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Auctioneers & Valuers

TEGoVA
THE EUROPEAN GROUP OF VALUERS' ASSOCIATIONS

NAVS 3rd Real Estate Conference, Belgrade
13th April 2019

Non-Performing Loans and Irish Valuers

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Housing Market 2017

- 2,322,895 RESIDENTIAL PROPERTIES IN IRELAND
- 55,000 RESIDENTIAL PROPERTY TRANSACTIONS
- 32% BUYING PROPERTY WITHOUT MORTGAGES (exclude funds)
- 2.75% HOUSING STOCK (TRADING YEARLY)
- AVERAGE HOME SOLD ONCE EVERY 36 YEARS

IPAV Property Price Barometer

National Average of
3 property types

July-Dec 2018 €270,206

Jan-Dec 2018 €265,015

Jul-Dec 2017 €264,556

Jan-Jun 2017 €238,008



Non-Performing Loans (NPL)

	2017	2018	Dec 2018
KBC	35%	25%	23%
ptsb	26%	16%	9.5%
Ulster Bank	16%	12%	11.3%
AIB	16%	9%	9%
Bank of Ireland	8%	4%	6.5%
EU (Average)	4%		

Source: Life Insurance Association Ireland (LIA) Presentation

Mortgage Arrears: Q2 2018 - PDH

	Number	Balance €BN	Arrears € BN
	725,695	98,226,060	
>90 days	46,003 - 6.3%	9,508,257 – 9.7%	2,689,554
>720 days	28,237 - 3.9%	6,565,023 - 6.7%	2,466,877
The majority in default is 5 yrs +			

Source: Life Insurance Association Ireland (LIA) Presentation

Private Properties Repossessed: 2010 – 2017

8,195

1.6% Housing
Stock

66%

Voluntary
Surrender

Source: Life Insurance Association Ireland (LIA) Presentation

High Court Repossessions: January – July 2018

= 290

Bank	Number
Ptsb	102
Bank of Ireland	73
AIB	47
KBC	45
Ulster Bank	23

Source: Life Insurance Association Ireland (LIA) Presentation

Mortgage Arrears: Q2 2018 - Buy To Let

	Number	Balance €BN	Arrears €BN
	118,234	20,860,230	
>90 days	17,394 – 14.7%	4,689,151 – 22.5%	2,070,991
>720 days	12,752 - 10.8%	3,648,673 - 17.6%	1,878,963

Source: Life Insurance Association Ireland (LIA) Presentation

Buy To Let Properties Repossessed: 2010 - 2017



Source: Life Insurance Association Ireland (LIA) Presentation

Conduct on Mortgage Arrears

Code of Conduct of Mortgage Arrears (CCMA) that all banks, lenders and companies must adhere to.

5 principals of code

1. Communication with the borrower
2. Financial information from the borrower
3. Assessment of the case
4. Resolution proposed
5. Appeal if necessary

Borrowers must complete a standard financial statement to include:

- 3 months bank statements
- 2 months payslips
- Evidence of any savings

Bank carries out a credit report on receipt of the above

Repossession Process

- Where a resolution cannot be reached the bank can seek to repossess - which does not always yield the desired result for the banks
- Typically a borrower needs to be 12 months in arrears
- Bank will issue a final demand letter for the payment of the loan
- If payment not made the bank's solicitors will file for a court date – which is typically 3 – 6 months after the final demand is issued
- Typically the case is adjourned for a further 6 months
- Typically the second court is adjourned for further 6 months

Repossession Process

- Could be 4 court dates before a judge will give an order for repossession – with a normal stay of 6 – 9 months before the order is executed
- This process is assuming the bank's paperwork is in order, which is not always the case
- It takes 3 – 5 years to get a repossession order and the banks won't always get their fees
- Many clients have mortgages for 8 -9 years in arrears and still living in their family home

Valuation Process

- The bank or receiver instructs a Valuer who must use Blue or Red Book Standard by Irish Law
- Valuers are asked to value on Market Value
- Discussion Market Value not the same as Forced Sale Value
- When repossession happens the house is normally gutted, contents moveable and unmoveable gone - what value have we then ?
- Valuers under threat, physically and mentally from some owners

Valuation Process

- Irish Banks are using more outside valuation panel management companies hence the valuation process is taken away from the bank itself. The panel management pay the Valuer, they sort out the after valuation queries and report to the bank.
- They Valuer must measure the property, NIA or GIA, comment on condition and on Mika and Pyrite, which is prominent in some parts of Ireland.
- Due diligence on planning estates to confirm if finished etc., if roads and footpaths are finished, right of ways of owners or others and comment on linked transaction.
- Normal Valuation turnaround 48 hours to complete even though some banks will allow 72 to 96 hours but the faster the Valuers complete the better then you will get more business.
- Typical Valuation fee €150 euros. We have a constant battle to get this fee higher. A typical valuation has 4 pages but banks keep asking for more photos and more information.
- Valuers under threat from AVM's.

Valuation Standards and Fees

- Irish Valuers try to use a percentage of value for a fee so if the valuation is a commercial one and is 2mill we would look for .5% to 1% depending on how much work is required when the TOE is completed.
- The MCD was introduced in Ireland in 2016 by SI (Statutory Instrument), this copied the MCD and says only Valuers with TEGoVA Blue Book or RICS Red Book can complete valuations so banks must appoint either. We have 450 TEGoVA Valuers and have a majority of Valuers on the bank panels.
- Continuous Argument on Role of Valuer as opposed to Surveyor

Thank You