

What to do if you have credit problems?

8 useful tips

When you buy a home, you assume that your present income will enable you to continue making the monthly mortgage payments in the future too. Unfortunately circumstances change and you may be unable to fulfil your commitments, either temporarily or permanently. Unemployment or disability are examples of such situations. Where couples divorce, one of the two incomes may be lost. In extreme cases, the house has to be sold.



NATIONALE HYPOTHEEK GARANTIE

For purchase and refurbishment of your home

Prevention is better than sale

It is very important to prevent payment arrears and if such a situation does occur, to resolve it as soon as possible. Overcome any embarrassment and seek help in good time. Remember: you are not the only one with payment problems. There are numerous organisations which will be happy to help you. You can prevent many difficult situations by taking action and getting help. Here are eight useful tips to help you resolve possible payment problems and existing arrears.

- 1. Contact your mortgage lender.** This is definitely top priority. If you are facing payment problems, contact your mortgage lender immediately. Your intermediary or mortgage adviser can probably give you the right telephone numbers. Check correspondence from your mortgage lender to see which telephone number to call. It is vital not to waste any time and take immediate action if you are facing money problems. In many cases, payment problems are the result of a change of income, for example as a result of unemployment. This is not always a permanent situation. During the period that you have no or less income, it may be possible to reach an agreement with your mortgage lender. You may be in paid employment again within a few months and be able to repay the arrears. Without having to sell your home.
- 2. Contact the Belastingdienst (Inland Revenue).** The interest that you pay on your mortgage is tax deductible. This means that some of the interest you pay is refunded. This can be arranged by completing a tax return every year. You can also receive the refund every month. You can request the 'verzoek voorlopige teruggaaf' [application for interim refund] form from the Inland Revenue or download it from www.belastingdienst.nl.
- 3. Visit the NIBUD website.** The Nationaal Instituut voor Budgetvoorlichting [Consumer Credit Counselling Service] provides several very useful tips about how to keep a grip on your financial situation and prevent payment arrears. Visit the website: www.zelfjeschuldregelen.nl and follow the steps. For more information, you can also visit: www.nibud.nl.

4. Contact the municipality. If your income is temporarily insufficient to pay your mortgage, you may be eligible for a 'woonkostentoeslag' [living costs allowance] from the municipality. This is a temporary supplement to your income, similar to the rent subsidy. The criteria for receiving the allowance vary in each municipality. Information is available from your municipality.

5. Contact your Gemeentelijke Krediet Bank (GKB) or a municipal credit bank. If you have several debts, a Gemeentelijke Krediet Bank can mediate between you and your creditors. This can result in a payment arrangement based on your income. Contact your municipality for the address of your local Gemeentelijke Krediet Bank. Or visit www.nvvk.eu for the addresses of Gemeentelijke Kredietbanks or municipal banks in the Netherlands.

6. Contact your employer. Your employer can help you reach a payment arrangement with your mortgage lender. For example, you can arrange to have some of your monthly salary paid directly to the mortgage lender so that regular payment instalments are maintained and/or the arrears can be paid off. You might also consider using your holiday allowance or thirteenth month to pay your arrears.

7. Mortgage payment facility (WLF). If you already have a mortgage with NHG and you are temporarily unable to make your mortgage payments in full as a result of unemployment, disability, divorce or death of your partner, you may be eligible for the WLF. The WLF allows you to add your payment arrears to your mortgage so that you have more time to bridge a difficult period in your life.

In order to be eligible for the WLF, contact your mortgage lender. They will determine whether and under what conditions you may use the WLF. Your mortgage lender will assess the maximum amount you are able to pay on mortgage payments with your present income. The part that you are temporarily unable to pay will be added to your mortgage to a maximum of 9% of the total mortgage sum. Once your income has been restored, your mortgage lender will agree a repayment schedule with you.

The WLF is therefore not a 'mortgage holiday' but offers you the possibility to bridge a difficult period so that you can stay in your home.

8. Contact an estate agent. If none of these tips helps resolve your payment problems, you may have to start thinking about selling your home through an estate agent. It is essential to do this in consultation with your mortgage lender. This prevents your payment arrears rising even further and limits any residual debt.

Useful addresses

- De Belastingdienst (Inland Revenue), www.belastingdienst.nl
- Gemeentelijke Kredietbanken (GKB), www.nvvk.eu
- Nationaal Instituut voor Budgetvoorlichting (NIBUD), www.nibud.nl, www.zelfschuldenregelen.nl
- Nationale Hypotheek Garantie (NHG), www.nhg.nl
- Centrum voor Werk en Inkomen (CWI), www.werk.nl

Any questions?

If you have any questions, please contact someone from the Intensief Beheer (Intensive Management) department at NHG: +31 (0)79 – 368 28 69. We will be happy to help you find a solution.