

Information release

13 December 2012

Residential Mortgage Arrears and Repossessions Statistics: Q3 2012

Summary

The Central Bank today (13 December 2012) publishes an expanded statistical release on mortgage arrears, restructures and reposessions for the period ending September 2012.¹ The figures show that 86,146 (11.3 per cent) private residential mortgage accounts for principal dwelling houses (PDH) were in arrears of over 90 days at end-September, up from 81,035 accounts (10.6 per cent) at end-June 2012. The pace of increase in PDH arrears cases over 90 days has slowed further. The quarter-on-quarter increase in the number of PDH accounts in arrears over 90 days was 6.3 per cent in Q3, compared to 7.1 per cent in Q2. The rate of increase in PDH arrears cases over 180 days also slowed, to 8.2 per cent in Q3 compared to 9.3 per cent in Q2. Meanwhile, the number of early arrears cases increased during Q3, reversing the trend of the previous two quarters. The figures show that 49,482 PDH mortgage accounts were in arrears of less than 90 days at end-September 2012, reflecting a quarter-on-quarter increase of 4.9 per cent. It should be noted, however, that this increase was in the category of arrears of less than 30 days and was entirely attributable to technical timing issues relating to end-month receipt and processing of mortgage payments. Excluding the impact of these technical issues, it is estimated that there was a quarter-on-quarter decline in the number of accounts in arrears of less than 90 days of 1.3 per cent. The data also show that 81,683 PDH mortgage accounts were classified as restructured by the mortgage lenders as at end-September 2012.

The Central Bank is also publishing, for the first time, data on residential mortgage accounts for buy-to-let (BTL) properties. These figures indicate that 26,770 (17.9 per cent) BTL accounts were in arrears of more than 90 days as at the end of September 2012. This figure has increased since end-June 2012, when 24,879 (16.6 per cent) BTL accounts were in arrears of more than 90 days. The data also indicate that 22,553 BTL mortgage accounts were classified as restructured as at end-September 2012.

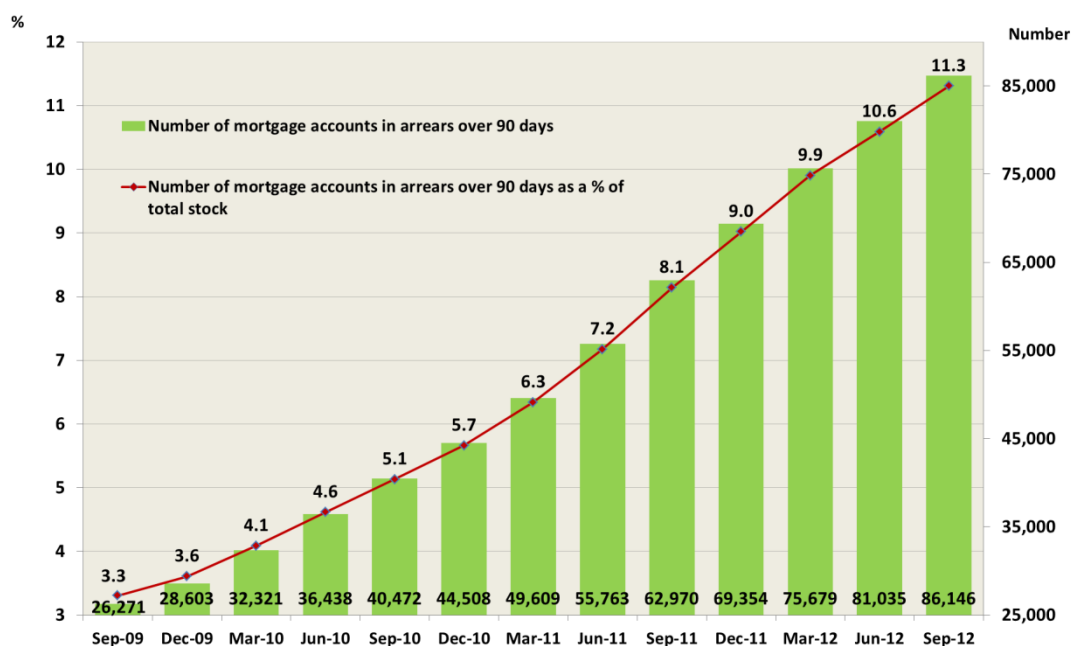
¹ Please note that a new collection system has resulted in some changes to previous quarters' data. Further details are provided in the relevant sections of the release.

Residential Mortgages on Principal Dwelling Houses

Arrears

- At end-September 2012, there were 761,954 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €11.2 billion. Of this total stock of accounts, 86,146, or 11.3 per cent, were in arrears of more than 90 days.² This compares with 81,035 accounts (10.6 per cent of total) that were in arrears of more than 90 days at end-June 2012.³ The outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €16.8 billion at end-September, equivalent to 15.1 per cent of the total outstanding balance on all PDH mortgage accounts.

Figure 1: PDH Mortgage Accounts in Arrears Over 90 Days



- The number of accounts that were in arrears of more than 180 days was 67,401 at end-September 2012, reflecting a quarter-on-quarter increase of 8.2 per cent. New data collected this quarter indicate that 19,541 accounts, or 2.6 per cent of the total stock, were in arrears of more than 720 days at end-September.

² The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

³ Please note that some of the historical data relating to arrears have been revised this quarter. This is due to a reclassification effect, resulting from the application of a more harmonised definition of arrears across reporting institutions. Arrears figures for the previous three quarters have been revised downwards as a result of this reclassification effect.

- There was a quarter-on-quarter increase of 4.9 per cent in the number of early arrears cases during the third quarter of the year, following a decline of 0.2 per cent in Q2. The number of PDH mortgage accounts in arrears of less than 90 days was 49,482 at end-September, or 6.5 per cent of the total stock. All of this quarterly increase was in early arrears of up to 30 days. It should be noted that the 0-30 days arrears category can be volatile due to technical reporting reasons.

Restructuring Arrangements

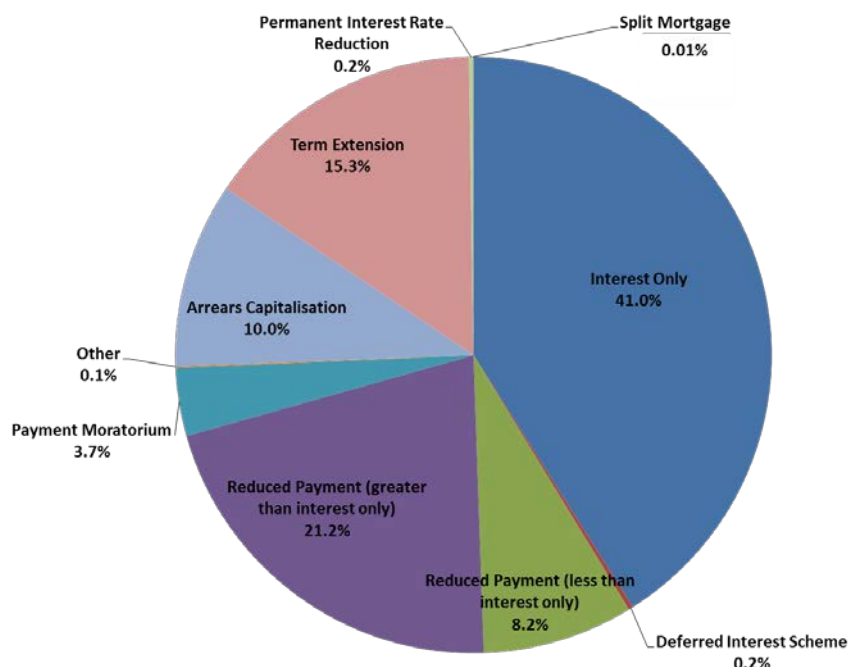
- Forbearance techniques include a switch to an interest only mortgage; a reduction in the payment amount; a temporary deferral of payment; extending the term of the mortgage; and capitalising arrears amounts and related interest⁴. The figures also include a small number of new loan modifications recently introduced by mortgage lenders with the aim of providing longer-term and more sustainable solutions for customers in financial difficulty.
- There was a total stock of 81,683 PDH mortgage accounts that were categorised as restructured at end-September 2012. This reflects a decrease of 3.8 per cent (approximately 3,200 accounts) from the stock of restructured accounts reported at end-June. This development is largely related to a reclassification effect, resulting from the application of a more harmonised definition of restructures across all institutions.
- Of the total stock of restructured PDH mortgages at end-September, 43,742 were not in arrears. The remaining 37,941 restructured accounts were in arrears of varying lengths. These restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement. Being in arrears does not necessarily imply that the terms of the restructure arrangement are not being met, as an arrears balance may have been carried forward into the new arrangement. Restructured accounts that are not in arrears may have previously had an arrears balance which has since been eliminated, or they could be ‘pre-arrears’⁵ cases.
- The data on arrears and restructures indicate that of the total stock of 135,628 PDH accounts that were in arrears at end-September, 37,941, or 28 per cent, were classified as restructured at that time.

⁴ Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are added to the remaining principal balance, to be repaid over the life of the mortgage.

⁵ ‘Pre-arrears’ refers to cases in which the account has not fallen into arrears but the borrower anticipates future difficulty and agrees a forbearance arrangement with the lender.

- Interest only arrangements and reduced payment arrangements (interest plus some capital) continue to account for the majority of all restructure types (approximately 62 per cent). A breakdown of restructured mortgages by type is presented in Figure 2.

Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-September 2012



Legal Proceedings and Repossessions

- During the third quarter of 2012, legal proceedings were issued to enforce the debt/security on a mortgage in 466 cases. Court proceedings concluded in 119 cases during the quarter, and in 79 of these cases the Courts granted orders for possession or sale of the property.
- There were 944 properties in the banks' possession at the beginning of Q3. A total of 154 properties were taken into possession by lenders during the quarter, of which 47 were repossessed on foot of a Court Order, while the remaining 107 were voluntarily surrendered or abandoned.
- During the quarter 153 properties were disposed of, while one property in possession was reclassified as a BTL property. As a result, lenders were in possession of 944 PDH properties at end-September 2012.

Table 1: PDH Mortgage Arrears, Repossessions and Restructures, End-September 2012

	Number	Balance €(000)	Arrears €(000)
Outstanding:			
Total residential mortgage loan accounts outstanding	761,954	111,241,901	
Arrears:			
Total mortgage arrears cases outstanding:	135,628	24,753,764	1,645,845
In arrears up to 90 days	49,482	7,930,747	90,690
In arrears 91 to 180 days	18,745	3,343,895	93,339
In arrears 181 to 360 days	23,035	4,365,139	214,318
In arrears 361 to 720 days	24,825	4,920,107	461,691
In arrears over 720 days	19,541	4,193,875	785,807
Repossessions:			
Residential properties in possession - at the beginning of quarter	944		
Residential properties repossessed on foot of an Order during quarter	47		
Residential properties voluntarily surrendered/abandoned during the quarter	107		
Residential properties disposed of during this quarter	153		
Residential properties in possession – at end of quarter*	944		
Restructured/rescheduled mortgages:			
Total residential mortgage loan accounts outstanding that are classified as restructured	81,683	13,934,896	345,485
<i>of which:</i>			
Not in arrears	43,742	7,081,919	
Total restructures by type:			
Interest Only	33,510	6,019,802	144,226
Reduced Payment (greater than interest only)	17,296	3,289,359	55,684
Reduced Payment (less than interest only)	6,680	1,407,910	61,257
Term Extension**	12,509	1,221,409	21,119
Arrears Capitalisation**	8,199	1,419,311	52,488
Payment Moratorium	3,007	506,000	6,745
Deferred Interest Scheme	203	37,362	1,374
Permanent Interest Rate Reduction**	194	15,946	1,576
Split Mortgage	12	1,499	-
Other	73	16,298	1,016

* One property in possession was reclassified as a BTL property.

** Some restructures straddle more than one forbearance type. In this table, all accounts have been classified to one type only. Accounts classified in Arrears Capitalisation, Term Extension and Permanent Interest Rate Reduction are those which do not simultaneously fall into another restructure category. For example, if an account has switched to interest only and also has its term extended, it is included here in the Interest Only category. The Term Extension category includes accounts that have just had their term extended, and have not entered into any other forbearance arrangement.

Table 2: PDH Mortgage Arrears, Repossessions and Restructures												
	Dec-11			Mar-12			Jun-12			Sep-12		
	Number	Balance €(000)	Arrears €(000)	Number	Balance €(000)	Arrears €(000)	Number	Balance €(000)	Arrears €(000)	Number	Balance €(000)	Arrears €(000)
Outstanding:												
Total residential mortgage loan accounts outstanding - at end of quarter	768,955	113,477,332	-	764,138	112,688,408	-	765,267	111,967,397	-	761,954	111,241,901	-
Arrears:												
Total mortgage arrears cases outstanding - at end of quarter <i>which are:</i>	118,464	22,063,971	1,256,198	122,941	22,916,646	1,380,978	128,197	23,549,651	1,482,811	135,628	24,753,764	1,645,845
In arrears up to 90 days	49,110	8,402,885	95,205	47,262	7,935,717	86,000	47,162	7,787,731	85,637	49,482	7,930,747	90,690
In arrears 91 to 180 days	18,373	3,390,368	95,552	18,727	3,430,025	90,692	18,764	3,341,527	89,536	18,745	3,343,895	93,339
In arrears over 180 days	50,981	10,270,719	1,065,441	56,952	11,550,904	1,204,285	62,271	12,420,393	1,307,637	67,401	13,479,122	1,461,816
<i>of which:</i>												
In arrears 181 to 360 days										23,035	4,365,139	214,318
In arrears 361 to 720 days										24,825	4,920,107	461,691
In arrears over 720 days										19,541	4,193,875	785,807
Total arrears cases over 90 days outstanding	69,354	13,661,086	1,160,993	75,679	14,980,929	1,294,978	81,035	15,761,920	1,397,173	86,146	16,823,017	1,555,155
% of loan accounts in arrears for more than 90 days	9.0%	12.0%	-	9.9%	13.3%	-	10.6%	14.1%	-	11.3%	15.1%	-
Repossessions:												
Residential properties in possession - at end of quarter	896	-	-	961	-	-	944*	-	-	944	-	-
Restructured Mortgages:												
Total outstanding classified as restructured - at end of quarter	74,381	13,291,715	317,008	79,712	14,211,793	358,364	84,941	15,066,479	423,284	81,683	13,934,896	345,485
of which are not in arrears	36,797	6,100,786	-	38,658	6,330,206	-	40,221	6,493,841	-	43,742	7,081,919	-

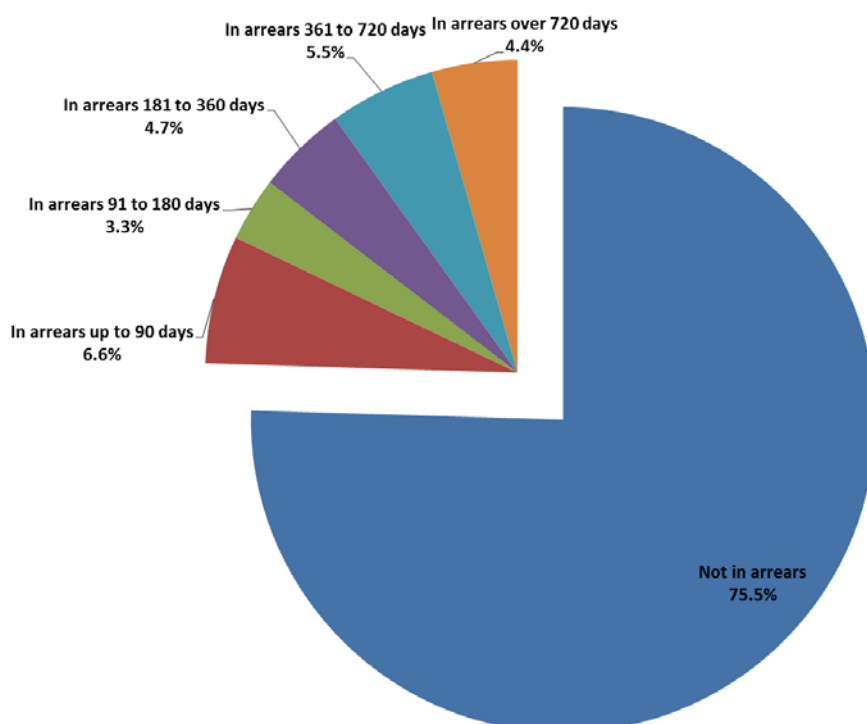
* This figure was revised during Q3 2012 following the reclassification of a small number of accounts.

Residential Mortgages on Buy-to-Let Properties

Arrears

- At end-September 2012, there were 149,592 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €31.1 billion. Of this total stock of accounts, 26,770, or 17.9 per cent, were in arrears of more than 90 days. This compares with 24,879 accounts (16.6 per cent of total) that were in arrears of more than 90 days at end-June 2012. The outstanding balance on BTL mortgage accounts in arrears of more than 90 days was €7.9 billion at end-September, equivalent to 25.5 per cent of the total outstanding balance on all BTL mortgage accounts.
- The number of accounts that were in arrears of more than 180 days was 21,828 at end-September 2012, reflecting a quarter-on-quarter increase of 10 per cent. Meanwhile, 6,628 accounts, or 4.4 per cent of the total stock, were in arrears of more than 720 days at end-September.
- There was a moderate quarter-on-quarter increase of 0.8 per cent in the number of early arrears cases during the third quarter of the year. The number of BTL mortgage accounts in arrears of less than 90 days was 9,919 at end-September, or 6.6 per cent of the total stock.

Figure 3: BTL Mortgage Accounts by Arrears Category, end-September 2012



Restructuring Arrangements

- There was a total stock of 22,553 BTL mortgage accounts that were categorised as restructured at end-September 2012. This reflects an increase of 4.1 per cent (approximately 880 accounts) from the stock of restructured accounts reported at end-June.
- Of the total stock of restructured mortgages at end-September 14,275 were not in arrears. The remaining 8,278 restructured accounts were in arrears of varying lengths.
- The data on arrears and restructures indicate that of the total stock of 36,689 BTL accounts that were in arrears at end-September, 8,278, or 22.6 per cent, were classified as restructured at that time.
- Interest only arrangements and reduced payment arrangements (interest plus some capital) accounted for the majority of all restructure types (approximately 76 per cent).

Legal Proceedings and Repossessions

- According to the new data, there were 566 BTL cases in which a rent receiver had been appointed as at end-September. In 103 of these cases the rent receiver was appointed during the third quarter of 2012.
- There were 378 BTL properties in the banks' possession at the beginning of Q3. A total of 74 properties were taken into possession by lenders during the quarter, of which 28 were repossessed on foot of a Court Order, while the remaining 46 were voluntarily surrendered or abandoned.
- During the quarter 39 properties were disposed of, while one property previously classified as a PDH was reclassified as a BTL. As a result, lenders were in possession of 414 BTL properties at end-September 2012.

Table 3: BTL Mortgage Arrears, Repossessions and Restructures, End-September 2012

	Number	Balance €(000)	Arrears €(000)
Outstanding:			
Total residential mortgage loan accounts outstanding	149,592	31,051,587	
Arrears:			
Total mortgage arrears cases outstanding:	36,689	10,233,333	953,598
In arrears up to 90 days	9,919	2,300,225	59,253
In arrears 91 to 180 days	4,942	1,262,473	38,875
In arrears 181 to 360 days	6,976	2,005,368	139,853
In arrears 361 to 720 days	8,224	2,516,932	274,943
In arrears over 720 days	6,628	2,148,335	440,674
Repossessions:			
Residential properties in possession - at the beginning of quarter	378		
Residential properties repossessed on foot of an Order during quarter	28		
Residential properties voluntarily surrendered/abandoned during the quarter	46		
Residential properties disposed of during this quarter	39		
Residential properties in possession – at end of quarter*	414		
Restructured/rescheduled mortgages:			
Total residential mortgage loan accounts outstanding that are classified as restructured	22,553	5,592,668	216,431
<i>of which:</i>			
Not in arrears	14,275	3,359,253	
Total restructures by type:			
Interest Only	13,123	3,281,972	154,072
Reduced Payment (greater than interest only)	3,977	1,053,567	14,024
Reduced Payment (less than interest only)	484	126,259	6,826
Term Extension**	2,115	320,257	7,013
Arrears Capitalisation**	2,464	720,224	32,891
Payment Moratorium	329	77,882	1,077
Deferred Interest Scheme	5	972	45
Permanent Interest Rate Reduction**	55	11,269	473
Other	1	266	10

* One property previously classified as a PDH was reclassified as a BTL.

** Some restructures straddle more than one forbearance type. In this table, all accounts have been classified to one type only. Accounts classified in Arrears Capitalisation, Term Extension and Permanent Interest Rate Reduction are those which do not simultaneously fall into another restructure category. For example, if an account has switched to interest only and also has its term extended, it is included here in the Interest Only category. The Term Extension category includes accounts that have just had their term extended, and have not entered into any other forbearance arrangement.

Table 4: BTL Mortgage Arrears, Repossessions and Restructures						
	Number	Jun-12 Balance €(000)	Arrears €(000)	Number	Sep-12 Balance €(000)	Arrears €(000)
Outstanding:						
Total residential mortgage loan accounts outstanding - at end of quarter	150,187	31,252,770	-	149,592	31,051,587	
Arrears:						
Total mortgage arrears cases outstanding - at end of quarter <i>which are:</i>	34,719	9,816,749	840,615	36,689	10,233,333	953,598
In arrears up to 90 days	9,840	2,358,058	34,166	9,919	2,300,225	59,253
In arrears 91 to 180 days	5,039	1,339,834	48,739	4,942	1,262,473	38,875
In arrears over 180 days	19,840	6,118,856	757,710	21,828	6,670,635	855,470
<i>of which:</i>						
In arrears 181 to 360 days				6,976	2,005,368	139,853
In arrears 361 to 720 days				8,224	2,516,932	274,943
In arrears over 720 days				6,628	2,148,335	440,674
Total arrears cases over 90 days outstanding	24,879	7,458,691	806,449	26,770	7,933,108	894,345
% of loan accounts in arrears for more than 90 days	16.6%	23.9%	-	17.9%	25.5%	
Repossessions:						
Residential properties in possession - at end of quarter	378	-	-	414	-	-
Restructured Mortgages:						
Total outstanding classified as restructured - at end of quarter	21,671	5,273,291	316,218	22,553	5,592,668	216,431
of which are not in arrears	11,088	2,397,826	-	14,275	3,359,253	-

Annex 1: Mortgage Arrears Data and Further Information

The mortgage arrears data, along with a set of explanatory notes, are available in the Mortgage Arrears section of the Statistics portal of the Central Bank of Ireland website:

<http://www.centralbank.ie/polstats/stats/mortgagearrears/Pages/Data.aspx>.

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

The above guides, that include information on the protections that are available to consumers in financial difficulty, are available to download from the [consumer information section](#) of the Central Bank website.