Conduct on Mortgage Arrears to provide an Alternative Repayment Arrangement, they cannot repossess without rectification of title by an entity no longer in business in the State and they are unwilling to engage with their borrowers to put a proposal in place.

Second, it could be argued that the weaker regulatory regime that applies to funds incentivises the sale of loan books to third parties and enables mortgage lenders to divest themselves of the regulatory and reputational 'burdens' associated with their obligations to distressed mortgage borrowers and their impaired loans. This, in MABS experience, is causing further 'churn' in the market and further undermines trust in lenders and certainty about future borrowing, switching etc.

- (c) Please provide your views on the mortgage lending regulatory environment in Ireland. What, if any, changes to the regulatory regime would in your view be appropriate? Please explain your answer.

As stated above, the regulatory regime in Ireland has been strengthened in recent years with the introduction of the Central Bank of Ireland's Macro-Prudential Policy for Residential Mortgage Lending placing a 'cap' on mortgage lending relative to the loan to value ratio and income of the borrower. While this is a welcome development in the prevention of reckless lending and borrowing, MABS would

² Where these funds also provide credit facilities, they are obliged to comply with any codes produced by the Central Bank of Ireland in exercising reasonable forbearance prior to undertaking repossession proceedings,

welcome an increase in consumer protections for those in mortgage arrears, particularly long-term mortgage arrears, which recognises that provision has already been made within lenders' accounts for bad debts.

MABS is dealing with many borrowers who are outside the MARP and in the court process, yet we find that in many cases³ an ARA can be achieved at this late stage. This, to us, highlights failings within either the MARP, or its implementation by lenders (or both), and a consequent over-reliance on the Courts to achieve an outcome.

Furthermore, in order to ensure that existing consumer protections continue to attach to mortgage loans transferred to third parties, the Central Bank of Ireland's Code of Practice on the Transfer of Mortgages, issued in 1991⁴, could be placed on a statutory footing either by promotion to statutory code, as in the case of the Code of Conduct on Mortgage Arrears, or as part of a Regulation of the area generally.

Lending Criteria

2.14 Lenders are required to operate within the framework set out in the Mortgage Credit Directive and the Consumer Protection Code, 2012. As part of this, lenders must adopt new EU-wide standards to assess the credit worthiness of mortgage applicants so as to ensure that borrowers can meet their repayment obligations. They must also act in the best interests of consumers and, in particular, disclose material information to consumers to enable them to make informed decisions. Furthermore, lenders may apply their own additional criteria to achieve their individual business goals.

- (a) Do you consider that there are segments of the market that are not being adequately served since the implementation of these standards? Please explain your answer.

MABS welcomed the increase in consumer protection regulation and the additional information and fitness and probity provisions in the Consumer Protection Code 2012 as it applies to mortgage providers operating on a large scale. However, increased regulation of credit unions has hindered their ability to provide lending within their communities and expand their lending portfolios. With a move away from branch-based banking in recent years, a mortgage lender with ties to the community, such as the credit union movement, could potentially provide alternative small-scale mortgage lending at competitive rates with underwriting decisions aided by local knowledge.

³ The overall percentage of ARAs secured by MABS Dedicated Mortgage Arrears Advisers is 24%, increasing to as much as 36% for individual lenders.

⁴ <http://www.centralbank.ie/regulation/processes/consumer-protection-code/Documents/Code%20of%20Practice%20on%20the%20Transfer%20of%20Mortgages.pdf>

Information Available to Lenders

2.15 Information on a customer's income and credit history can assist a lender to extend credit to that customer. In this regard, we note the imminent introduction of the Central Credit Register in 2017.

- (a) What additional measures or additional credit information do you think would be beneficial to facilitate a potential new entrant in making credit and risk assessments in Ireland? Please explain your answer.

MABS made a submission to the Central Bank of Ireland in response to their Consultation Paper on the Central Credit Register⁵ which is referenced below.

Mortgage Switching

2.16 Mortgages are sizeable long-term financial commitments. As a result, switching to a different mortgage rate, even if only marginally lower, can result in a significant reduction in cost over the life-time of a mortgage. According to the Central Bank the vast majority of standard variable rate borrowers both in positive and negative equity could benefit from either switching to another provider or to another product with the same provider.

2.17 The Central Bank has stated that the level of switching of mortgages in Ireland is low. Some consumers may not wish to switch for a variety of reasons, for example, they may already have a low interest mortgage. On the other hand consumers might consider that the expense (e.g. conveyancing and valuation fees), cost (time involved and inconvenience), difficulty in understanding competing offerings, and the uncertainty of the medium and longer term benefit from switching make the prospect of changing provider or product unattractive.

- (a) In your view, are there significant barriers to switching in the mortgage market for consumers? Do you consider each of these to be equivalent? Please explain your answer.

Firstly, while it is important that consumers are able to achieve best value from all products and services it must also be recognised that there has been both a banking crisis and a mortgage arrears crisis. Mortgage arrears remain highly problematic and, as such, while switching makes financial sense, concerns about levels of switching are, for many consumers, secondary to concerns about recovery and sustainability within the mortgage market and the broader economy.

For the cohort of borrowers availing of MABS' services, the main barrier to mortgage (or indeed any financial product) switching is the arrears, even where these arrears are caused by a short-term reduction in income due to an unexpected life event. In MABS experience lower-income groups are often constrained in terms of both consumer

⁵ [https://www.mabs.ie/downloads/reports_submissions/Central_Credit_Register_Submission_MABSndl .pdf](https://www.mabs.ie/downloads/reports_submissions/Central_Credit_Register_Submission_MABSndl.pdf)

choice and purchasing power⁶ and this applies across a range of goods and services (food, utilities etc.) including financial products. Borrowers with low or unsecure income streams have a more limited choice of products among mainstream credit providers, thus generating a market among high-cost providers such as sub-prime mortgage lenders. A borrower in arrears with a mainstream lender has limited options to switch provider to another mainstream lender; more often than not, the only lending available (if available at all) is from higher cost sub-prime lending.

- (b) Do you think that legal costs (whether perceived or real) incurred by consumers are a barrier to switching in the market? If so, how could these be reduced? Are there any practises in other jurisdictions which could be adopted? Please explain your answer.

In the event that it was possible for borrowers in arrears to switch to another lender at a competitive rate, any additional fees and charges would likely prove prohibitive. Some mortgage lenders in Ireland will make provision for legal fees, however this is usually built into the cost of the mortgage product.

- (c) Do you think that customer apathy inertia or the 'hassle factor' is a reason why there is limited switching in the market? Please explain your answer.

In most financial transactions, including engaging with arrears and insolvency processes, the 'hassle factor' concerns the collation of historic financial information and documentation from a variety of sources, e.g. employers, Revenue Commissioners, accountants, current account providers, other creditors etc. This can be time-consuming and costly (many lenders charge per page for historic bank statements) and, for low income borrowers, prove a barrier to accessing financial products and services.

- (d) Do you consider that Irish customers would be reticent to get a mortgage from a new entrant or switch mortgage to a new entrant? Please explain your answer.

Recent experience has shown that new entrants to the mortgage market cannot/ do not sustain involvement here with the exit of HSBC, Bank of Scotland Ireland and GE Capital Woodchester as some examples. More recent entrants to the market have been in the form of funds whose motivation is profit driven by low-cost purchasing and high turnover of residential and mixed loan books. On this basis, customers have perhaps good cause to be reticent about embarking on a long-term financial relationship with a new entrant at the current time.

⁶ Our experience in this regard is reflected in relevant research, for example, a study by Stanford University published in 2016 (*The Unequal Gains from Product Innovations: Evidence from the US Retail Sector, Jaravel X,*) indicated that those on lower incomes pay more for consumer products. The study showed that demand from higher-income households results in greater choice of consumer products used by these households which in turn lowers the price of those products to maintain competitiveness. Lower income households were found to consume different kinds of goods and services. Demand is lower for these goods due to dearth of purchasing capacity and so the price remains relatively high for these lower income households.

- (e) Is 'trust' an important issue for existing and/or new borrowers? Please explain your answer.

In MABS experience there is a significant lack of trust in banks, financial institutions and funds. The 'Tracker Review' which is ongoing further compounds the issue. There is an amount of work to be done in rebuilding trust in Irish financial institutions and the lenders themselves need to be more proactive in this regard.

- (f) Are the products on offer attractive and secure enough for consumers to switch?

A variety of products catering for all income deciles is needed to provide equality of opportunity in the financial market. However, customers' views on the attractiveness and security of products are coloured by the level of trust they have in the financial institutions providing them.

- (g) In reference to your responses above, please describe what measures could reduce these barriers, or in general would facilitate consumers to switch their mortgage (e.g. better independent advice, more clarity on savings, increased use of technology to streamline legal processes e.g. e-conveyancing, online land registry, better access to information, focussed trigger points for consumers, etc.).

The following measures would reduce these barriers:

- i. Cultural change within banks and financial institutions
- ii. Availability of product choice tailored to the market,
- iii. Affordable /free independent legal and financial advice,
- iv. Accessible product information

Independent Financial Advisers

2.19 Independent Financial Advisors (IFAs) may be qualified to act as brokers to give mortgage advice to customers. We understand that a significant proportion of new mortgage lending arises through this channel.

2.20 With an established independent broker network a new lender has the opportunity to enter a market without having to set up a dedicated distribution network.

- (a) Do you consider that there is an adequate independent broker network in the State to facilitate the entry of new mortgage lenders? If not, what measures would be necessary to remedy this? Please explain your answer.

According to the Central Bank of Ireland's register of Mortgage Credit Intermediaries there are 449 authorised Mortgage Credit Intermediaries in the State. This seems to be an adequate number however, many of these are tied agents working on behalf of specific lenders which could inhibit potential as a distribution channel for new mortgage lenders. Intermediaries play an important role in the market and the requirement is for

sectoral regulation with an emphasis on quality of information provision, independence, and high standards of fitness and probity.

2.21 We understand that payments to brokers for mortgage transactions can come from the customer through a direct payment or from the lender through commissions.

(a) What is your view on the current system of broker incentives in Ireland and its impact on the ability of IFAs to service customers and provide the appropriate advice? Please explain your answer.

While the Consumer Protection Code 2012 regulates the provision of information by Mortgage Credit Intermediaries to prospective borrowers in relation to their remuneration (4.57 and 4.58), it does not go far enough to address bias, or perceived bias, on the part of the Mortgage Credit Intermediary in selling products from those lenders with the highest commission rates.

Research undertaken by Mayo MABS⁷ indicated that almost half of those in arrears involved in the study had engaged the services of a mortgage broker to drawdown their loan. It is notable that almost three-quarters (74%) of those borrowers took out their mortgage between 2005 and 2007, the peak of the 'boom'. This research supports a view from an earlier MABS study⁸ whereby money advisers were "unanimous in the view that mortgage brokers played a role in poor lending practices and over borrowing", particularly as regards arranging loans with sub-prime lenders.

MABS also recognise that many borrowers do not have money to pay for financial advice from an entirely independent source and in the context of optimising all resources towards the purchase of a home will not pay for such advice when buying a home. Importantly, in the current supply-constrained market most borrowers' main aim is to achieve mortgage approval and identify and secure a property (a home); quality independent advice on mortgage products and the cost of credit may be secondary concerns.

(b) What role, if any, should a broker have in promoting mortgage switching by customers?

Product switching should only be promoted by mortgage brokers where the product provides objectively and demonstrably better financial outcomes for the borrower. In the promotion of any financial product, including product switching, cognisance should be had to the obligations regarding Suitability and Knowing the Customer contained in

⁷ An Analysis of Mortgage Arrears among South Mayo MABS' Clients, A Spatial Dimension to a National Problem? August 2016

http://www.citizensinformationboard.ie/downloads/social_policy/South_Mayo_MABS_Mortgage_Research_August2016.pdf

⁸ Lifting the Load, Norris M and Brooke S, 2011

http://www.citizensinformationboard.ie/downloads/social_policy/lifting_the_load_sep11.pdf

the Consumer Protection Code 2012 and only those products that will benefit the customer in the medium to long term should be promoted.

- (c) Do you have any further comments on the potential of IFAs to act as mortgage brokers?

Independent Financial Advisers are well placed to provide advice as mortgage brokers on the basis of an objective assessment of a borrowers capacity to repay a product over time and to apply adequate stress-testing to that repayment capacity. Where this function is exercised objectively and without favour to any particular mortgage lender or lenders, there should be no barrier to IFAs acting as mortgage brokers. However strict enforcement of fitness and probity requirements would be required by the Central Bank of Ireland.

Credit Union Activity in Mortgage Lending

2.22 According to the Irish League of Credit Unions, credit unions in Ireland had approximately €14.3bn in assets, and €4.3bn in loans in 2014. We understand that the Credit Unions in Ireland currently engage in limited forms of mortgage lending. Potentially, there is scope for credit unions to engage in mortgage lending to a greater degree.

- (a) What role should credit unions have with respect to mortgage lending? Please explain your answer with reference, where possible, to increasing competition and consumer protection.

We believe that the mutuality afforded by the Credit Union movement, combined with appropriate regulation and strong corporate governance, offers a potential solution to some of the difficulties in the mortgage market and is worthy of further consideration.

- (b) What measures (including regulatory requirements) do you think are necessary to facilitate greater credit union involvement in mortgage lending? Please make reference, where possible, to the following and/or any other issues you consider relevant:
- (i) pooling of loan funding between credit unions;
 - (ii) capital adequacy and solvency requirements;
 - (iii) underwriting and risk systems and expertise;
 - (iv) fulfilment of credit union social objectives.

All of the matters listed at (i-iii) above would need to be addressed and meet regulatory approval, however there is an indication in the CUAC report⁹, that the sector has progressed to a point where the potential now exists to move into mortgage lending. With respect to (iv) a suitable product could assist credit unions to fulfil its social objectives.

⁹<http://www.finance.gov.ie/sites/default/files/CUAC%20Review%20of%20Implementation%20of%20the%20Recommendations%20in%20the%20Commission%20on%20Credit%20Unions%20Report.pdf>

It is recognised that legislative change will also be required to remove current restrictions on the amount of debt issued over periods longer than 5 and 10 years.

In the USA where credit unions are actively involved in this area debt securitisation is a significant tool that allows credit unions play a greater role in the mortgage arena. This is something that Irish Credit Unions are not currently equipped for. Without it, any credit union involvement in mortgages is unlikely to achieve adequate scale.

Under the restructured Mortgage to Rent Scheme¹⁰ 'A number of private equity firms have expressed an interest in purchasing mortgage debt portfolios from commercial banks with a view to exploring the potential for them to access the MTR model for the borrowers in occupation of mortgaged property'. (p17). MABS believes it would be useful to further explore the potential for credit unions to engage with Mortgage to Rent on this basis. A particular advantage that credit unions have is their longevity in the Irish market and their social remit. As above, legislative and regulatory constraints would need to be addressed to progress this.

A further potential area where credit union involvement could offer significant benefits is in the area of providing mortgages to distressed borrowers to buy-out mortgages already sold to funds. Such clients could potentially restructure their mortgage closer to the market value of the property and in doing so achieve a write down that could make the mortgage viable. There is obviously risk attached to such a strategy for credit unions and it should only be proposed or considered in the context of a robust assessment of future repayment capacity.

Other Views

2.27 Please provide any further views you may have on mortgage lending in Ireland.

In MABS' Report on MABS Clients in Mortgage Arrears¹¹, over 80% of those in mortgage difficulty had other, unsecured, borrowing. The MABS process is to prioritise payments to accommodation, current utilities, childcare payments and anything which may result in a loss of liberty for the client to, where possible, ensure the client remains in their home. Due to the nature of unsecured debts, the collections methods of lenders tend to place more pressure on borrowers than those who have security to rely on. For borrowers under pressure this can result in promises to pay which are unsustainable and which put priority

¹⁰ <http://rebuildingireland.ie/install/wp-content/uploads/2017/02/Review-of-the-Mortgage-to-Rent-Scheme-February-2017.pdf>

¹¹ 2013.

http://www.citizensinformationboard.ie/downloads/social_policy/MABS_Clients_and_Mortgage_Arrears_Jan_2013.pdf

payments at risk. In particular, in MABS experience, there is a strong inclination to make repayments to credit union debts. This is because having experienced a loss of income such borrowers need to rely on credit union borrowings in order to live.

The issue has its roots in deeper socio-economic features of the Irish mortgage market. Most households require two incomes to service a mortgage and meet day-to-day living expenses. Where one income is lost, due for example to loss of employment or ongoing illness, both the capacity to meet the mortgage and meet routine living expenses become greatly impaired. In MABS experience households endeavour to prioritise the mortgage but, if the loss of income is sustained, they will rely on borrowings from the credit union to meet for example, insurance payments, car repairs, essential home repairs etc. and in effect credit union borrowings come to sustain a household in these circumstances. Logically, the longer the loss of income continues, the worse the situation becomes.

In this context, rescheduling/restructuring the mortgage and other debt repayments on a basis that affords the household the opportunity to live at or above the RLE's is essential but this must happen at the earliest possible opportunity. Further, all available social welfare supports must be accessed with urgency.

In MABS experience, most households cannot sustain a long-term loss of income without risk to the ongoing sustainability of their mortgage and other detriment to the household's financial situation.

The cost of homeownership (and rental costs in that market) as a percentage of household income will continue to place many Irish households in a financially vulnerable situation until such time as both social and commercial residential housing stock supply issues are substantially addressed with the overall aim of driving down accommodation costs.

- 2.28 Please also share any views that, while out of scope for this exercise, may be of relevance to mortgage lending within the context of the broader Irish economy (e.g. finance for homebuilding, future housing demand and supply, lending to SMEs, etc.).

There are currently 91,600 households on the waiting list for social housing¹², over 7,000 people experiencing homelessness (including over 2,000 children and dependents), and an estimated future net increase in household formation of between 16,000¹³ and 33,000¹⁴ per year. MABS view is that macro-economic policy encompassing regional development, employment creation outside of major urban centres and sufficient supply of appropriate housing stock are the key elements in achieving a functioning property market. The recession imposed a serious lag in this regard and 'Rebuilding Ireland' recognises the array of actions that now need urgent progression.

¹² Housing Agency, Summary of Social Housing Assessments, December 2016

¹³ Future Analytics, Housing Supply Requirements in Ireland's Urban Settlements, 2016-2020, February 2017

¹⁴ Duffy et al, ESRI Special Article - Alternative Scenarios for New Household Formation in Ireland, April 2014

It is also recognised that the difficulties currently being experienced by over-indebted borrowers need a more immediate response.

The latest statistics on Mortgage Arrears published by the Central Bank of Ireland saw a slight decrease in the use of short-term resolutions, such as interest only and reduced repayments but an increase the use of split mortgages. While split mortgages may provide a solution for some borrowers with future increased repayment capacity to meet the adjusted payments when the warehoused portion becomes due, for those with long-term income inadequacy split mortgages only serve to delay the inevitable to a future date. As afore-stated, the exploration of new long-term solutions such as inter-generational mortgages, debt for equity swaps where equity permits and lifetime loans would greatly enhance the options available for those with long-term affordability issues.