

Regulatory Framework Considerations for Mortgage Brokerage Services in SEE

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Mortgage Lending in SEE, Heading for International Best Practice

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Creditland – The Bulgarian Mortgage Broker

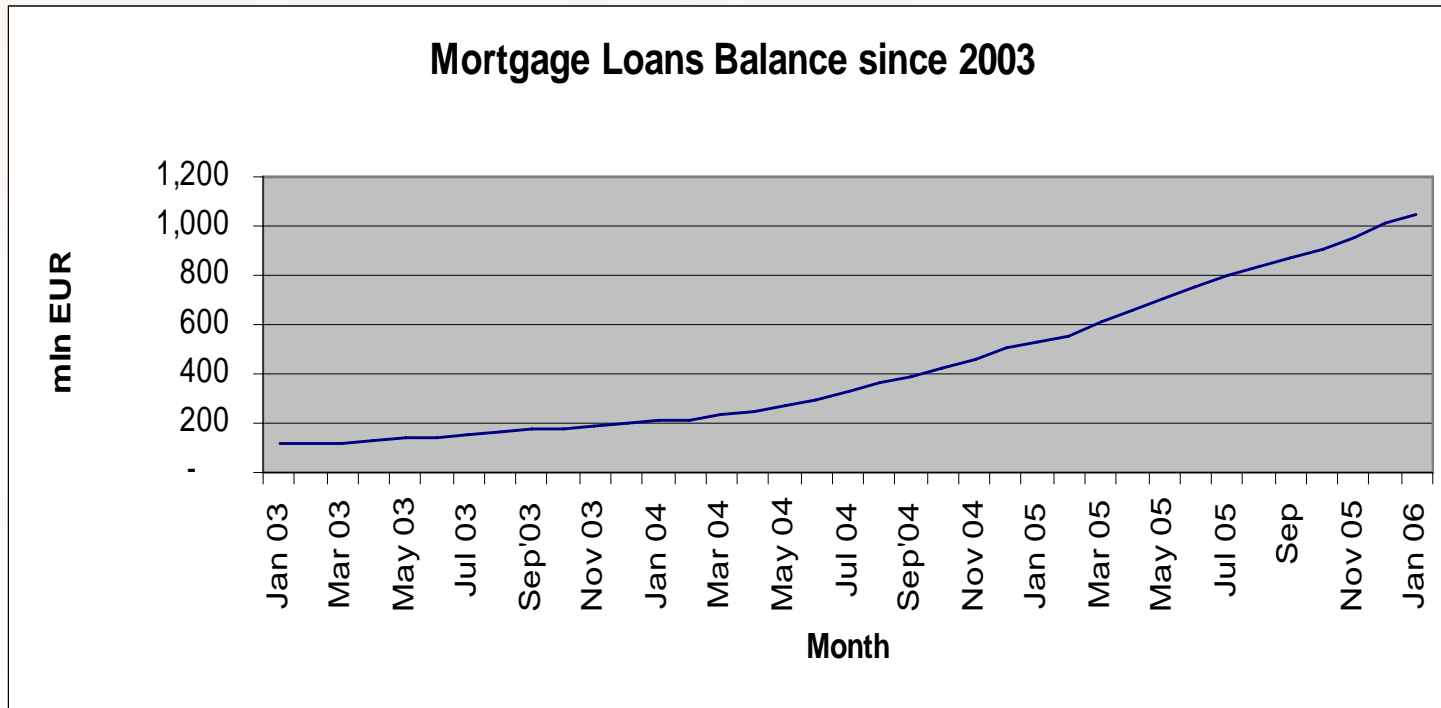
www.creditland.bg



About Creditland

- Started in Sep. 05, first mortgage broker
- 6 Bank partners, free for customers
- 6 full-time consultants (plan to grow rapidly in the next 24 months)
- 800+ inquiries totaling more than 25 mln EURO, 30+ loans totaling 1 mln EURO

Bulgarian Mortgage Market



- 40-60 mIn EUR new mortgages per month
- ~ 1bIn EUR outstanding mortgages Dec 06
- 25 banks and 2 non-banks mortgage lenders

Consumer Protection and Mortgage Product Disclosure

- Consumers able to shop and compare?
 - Highly inadequate disclosure at the moment
 - European Standardized Information Sheet
 - APRC – Annual Percentage Rate of Charge
 - US Truth-in-lending Lending
 - EU – Voluntary Code of Conduct / Green Paper
- Mortgage credits in SEE – significant steps need to be taken in the direction of consumer protection

Standardized Application Process

- Uniform Forms and Documentation
 - Uniform Application Form
 - Standardized Pre-approval letter
 - Automated Credit scoring at broker level?
 - Difficulties with grey economy
 - Banks are still developing their criteria
 - Automated Preliminary Scoring will create efficiencies for intermediaries
 - Standardized Credit Contract

Mortgage Broker Profession

- Mortgage Broker Certifications
 - Notion of Best Advise
- Avoiding Conflict of Interest
 - Agents vs. Brokers
- Associations and Regulations

Benefits from Enhanced Legal Framework

- Stabilization of the Economy
- Increased Competition between Lenders
- More informed users and overall transparency
- The emergence of value-added Intermediary channel(s)

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