



Regulation of Mortgage Lending in Southeast Europe

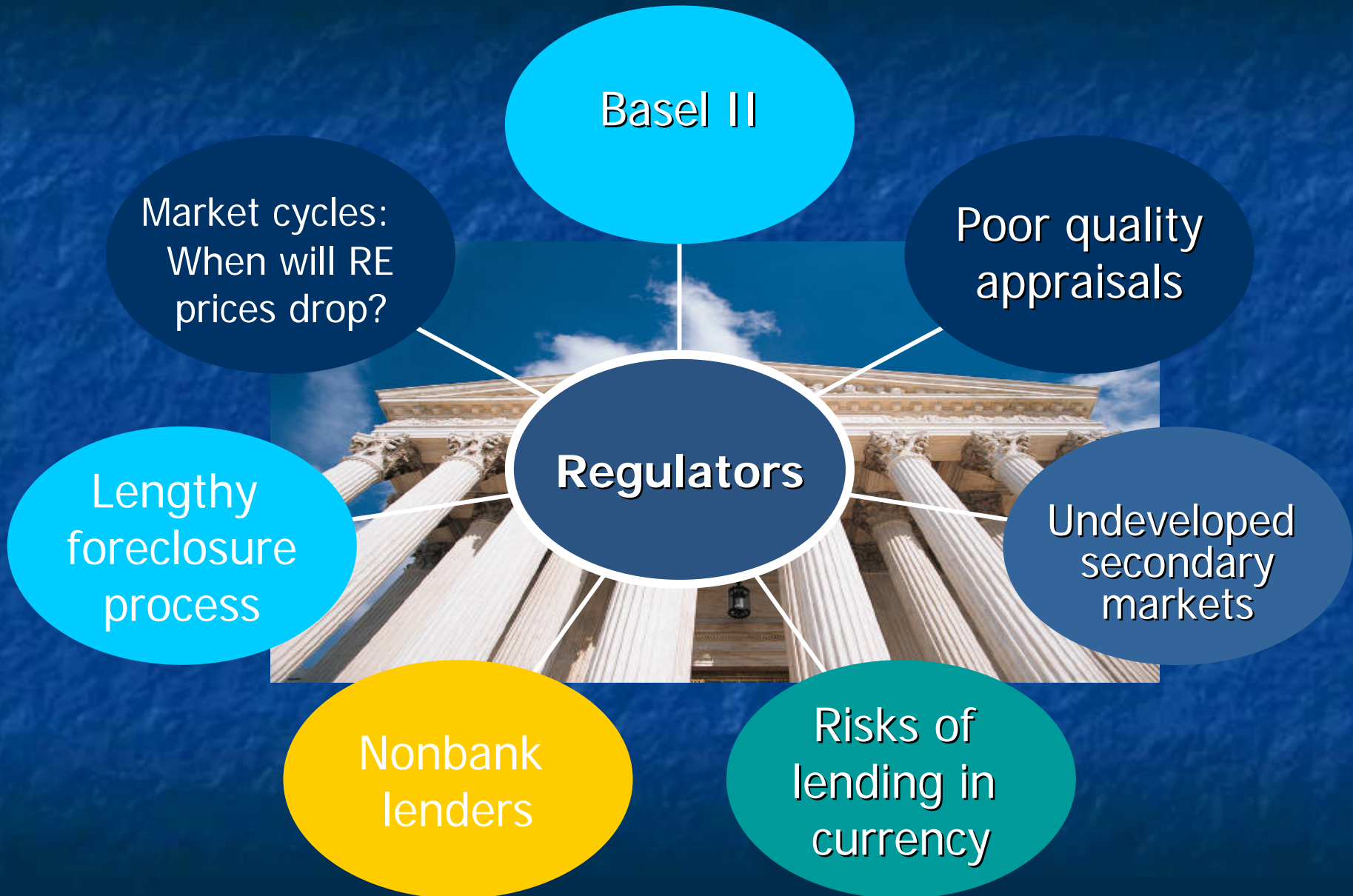


Bucharest, April 2006

Leslie Matthews Šulenta
Managing Director
International Business Strategies, Ltd
Zagreb, Croatia



Current Issues in SEE Mortgage Lending



Basel II



BANK FOR INTERNATIONAL SETTLEMENTS

- Which SEE countries will drop risk weight from 50% to 35%?
 - Is this appropriate?

Appraisals

- How do poor quality appraisals affect the availability and terms of mortgage loans?
- What can and should the supervisory body do?



Foreclosure Process

- When will the legal system improve?!
 - How to address the risks?
 - Regulatory standards? Higher provisions?
Higher risk weightings?



Promotion of Secondary Market

- What should be the role of supervisors?
- What are the risks to lenders, issuers, investors?
- How to gain expertise?
 - Securitization
 - Mortgage servicing rights
 - Special purpose vehicles
 - Valuation of residual tranche
 - etc.



Foreign Currency Mortgages



- What are the risks?
- How to address them?

Mini Case Study:



Croatian Regulation on
Provisioning and Risk
Weighting of Unprotected
Foreign Currency Loans

Nonbank Mortgage Lenders

- Should mortgage lending always be regulated and licensed?
- What risks and benefits do nonbank lenders bring to the market?



GE Money, now in your corner of the world

RE Market Cycles

- “What goes up must come down”
- How to prepare for the inevitable
 - Stress testing and simulations
 - Underwriting guidelines





Thank You.

Leslie Matthews Šulenta

International Business Strategies, Ltd

Zagreb, Croatia

+385 98 355 258

E-mail: Leslie.sulenta@consulting-mps.com

web: <http://www.consulting-mps.com>

