

Home for Life's solution for 1,000+ homes where the owner-occupiers are in mortgage arrears

Home For Life's MTR solution to meets the needs of distressed mortgage holders and other stakeholders with a funding deal valued at €75m.

The Loans & Financing Residential Property winning deal is Home For Life Limited Partnership's financing. Home for Life is a mortgage-to-rent company with plans to acquire over 1,000 Irish residential properties where the owner-occupiers are in mortgage arrears and qualify for social housing. These are homeowners who are at most acute risk of losing their homes through loan sales or Court processes as MTR is focussed on homeowners who are unable and are unlikely to be able to make their mortgage payments. Irish owned and managed, Home For Life is authorised by the Minister for Housing, Planning and Local Government to operate the Mortgage to Rent Scheme (MTR). To ensure that Home For Life's MTR solution best meets the needs of distressed mortgage holders and other stakeholders, Home For Life established a Consumer Advisory Board, that will be chaired by financial expert and consumer advocate, Karl Deeter. Its members will have relevant expertise in areas such as homelessness, customer advocacy, housing, finance, public service and local government. The EUR75m financing provided by LCM Partners will be combined with financing provided by AIB to enable the company to accelerate its plans to facilitate mortgage-to-rent deals with banks and funds for homeowners facing potential repossession.

Loans & Financing Residential Property

Winner: Home for Life Limited Partnership

Value: €75 million

Date: December 2019

Under such deals, an approved housing body can purchase the home and set up a long-term social housing style lease with a local authority, to clear the debt and allow families to remain in the property.

Alternative investment management firm LCM Partners acted through its SOLO Asset I (Ireland) DAC lending vehicle in relation to the EUR75m junior secured financing provided to the Home for Life mortgage-to-rent platform.

Home for Life intends to use the LCM financing, together with the senior secured financing provided by AIB to acquire over 1,000 Irish residential properties where the



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owner-occupiers are in mortgage arrears and qualify for social housing.

Through the mortgage-to-rent process approved by the Housing Agency, the existing mortgage debt on the properties so acquired will be released and Home for Life will enter into long-term leases with the relevant local authorities which will enable the owner-occupiers to stay in their properties as social housing tenants.

The financing is one of the first put in place for a mortgage-to-rent platform in Ireland and as such had number of complex hurdles to overcome. Lengthy negotiations resulted in bespoke drafting of provisions in relation to performance-based margin ratchets for the benefit of the junior lender; procedures for replacing a related party servicer upon the occurrence of certain trigger events; agreed procedures to be implemented in a work-out scenario in order to manage the relative rights of the senior and junior lenders and maximise recoveries; and information covenants aimed at ensuring that the junior lender maintains a range of controls over the composition of Home for Life's portfolio of residential properties.

The financing benefits Home for Life



Karl Deeter, chairman of the Home For Life Consumer Advisory Board: 'It is difficult to see any downside for families who have an opportunity for a fresh start in their existing homes, mortgage and debt-free. For struggling households about to lose their homes, this scheme is a no-brainer'.

by providing it with a flexible, scalable financing, which can be drawn down over a period of years as it ramps up its portfolio, with scope to use the financing to fund renovations required to ensure that the relevant properties are maintained and refurbished in line with Housing Agency requirements.

Advisers on the deal include William Fry (advised Home for Life); Arthur Cox (advised to SOLO Asset I (Ireland) DAC and LCM Capital LLP); Mason Hayes Curran (advised AIB); Davy Corporate Finance (advised Home for Life) and PwC (advised Home for Life). AIB participated in the deal providing a bespoke debt arrangement. McCann Fitzgerald's Philip Murphy acted for AIB on the matter.

'This transaction involved a range of challenges, particularly in terms of negotiating bespoke contractual arrangements to bring together two separate lending arrangements with Home for Life's ground-breaking mortgage-to-rent platform and we were pleased to assist LCM Partners and Everyday Finance in delivering a financing which will allow owner-occupiers to stay in their homes as social housing tenants' Matt Dunn, Partner, Finance, at Arthur Cox said.