



Mortgage brokers set to rebrand themselves

By Jon Ihle
Markets Correspondent

Mortgage brokers are preparing to rebrand themselves as personal insolvency trustees, following the introduction of new legislation last week which makes home loans eligible for debt relief on a once-in-a-lifetime basis.

The financial advisers, who were instrumental in selling many of the now-distressed mortgages during the last decade's unsustainable property boom, were now planning to negotiate writedowns on the bad debt on behalf of their old customers, industry sources confirmed.

"Loads of unemployed mortgage brokers are going to benefit from this," said Karl Deeter, operations manager with Irish Mortgage Brokers. "If you need an expert between the customer and the lender,

someone has to step in."

The Personal Insolvency Bill, which was introduced last Wednesday by Minister for Justice Alan Shatter, provides for "personal insolvency trustees" to advise debtors on their options under the new laws and to draft proposals for debt work-outs for submission to creditors.

The trustees will then administer the ensuing arrangements for terms of up to six years, presumably collecting fees along the way.

The new role is an obvious fit for the brokers, who have unofficially been acting as debt consultants since the beginning of the financial crisis, according to **Irish Brokers Association** chief executive Ciaran Phelan.

"The only people independently regulated in this area

are brokers," he said. "Mortgage brokers have already been advocating on behalf of clients – at least now it will be on a statutory basis."

The heads of bill published last week contained no details on the requirements for the trustee role. Final legislation is due before April. The Irish Banking Federation said that trustees would need to have the "right skill set to achieve appropriate results".

"It's a very important role, and it's in everybody's interest that the right qualifications, skills, regulations and terms of reference are in place," said a spokesman.

The state debt management agency Mabs, which operates under an agreed protocol with IBF members, has been negotiating on behalf of its clients for 20 years, but it has no specified role under the new law,

said Michael Culloty, social policy director at Mabs.

"We have 150 trained advisers, so there is a structure in place," he said. "We have built good relationships with both debtors and creditors. You wonder who the trustees are going to be."



Karl Deeter