

## Covid-19 Mortgage Payment Break

### Frequently Asked Questions

#### 1) How do I apply for a Mortgage Payment Break?

To request a Mortgage Payment Break go to [boi.com/paymentbreak](https://boi.com/paymentbreak), text “mortgage” to 50365, or call our Customer Relationship Team on 01 611 3333 (lines open 9am to 5:30pm, Monday to Friday).

#### 2) Am I eligible for a Mortgage Payment Break?

The break is available to mortgage holders of both Private Dwelling Home (PDH) and Buy-to-let (BTL)

##### Payment break criteria

You can apply for a payment break if you are an existing mortgage customer and meet the following criteria:

- This is a precautionary<sup>1</sup> request (no income reduction has occurred but a safety net is required) or reflects a temporary reduction in your income which has occurred as a result of the current health crisis and you are not in financial difficulty and/or were not concerned about your ability to meet your repayments prior to COVID-19.
- You are not in a forbearance arrangement with the Bank or, if you are, you have met all the terms and conditions for a minimum of 12 months.
- You were not in arrears prior to March 2020 on any mortgage account or other BOI loan

**If you need assistance and feel you don't meet these criteria we may still be able to help you – please call us on [01 6113333](tel:016113333)**

##### **1. Customers considering a “pre-emptive” break due to potential impact of Covid-19**

*Note: Please see the impact on your mortgage, below. Your balance will be higher at the end of the 3-month period, your subsequent repayments will increase and you will pay more interest, so you should only apply for a break when you are satisfied you need one.*

#### 3) What if my payment has already gone out or is just about to go out? Can I get that refunded?

If you pay your mortgage from a Bank of Ireland account, please **call 1890 365365** to make a direct debit refund request or alternatively visit your branch who can do this. If you pay your mortgage from an account in another bank, they will need to contact that bank to arrange a direct debit refund.

#### 4) Will a Mortgage Payment Break affect my credit record?

The Central Bank and lenders are working to develop practical measures so that the credit record of those who avail of a payment break will not be adversely affected during this extraordinary time. From a Bank of Ireland perspective, we will endeavour to take the unique circumstances of COVID19 Payment Break into account when assessing future requests for credit to ensure that customers are treated fairly.

#### 5) What happens to my monthly payments during a Mortgage Payment Break?

We will send you a notification letting you know that the payment break has started.

During the 3-month break, you are not required to make any repayments (interest or capital) and we will stop taking direct debits from your current account.

#### **6) What happens to my Mortgage during a Payment Break?**

While you will not be required to make payments during the Payment Break, it is important to note that interest will still be applied to your mortgage.

As a result, your mortgage balance will increase by the amount of the interest over the 3-month payment break.

You can make partial or full monthly mortgage payments while the payment break is in place if your circumstances change.

#### **7) What happens at the end of a Mortgage Payment Break?**

At the end of the 3-month break, your mortgage direct debits will automatically resume.

Your repayments will be higher to accommodate interest charged during the payment break period and the repayment of your mortgage over the existing term.

We will write to you telling you that payments will resume, together with details on the increased monthly repayments going forward.

#### **8) What are the key points to think over in respect of a Mortgage Payment Break?**

The balance will be higher at the end of the 3-month period.

Your subsequent repayments will increase and you will pay more interest.

So you should only apply for a break when you are satisfied you need it.

The term of your mortgage will not lengthen as a result; it will have the same maturity date it had before the payment break.

If you feel confident you can afford to make some mortgage payments during the 3 months, you should think about doing so. That will reduce the total amount of interest you will have to pay over the mortgage. If you have any doubts about the arrangement, we strongly recommend you get independent legal or financial advice.

#### **9) Will my mortgage rate change as a result of applying for this payment break?**

No, your mortgage rate will not change due to application of the payment break.

#### **10) What impact will a payment break have on my mortgage balance?**

Here is a worked example based on a mortgage with €100,000 owing, on a rate of 3.0%, and remaining terms between 10 and 30 years.

Term Remaining	10 Years	15 Years	20 Years	25 Years	30 Years
Mortgage Balance	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Current Interest rate 3% (fixed 3 years)	3.00%	3.00%	3.00%	3.00%	3.00%
Current Repayments	965.00	690.00	554.00	474.00	421.00
Next 3 months repayment	0	0	0	0	0
Future repayments (post Break)	994.00	705.00	564.00	481.00	427.00
Monthly Repayment Difference	29.00	15.00	10.00	7.00	6.00
Projected Balance in 3 months (with no break)	97,848.00	98,675.00	99,084.00	99,324.00	99,484.00
Revised Balance in 3 months (post the payment break)	100,756.00	100,756.00	100,756.00	100,756.00	100,756.00
Difference in balances	2,908.00	2,081.00	1,672.00	1,432.00	1,272.00
Total Amount Repayable (Current)	119,173.00	131,101.00	143,831.00	157,294.00	171,445.00
New amount repayable	119,727.00	131,745.00	144,563.00	158,109.00	172,347.00
Difference	554.00	644.00	732.00	815.00	902.00

These are **illustrative examples** based on a fixed rate of 3% for three years rolling to a variable rate of 4.2% for the remainder of the loan. (At the end of the fixed rate period, customers can choose another rate option that may provide them with savings.)

- The Covid-19 repayment break means there will be no direct debit payments from your current account to your mortgage for 3 months.
- We will continue to apply interest to your mortgage during the payment break period. In the 20 year example above, interest at 3.0% continues to be applied to the account, resulting in a mortgage balance at the end of 3 months of €100,756. Without the payment break the mortgage balance would have been €99,084 (which is €1,672 lower).
- At the end of the break period, your direct debit payment from your current account will automatically resume.
- As the mortgage balance will have increased over the payment break, your monthly instalment at the end of the break will be higher. In this 20 year example, the monthly instalment required to pay the mortgage off over the remainder of the 20 years is €564 (€10 a month higher than before).
- Note that when the entire 20-year mortgage term is considered, in this example the total amount repayable, originally €143,831, will increase by €732 to €144,563.

[Apply for a COVID-19 Three Month Mortgage Payment Break](#)