



National Traveller

mabs

Money Advice & Budgeting Service

INFORMATION SHEET

CARAVAN LOAN SCHEME 2023

WHO WE ARE

National Traveller MABS is a leading advocate for the financial inclusion of Travellers in Ireland.

WHAT WE DO

We work to reduce poverty, discrimination and the financial exclusion of Travellers in Ireland. We work with the Traveller community and organisations to change policy and practice which impacts Travellers financially.

WHAT IS THE CARAVAN LOAN SCHEME 2023 ?

The Caravan Loan Scheme is a continuation of the previously introduced pilot Nationwide Caravan Loan Scheme which ran from July to December last year (2023).

The Scheme is to support the provision of Traveller-specific accommodation through local authorities to provide preferential loans to Travellers to purchase their own caravan/mobile home on halting sites for use as their primary residence.

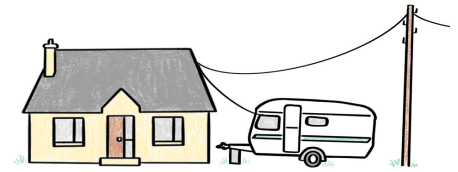


http://

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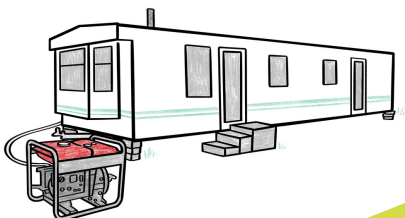


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TERMS OF THE SCHEME

- The scheme is to be run in almost all local authority areas from July to December 2023.
- The maximum loan amount under the scheme is €40,000.
- Borrowers will have to provide a €500 deposit which must be provided at application stage. In cases of hardship local authorities may use their discretion to pay this.
- Loan repayments will be calculated at a preferential rate based on the price of the caravan/mobile and the income of the household.
- The loan duration will be based on the lifespan of the mobile being purchased and will be agreed in advance.
- At the end of the period the remaining loan will be written off and the borrower will own the mobile assuming all terms and conditions have been complied with.
- **In the event of a breach of the agreement, the borrower will be liable to pay the full amount of the loan as a simple contract debt (rather than at preferential rates) and the borrower will be ineligible for further loans.**
- The local authority will take appropriate steps to recover the outstanding loan.
- Traveller applicants who normally reside outside the State will not be eligible to apply for the loan scheme.
- The loan will not cover costs of any modification or style preferences to the caravan/mobile.



PREFERENTIAL LOAN REPAYMENT CALCULATION

- In order to ensure affordability, the loan repayment amounts will be calculated at a preferential rate (i.e. less than rent for a social house) which is based on the local authority differential rent (i.e. based on the income of the household), the loan amount and a denominator (a 60,000 denominator is used as it is the average cost to a local authority to house a family in standard social housing for ten years) using the following formula:

$$\frac{\text{LA WEEKLY DIFFERENTIAL RENT} \times \text{AMOUNT OF LOAN}}{\text{DENOMINATOR: 60,000}}$$

- The term of the loan is capped at the estimated lifespan of the unit being purchased. The lifespan will be determined by the local authority prior to the loan being awarded.
- A minimum repayment of €20 per week will be fixed for the period of the loan. Should the client default on repayments they will be liable for the full amount of the loan and not just the differential amount.

Basis of assessment	Differential Rent*	Loan Amount (Caravan Value)**	Rent x Loan amount/60,000	Weekly Loan repayment (rounding up)	Expected lifespan of mobile	Number of repayments (lifespan x 50***)	Amount repaid over lifetime of loan
Couple, 2 Dependent Children	€40.57	€40,000	€27.05	€27	7 years	350	€9,450
Couple, 4 Dependent Children	€47.97	€40,000	€31.98	€32	8 years	400	€12,800

This table is for example purposes only – the differential rent calculation of the local authority should be used based on the assessed income of the applicant.

* South Dublin County Council rates

** Borrower to pay 5% of the purchase price

*** The remaining outstanding loan value is written off at the end of the loan period. The borrower is no longer liable for this amount and owns the equity in the caravan

LOCAL AUTHORITY RESPONSIBILITIES

- Ensuring that caravans/mobiles are purchased from approved, VAT registered suppliers.
- Satisfy themselves that the caravan/mobile is of an appropriate standard.
- Ensuring that funds are properly paid directly to the supplier.
- Site preparation works including any related costs.
- Ensuring that the caravan/mobile will be put in a location acceptable to the local authority.
- Collecting the loan repayments and ring fencing loan repayments to be used for site maintenance works.
- Satisfy themselves that the applicant can make the loan repayments and that the loan will be repaid.
- Ensure that the loan will be repaid at regular intervals and if appropriate through the Household Budget Scheme.
- The local authority maintains records of repayments and applicants are provided with an annual statement of repayments.
- Comply with reporting requirements under the Credit Reporting Act 2013 on credit arrangements in excess of €500 and credit enquiries.

BORROWER RESPONSIBILITIES

- Identifying potential caravan/mobiles for purchase and providing quotations from Local Authority Approved supplies. This is not a national list and will be provided by each local authority.
- Satisfy themselves that the caravan/mobile to be purchased represents value for money and that it meets the needs of the household concerned.
- Pay a €500 deposit at initial application stage.
- Maintaining the caravan/mobile.
- Make best efforts to insure the caravan/mobile.
- Providing information including income details to the local authority to enable them to figure out the loan repayment amounts.
- Consent to the mandatory Central Credit Register (CCR) enquiry as part of the credit assessment process.
- Complying with conditions agreed with the local authority including where the caravan/mobile should be situated and the circumstances in which a caravan/mobile can be moved from the agreed site.

HOW YOUR LOCAL MABS CAN HELP

We know that for many families this is the only avenue of credit available to purchase a trailer/mobile/caravan.

The loan amount is substantial and so families will be undertaking a large loan relative to their income.

The terms of the loan ensure 'affordable' repayments in that the loan repayment amount will be calculated based on the applicant's income (similar to how rent payments are calculated under the differential rent scheme in local authorities).

The scheme states that in the in the case of default the remaining amount of the loan will fall due.

The terms of the scheme are complex and so it is very important that applicants fully understand what they are undertaking when entering into the loan agreement and make an informed decision.

We are of the opinion that in order for the scheme to work for families they will need, information and budgeting advice before undertaking the loan, particularly in relation to

- understanding the terms of the scheme,
- financing a deposit, or making a case to the local authority to reduce or waive the deposit
- understanding the implications for the family budget,
- loan repayment mechanisms (exploring what works best for applicants) and in understanding what happens in the event of default.

Your local MABS can help with these things and offer a free, independent and confidential service.

You can call the MABS Helpline on 0818 072 000 or visit www.mabs.ie for more information.

If you are on a social welfare payment and applying for a loan you should ask your local authority if repayments can be made through the household budget scheme. Under the Household Budget Scheme a fixed amount is taken from your social welfare payment each week to pay specific bills. The Household Budget Scheme is a free service operated by An Post.

We would also strongly encourage you to engage with and talk to your local authority if you are successful in getting the loan and run into repayment issues.

While National Traveller MABS is not endorsing the scheme we want to support the Traveller community in understanding the scheme and ensuring families who apply for the scheme are supported in decision making around taking out a loan and sustaining their loan repayments. We are of the opinion that a caravan rental scheme would be a more appropriate way of ensuring that families living in poverty can access energy efficient mobiles suitable for year round living.

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