



PHOENIX

PROJECT IRELAND

A brighter tomorrow

Annual Report 2015



Response to The Debt Crisis



Phoenix Project Ireland is working every day with ordinary families across Ireland who are struggling with crippling debt problems. From our experience in the field, we understand very clearly the gravity of the current situation. This report seeks to communicate our analysis of the problem and provides recommended solutions to ease the nationwide suffering.

John McGrath,
Chairman



EXECUTIVE SUMMARY

Despite talk about economic recovery, there remains a significant, hidden problem with mortgage arrears in Ireland.

By the Central Bank's own estimates, up to 49,000 homes are facing repossession over the coming years. Using an average of 2.5 occupants per home, this means that some 122,500 more people are facing homelessness.

More worryingly, if the European Central Bank interest rate rises from its current low, many more borrowers who are now meeting full repayments will fall into arrears.

The Central Bank's own statistics show that 33.8% of borrowers who have arrears have agreed long-term solutions with financial institutions, while 66.2% of borrowers have agreed short-term solutions. If there is an increase in interest rates, the long-term solutions in place will no longer be affordable.

The escalating mortgage arrears problem is also reflected in increasing demand for Phoenix Project Ireland's free services.

Last year, the number of calls we received from distressed borrowers increased by over one-third, from 4,057 in 2014 to 5,431. This follows an increase in calls of almost one-third between 2013 and 2014, from 3,176 to 4,057.

This means that over a two-year period, calls to Phoenix Project Ireland from distressed borrowers almost doubled, from 3,176 in 2013 to 5,431 in 2015.

We are also now providing an increasing number of financial, legal and counselling consultations per year, rising from 3,500 in 2014 to 4,000 consultations in 2015.

Behind these figures are normal families who are experiencing high levels of debt-related stress. The mortgage arrears crisis has resulted in marriage breakdowns - we estimate that approximately 60% of our clients in 2015 were women who were separated or in the process of going through legal separation. They typically report that financial difficulties are the main reason for separation.

Of grave concern is the report from our stress counsellor, who says that 10% of clients have had suicidal ideation as a direct result of their financial difficulties and the threat of losing their family home.

To tackle the increasing mortgage arrears problem, we have published a series of proposals, which can all be implemented on a cost-neutral basis. These include the introduction of split mortgages; term extensions on a lifetime/ inter-generational basis; long-term interest rate reductions and the establishment of an independent body to act as the final avenue for appeal for distressed borrowers.

William Prior
CEO



TABLE OF CONTENTS

1. About Phoenix Project Ireland

2. Phoenix Project Ireland's On The Ground Experience

- The Scale of the Problem
- Phoenix Project's Own Statistics

3. Mortgage Arrears Analysis

- Our Interaction with The Government
- Debt-Related Social Problems

4. Our Proposed Solutions for Government

5. The Human Fall Out From The Crisis – Case Studies

Appendices

Statistical Analysis of Phoenix Project Ireland's Clients



1. ABOUT PHOENIX PROJECT IRELAND

In direct response to Ireland's financial crisis, Phoenix Project Ireland was formed in 2008 by a group of concerned people to give professional support to distressed families in debt throughout Ireland.

Each week, Phoenix Project Ireland provides professional support and advice at no charge to 70 families who are encountering financial, legal and emotional distress due to the prospect of losing their family home.

Our team includes banking experts; qualified financial advisers; accountants; economists; revenue advisers; experienced solicitors and barristers; qualified stress management counsellor and social welfare and housing advisers. We also assist with insolvency and bankruptcy.

This is a free service, with no cost to our clients. Phoenix Project Ireland is almost entirely dependent on private donations from the public.

With 49,000 families currently facing the threat of repossession of their homes, the demand for the free services offered at Phoenix has never been greater or more essential.

We help people right across Ireland who are in danger of losing their family homes and are encountering legal, financial and emotional difficulties as a result of debt problems.

Phoenix Project Ireland provides its free service to people from all walks of life.

Our clients include:

- Homeowners who are in arrears and fear homelessness
- Business people whose companies are struggling or liquidated and whose family homes and business assets are at risk due to loans or personal guarantees
- Farmers whose machinery has been repossessed and whose farms and homes are at risk
- Parents of children with a disability or illness who do not have the capacity to manage their debt problems
- Separating couples who cannot divide up their assets due to mortgage distress
- Single people who have lost jobs, or through reduced income, can no longer afford mortgage repayments

AGE PROFILE OF CLIENTS

Age Bracket	%
18 to 30	0.69%
31 to 40	17.43%
41 to 50	27.32%
51 to 60	32.26%
60 to 65	13.79%
66 to 70	5.98%
71 to 100	2.52%



HOW PHOENIX PROJECT IRELAND'S SERVICE WORKS

We operate a holistic, respectful, people-centered professional service and talk to our clients in the strictest confidence.

Initially, we will talk to you on the phone and make an appointment to meet with you. At the meeting, we will review your lender and legal papers and we will help you liaise with the relevant financial institution and set out your case to banks and creditors.

We will assess your individual needs and requirements and advise you how to pursue social welfare entitlements and voluntary agency support if required.

Working on your behalf, we will help you to communicate with your lender and we can also help you cope if your bank does not communicate with you.

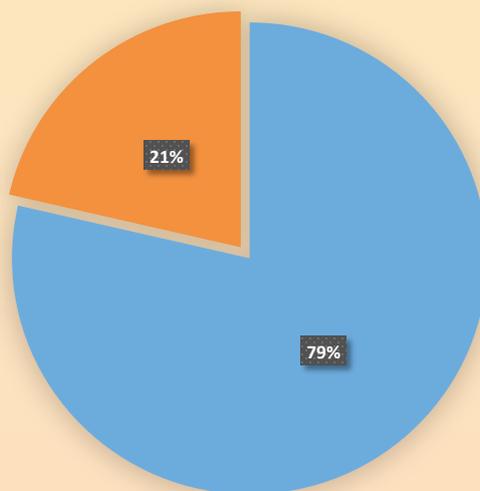
Phoenix Project Ireland experts help clients to complete their financial statements, explain the mortgage arrears resolution process, ensure that clients are compliant with it and assist clients to ensure that lenders are MARP-compliant.

Through our experience of dealing with the various financial institutions, we have the necessary tools to raise issues that are particular to your situation. We can also help you deal with threatening calls and accusations of failure to comply from lenders.

Our team also advises clients about personal insolvency; bankruptcy; voluntary surrender requests; repossession proceedings and loan restructure offers.

BREAKDOWN OF CLIENTS AVAILING OF LEGAL SERVICE

 No	78.59%
 Yes	21.41%
GRAND TOTAL	100.00%



DEBT-RELATED STRESS

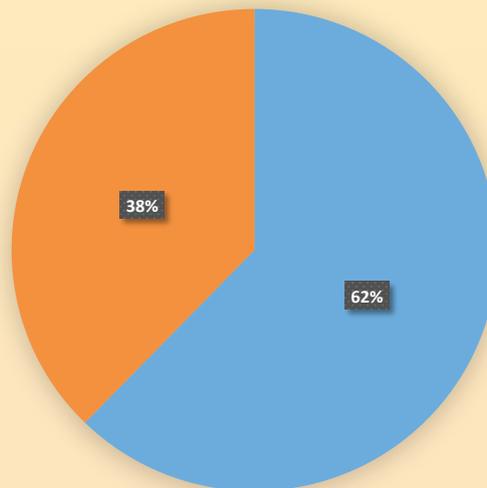
Debt related stress makes people feel overwhelmed, depressed, anxious, ill, and suicidal. As part of our service, Phoenix Project Ireland offers a professional stress management service that enables people to regain control and cope with their circumstances.

Through effective stress management our counsellors can help you to assess and enhance your current coping skills, identify how you experience and manage stress and make connections between contributing sources of stress.

Our team will also work with you to create strategies for lowering stress levels and taking care of yourself - we can help you to take back control and rebuild your sense of personal power in this difficult time.

BREAKDOWN OF CLIENTS AVAILING OF STRESS MANAGEMENT SERVICE

 No	62.29%
 Yes	37.71%
GRAND TOTAL	100.00%



WE NEED HELP TO CONTINUE OUR GOOD WORK

Demand for our free service is growing daily as increasing numbers of families and individuals face the prospect of repossession. We have an experienced, professional team, but still incur other costs. Phoenix Project Ireland is a registered charity and relies on private and corporate donations to keep our supports in place.

If you are in a position to make a donation or to run a fundraising event for us, we would be very appreciative.



2. THE FACTS

2.1 THE SCALE OF THE PROBLEM

According to Central Bank statistics from Quarter 2 - 2015, financial institutions in Ireland have provided 'loss of ownership' solutions to 49,000 mortgages in arrears.

'Loss of ownership' solutions result in repossession, voluntary sale or voluntary surrender of family homes.

Based on an average occupancy of 2.5 persons per family home, Phoenix Project Ireland estimates that imposing 'loss of ownership' solutions on 49,000 homes has the potential to result in 122,500 people becoming homeless.

MORTGAGE TIME BOMB

The current European Central Bank interest rate is 0.05% - if there is an increase to the historic average of 3.75%, many borrowers who are now meeting full repayments will fall into arrears.

According to Central Bank statistics, 33.8% of borrowers who have arrears have agreed long-term solutions with financial institutions, while 66.2% of borrowers have agreed short-term solutions. If there is an increase in interest rates, the long-term solutions that are currently in place will not be affordable.

This will put people who are currently in long term forbearance into difficulty again (Central Bank Statistics show that 27% of these have already fallen behind on the agreed forbearance repayments).

For those borrowers in short-term solutions, the increase in interest rates will mean they will be in greater difficulty than they are currently.

The rate increase implies that higher numbers will be deemed unsustainable and will be moved to 'loss of ownership' solutions.

2.2 PHOENIX PROJECT IRELAND'S OWN STATISTICS

In 2015, the number of calls to our service increased by over one-third, from 4,057 in 2014 to 5,431 in 2015.

There was also an increase in calls to our service of almost one-third between 2013 and 2014, from 3,176 to 4,057.

This means that over a two-year period, calls to our service almost doubled, from 3,176 to 5,431.

Over the last five years, Phoenix Project Ireland has provided assistance to approximately 18,500 families.

On average Phoenix Project carries out 3,500 financial, legal and counselling consultations per year, rising to around 4,000 consultations in 2015.

The number of files we are dealing with on an ongoing basis is in the region of 1,800.



3.1 OUR INTERACTION WITH THE GOVERNMENT

We communicate to government the distress that families facing the loss of their family homes are experiencing.

We also communicate to government the reality of the 'loss of ownership solutions' being offered to families by banks, as we believe that homelessness is not a solution.

To that end, we have had the following interaction with Government:

- In January 2014, we made a presentation to TDs and Senators in Dail Eireann's AV Room
- In April 2014, Phoenix Project Ireland's representatives presented to the Oireachtas Finance Committee
- In March 2015, we made a presentation to TDs and Senators in Dail Eireann's AV Room
- In April 2015, we made a presentation to Senior Civil Servants at An Taoiseach's office
- In April 2015, we also made a submission to An Taoiseach's office
- In December 2015, we wrote to Government Ministers and TDs to inform them about the likely increase in home repossessions and to seek meetings with them

To date we have not received any response or communication in relation to the above presentations and submissions.

3.2 DEBT-RELATED SOCIAL PROBLEMS

There are significant social problems arising from the high level of borrowers who are in mortgage arrears. Typically, these borrowers belong to the most economically productive 30-60 age group. This group can be divided into three classes:

- Homeowners
- Home and buy-to-let owners
- Homeowners and business/property development and speculation borrowers

The important feature of all of these borrowers is that irrespective of their volume of borrowings, their family home is most likely to have been used as a security and consequently, is at risk.

One of the most startling revelations that our organisation has observed over the past two years is the number of women presenting at our office looking for help as a result of the husband / partner separating as a result of financial pressures.

Typically, husbands / male partners will have left their female partners to take care of the children and to look after the mortgage. Typically, they do not co-operate in any way where a proposed solution is presented to the relevant financial institutions.

We estimate that approximately 60% of our clients in 2015 were women who were separated or in the process of going through legal separation. They typically report that financial difficulties are the main reason for separation.

It follows that there are significant knock on social effects on families, children and communities.

The Phoenix Project Ireland's stress counsellor reports that 10% of clients have had suicidal ideation as a direct result of their financial difficulties and the threat of losing their family home.



4. OUR PROPOSED SOLUTIONS FOR GOVERNMENT

Phoenix Project Ireland proposes the following solutions to address the mortgage arrears crisis:

SPLIT MORTGAGES

Guidelines and criteria for split mortgages need to be standardised across all lending institutions and must be transparent and made public. As the introduction of split mortgages is a realistic, long-term solution, the criteria that financial institutions use to allow homeowners to qualify for them need to be broadened extensively.

Split mortgages should be more affordable and made available to a much larger number of mortgage holders in difficulty on the basis that in the short to medium term, homeowners' financial circumstances will improve as the economy improves.

Therefore, it is imperative to secure affordable, lasting restructures (currently, 27% of restructures are not performing). Progress should be supported by a high level of transparency on the scale and quality of distressed loan resolutions being offered.

TERM EXTENSIONS

Currently term extensions available from most financial institutions run to a maximum age of 70. Lenders need to introduce lifetime/ inter-generational mortgages (which are common all over northern Europe). This would help to extend terms to an age which enables mortgage holders to reduce their monthly payments to a level that is affordable in the long term.

LONG-TERM INTEREST RATE REDUCTIONS

AIB/EBS, in some circumstances, currently offer an interest rate reduction to 0.5% for six years as an alternative to split mortgage. The interest rate reduction has the effect of reducing the monthly repayments substantially while repaying the mortgage in full. In some instances this is a very good alternative to split mortgages and should be offered by all lenders.

INDEPENDENT BODY

We propose that an independent body be set up to act as the final avenue for appeal for distressed borrowers. It should be independent of lenders and behave impartially. Banks currently police themselves and are the final decision makers in every case. The Ombudsman does not perform this function, his office will not examine appeals and only makes findings on process.

REPOSSESSION

Legislation should be passed to state that a court order for repossession cannot be granted unless it can be shown that the homeowner has alternative accommodation in place (subject to evidence of effort). There is an existing EU law in place to deal with this issue.

RENT ALLOWANCE

Families who have a repossession order granted against them and are going to lose their home currently cannot apply for rent allowance until they are on the housing list. They cannot get on the housing list until they are out of their home. There is therefore a limbo period where families have been evicted, are forced to move into expensive private rented accommodation which is in very short supply or become homeless and cannot get rent allowance.

We propose that a provisional housing list be created, which would act as a waiting list until families get onto the housing list. Families on this list would have a definite date from the court for vacating their home. They could then have all paperwork completed and



have approval for their rent allowance fully processed. They could then receive the rent allowance immediately when they start to pay rent.

VULTURE FUNDS

Consumer law needs to be passed to make all owners of loan books subject to the rules of Code of Conduct on Mortgage Arrears and to be subject to Irish Central Bank regulation.

All of the above proposals can be implemented on a cost-neutral basis.

5. THE HUMAN FALL OUT FROM THE CRISIS - CASE STUDIES

Names have been changed to protect our clients' identities

CASE STUDY 1 - DUBLIN

Name: 'Martin O' Rourke', Dublin 3

Lender: PTSB

Mortgage: €167,000

Arrears: €20,500

Full repayments: €900 per month

Martin first approached the Phoenix Project in March 2015. The court process had already started and he was trying to get back into the workforce by starting a Jobbridge programme. We assessed his financial situation and gave him legal advice.

We helped Martin complete an SFS (standard financial statement). We put a proposal together to capitalise the arrears and reduce the interest rate with monthly repayments of €604. This was submitted to PTSB and we also obtained adjournments so that Martin was able to complete his Jobbridge programme and obtain full-time employment.

Outcome:

PTSB accepted our proposal after further negotiations and in September 2015 he received a moratorium offer for six months of €604 per month with a view to a long-term arrangement being put in force.

From October the matter was adjourned until the six-month period is up with a view to the matter being struck out on the next court date.

Martin was delighted with our advice and support and gets to stay in his home with repayments he can afford.

CASE STUDY 2 - LEINSTER

Name: 'Rachel McGrath'

Lender: KBC

Mortgage: €268,565

Arrears: €5,500

Full repayments: €1,600 per month

Rachel arrived at Phoenix in a very distressed state. She was a nurse and was working two jobs to try to keep her payments up to date. She has one son and her mother also resides with her. On her first visit, we listened and decided that she needed to meet our stress



counsellor first and come back at another date to go through her financial problems.

When she came back, we assessed her situation and proposed a 60/40 split mortgage to KBC with affordable repayments of €1,000 per month - a reduction from full repayments of €1,600 per month.

Outcome:

KBC accepted the proposal and it meant that Rachel could afford the new repayments and keep her family home. She was delighted with our help and for understanding her situation.

CASE STUDY 3 - MUNSTER

Name: 'Mary Jones'

Lender: EBS

Mortgage: €165,000

Full monthly repayments: €561 per month

Mary, a single woman in her late 30s, approached Phoenix Project Ireland in December 2014. Mary's business had failed due to the recession and she returned to full-time education in 2014. As a full-time student, she would not be in a position to make full monthly mortgage repayments.

Mary wanted forbearance for a three-year period until she completes her degree and returns to full-time employment when she will be able to return to full monthly mortgage repayments.

Phoenix Project Ireland assisted Mary in completing a standard financial statement and on this basis, we put together a proposal for a split mortgage with monthly repayments of €280.

Outcome:

Mary's mortgage is affordable while she is in full-time education and she can return to making full mortgage repayments at any time in the future if she can afford to do so. Most importantly, Mary keeps her home.

CASE STUDY 4 - CONNAUGHT

Name: 'Margaret Devine'

Lender: Stepstone

Mortgage: €200,000

Full monthly repayments:

Margaret, a civil servant from Connaught, is separated with one dependent. She has had serious health problems which affected her income in the past. Margaret's mortgage is with a subprime lender who successfully applied to the courts for repossession of her house on foot of a mortgage of just under €200,000 which was in significant negative equity. This possession order was granted with a 'stay' of nine months.

Outcome:

Despite the above situation, we secured an agreement with the lender for a three-year deal whereby Margaret pays €986.78 per month with a view to increasing these repayments when her daughter finishes college. Margaret also gets to stay in her home, which shows that it is never too late to engage and get an agreement with a lender. The agreed repayments are up to date.



CASE STUDY 5 - DUBLIN
Name 'Maureen Kavanagh'
Lender:
Mortgage: €50,000
Full monthly repayments:

Maureen has a mortgage of €50,000 on a house valued at €250,000. She is separated and could not get any deal with the bank as her ex-husband was on the loan and he would not engage.

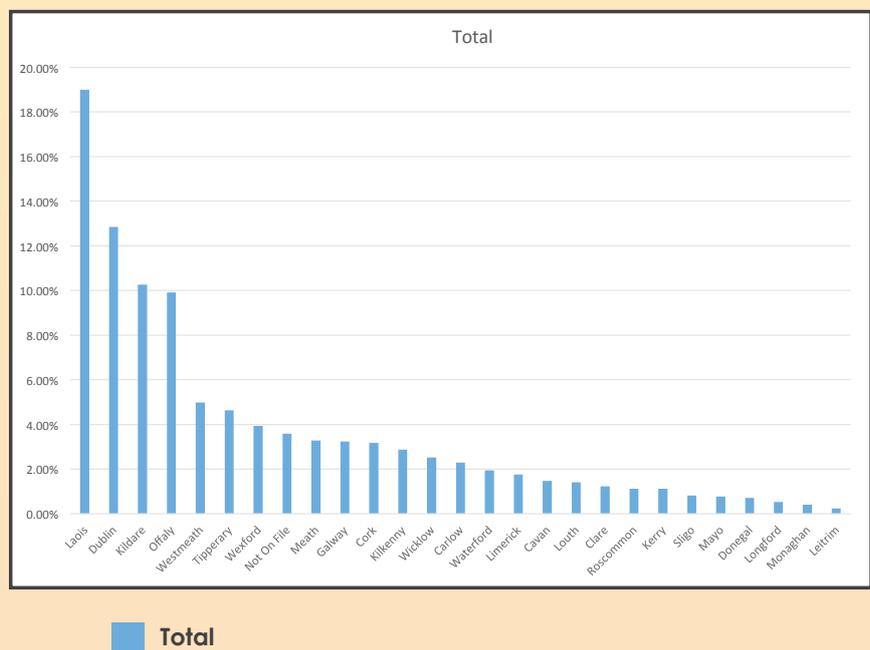
Outcome:

Phoenix Project went to the bank's head office with the borrower and eventually secured a five-year interest-only deal with the bank. This arrangement gives her the chance to get on with her life. It avoids the need for a fire sale or a repossession, which is where this arrears case was destined without Phoenix Project's involvement.

STATISTICAL ANALYSIS OF THE PHOENIX PROJECT IRELAND CLIENTS

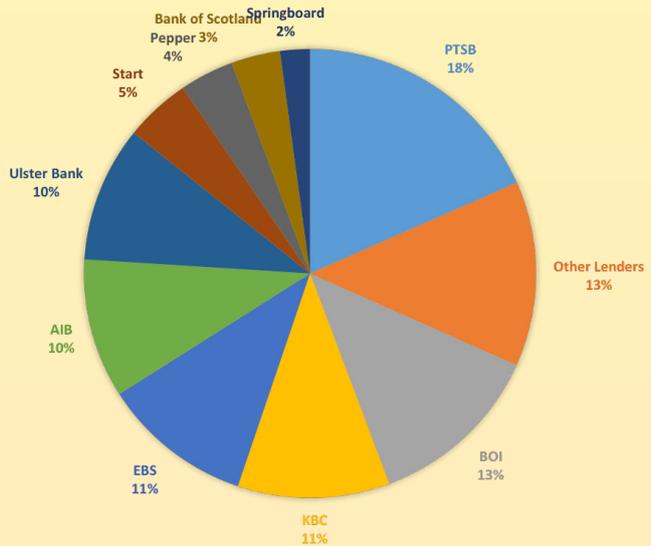
BREAKDOWN OF COUNTY OF ORIGIN

County	%
Laois	19.00%
Dublin	12.84%
Kildare	10.26%
Offaly	9.91%
Westmeath	4.99%
Tipperary	4.63%
Wexford	3.93%
Not On File	3.58%
Meath	3.28%
Galway	3.23%
Cork	3.17%
Kilkenny	2.87%
Wicklow	2.52%
Carlow	2.29%
Waterford	1.94%
Limerick	1.76%
Cavan	1.47%
Louth	1.41%
Clare	1.23%
Roscommon	1.11%
Kerry	1.11%
Sligo	0.82%
Mayo	0.76%
Donegal	0.70%
Longford	0.53%
Monaghan	0.41%
Leitrim	0.23%
GRAND TOTAL	100.0%



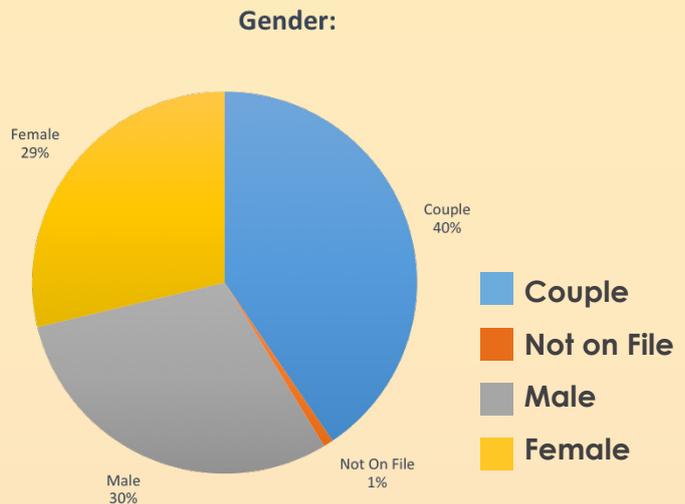
BREAKDOWN OF LENDING INSTITUTIONS

Lenders	%
PTSB	18.37%
Other Lenders	13.32%
BOI	12.61%
KBC	10.87%
EBS	10.80%
AIB	10.03%
Ulster Bank	9.77%
Start	4.72%
Pepper	3.88%
Bank of Scotland	3.49%
Springboard	2.13%
GRAND TOTAL	100.00%



BREAKDOWN OF CLIENTS BY GENDER

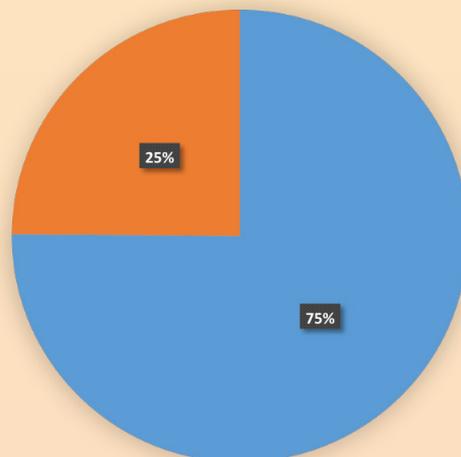
Gender	%
Couple	40.53%
Not On File	0.82%
Male	29.91%
Female	28.74%
GRAND TOTAL	100.00%



BREAKDOWN OF CLIENTS AVAILING OF SOCIAL WELFARE OF INFORMATION SERVICE

Welfare Info Required?

Social Welfare Advice	%
No	75.13%
Yes	24.87%
GRAND TOTAL	100.00%





PHOENIX

PROJECT IRELAND

A brighter tomorrow

25 Kilminchy Court, Portlaoise,
Co. Laois, Ireland

Helpline: 1850 20 30 40

Tel: +353 (0)57 863 6830 / 863 6831

Fax: +353 (0)57 862 3707

Email: support@phoenixproject.ie

www.phoenixproject.ie

Charity Reg No.: 19269