

PBFI – Proposal on rescuing Ireland’s distressed mortgage-holders and small businesses:

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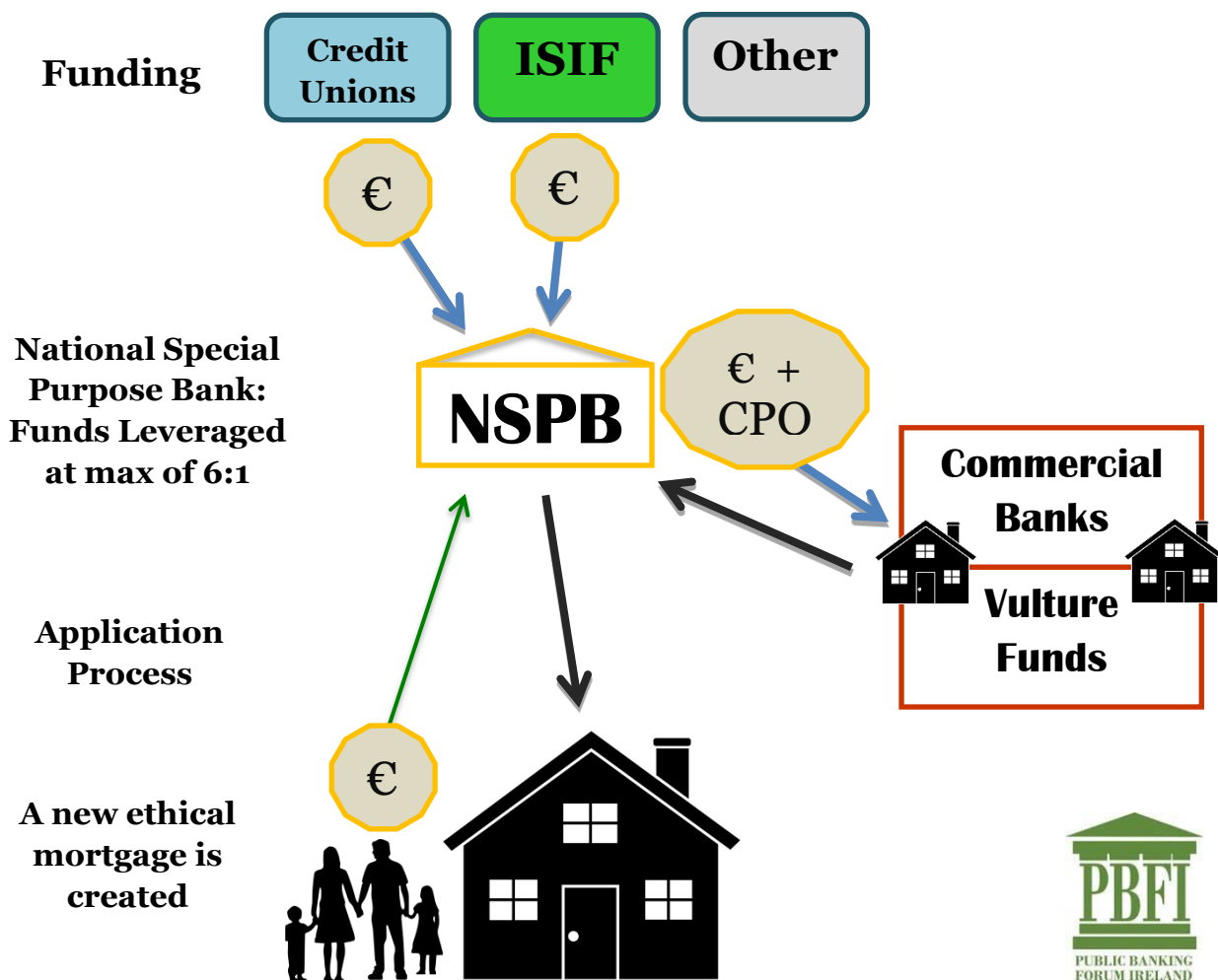


The PBFI proposes that a significant national funding mechanism be established, such as that outlined below, in order to facilitate the bailing out of distressed mortgages and business loans from banks, financial institutions and vulture funds, by Compulsory Purchase Order (CPO) where necessary. Through this mechanism families may be returned to/retained in their homes, small business owners who were wrongfully forced out of business and foreclosed upon by banks and financial institutions, may be rightfully reinstated, with full restoration of their properties.

This can be successfully achieved at minimal cost to the State and without incurring external debt, as follows:

1. Establish a National Special Purpose Bank (NSPB) and stop all vulture fund activity in relation to property within the State forthwith, for a period of 5 years.
2. Create reserves for the NSPB by borrowing funds from the Credit Unions and the ISIF (Ireland Strategic Investment Fund), offering a reasonable return of 1% - 1.5%.
3. Leverage these funds at a conservative strict maximum of 6:1 in the banking entity (Leveraging borrowed funds at 6:1, creates 6 times that amount in credit).
4. Distressed homeowners and business owners, by way of an application process to the NSPB, could access new credit to buy out their original mortgages or loans from banks and vulture funds, enabled by a CPO where necessary, as per the recommendation of the Master of the High Court, Edmund Honahan. All such mortgages and loans should be purchased at the vulture fund purchase price, (reported to be an average of 17cents on the Euro) plus 1%. This would bring property prices to a realistic valuation in the context of what the productive economy can afford.
5. The proposed NSPB will administer credit ethically.
6. The proposed NSPB will be prohibited from securitisation and speculative practices.
7. The NSPB will be run commercially, but on a ‘not-strictly-for-profit’ basis, targeting modest returns in excess of inflation.

The Rescue Process:



New Credit to fund the Rescue Process:

- **Example:** Secure reserves by borrowings of €3bn from the Credit Unions + €3bn from the ISIF; leverage these reserves at a conservative 6:1;
- This, in turn, potentially creates €36bn in new credit to fund the rescue and reconciliation process.

Advantages:

- **No Government debt bond is issued - thus No external debt is created.**
- **Interest on borrowings from the Credit Unions is returned to the community via the CU network.**
- **Interest on new mortgages for properties accrues to the State entity.**

This proposal puts our people - families, communities and the productive economy - FIRST!

Note: It remains the right of every homeowner and business owner who experiences difficulties in relation to their mortgage/loan contract with banks / financial institutions, to find recourse by whatever lawful means available.

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