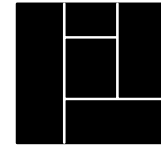




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# Mortgage Finance and EU Integration

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**Bucharest, Romania**  
**April 5-6, 2006**

# Panel Discussion Agenda



- Green Paper on Mortgage Credit in the European Union
  - **Prudential Guidelines / Standards**
  - **Mortgage Collateral**
  - **Secondary Markets**
  - **Consumer Protection**

# EU Integration and Competitiveness



**“It [mortgage credit markets] forms a very important element of the [EU] Commission’s policy for the integration of financial services in general and retail financial services in particular. A more efficient and competitive mortgage credit market that could result through greater integration could contribute to growth of the EU economy.”**

*Green Paper – Mortgage Credit in the EU  
July 17, 2005*

# EU Integration and Competitiveness



**“It has the potential to facilitate labor mobility and to enable EU consumers to maximize their ability to tap into their housing assets, where appropriate, to facilitate future long-term security in the face of an increasing ageing population.”**

*Green Paper – Mortgage Credit in the EU  
July 17, 2005*

# EU Integration and Competitiveness



**“This could be achieved by ensuring that mortgage credit can be demanded and offered with limited hindrance throughout the EU and that market completeness, product diversity, and price convergence are enhanced.”**

*Green Paper – Mortgage Credit in the EU  
July 17, 2005*

# EU Integration and Competitiveness



**Development of  
EU mortgage  
markets ...**

**... in a manner that  
is safe for the  
lenders and fair to  
the consumers.**



# Differences in Mortgage and Housing Markets



- **Direct government intervention in housing markets**
- **Prudential regulation**
- **Level of competition in mortgage markets**
- **Housing rental market conditions**
- **Perceived risk associated with mortgage lending**

# Green Paper Issues for Regulatory Consideration

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- **Prudential Guidelines and Legal / Regulatory Issues**
- **Mortgage Collateral**
- **Secondary Markets**
- **Consumer Protection**



# Prudential Guidelines and Legal / Regulatory Issues



- **Basle II Considerations**
  - Risk Weights
  - Collateral as a Risk Mitigator
- **Mortgage Lending Law**
  - A Banking-Only Activity
  - Open Activity

# Prudential Guidelines and Legal / Regulatory Issues



- **Mortgage Laws In Member States**

- Mortgage contracts
- Mortgage as collateral

- **Credit Bureaus**

- Creditworthiness information shared in a manner that does not violate privacy

# Mortgage Collateral

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- **Land Registries**
- **Euro Mortgage Concept**
- **Property Valuation Standards**
- **Forced Sale Procedures and Timing**

# Secondary Markets

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- **Basle II Considerations**
- **Mortgage Bonds**
- **Mortgage Backed Securities**
- **Must consider secondary markets when developing primary markets!!**

# Consumer Protection

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- **Pre-Contract Information (disclosures)**
- **Advisory Services**
- **Early Repayment**
- **Annual Percentage Rate and Other Disclosures**
- **Credit Contract**
- **Enforcement and Redress**

## ● Taxation

- Mortgage providers taxed in an equitable manner (no local preference)
- National mortgage interest tax deduction should not be determined based on which country the mortgage has been issued
- In general, compatible with EU law

# Now, to our panel members ...

