



The Mortgage Credit Directive

An EU framework for mortgage
credits

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“Mortgage Credit Directive”

Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property

- *Ensure responsible lending and borrowing behaviour;*
- *Take the first steps to creating a single market with a high degree of consumer protection.*

Entry into force of the Directive – 20 March 2014

Transposition deadline – 21 March 2016

Main articles of the Directive

- **Scope**
- **Information to consumers**
- **Principles and quality standards for performance of services**
- **Creditworthiness assessment**
- **Early repayment**
- **Articles inserted during negotiations**
- **Credit intermediaries**
- **Competent authorities**

Scope

- **Credits to consumers**
- **Positive scope**
 - ✓ Credits secured by a mortgage
 - ✓ 'Home loans'
- **Exclusions**
- **Member States' options under certain conditions**

Information to consumers

- **Advertising**
 - ✓ Standard information
- **General information**
- **Pre-contractual information**
 - ✓ European Standardised Information Sheet
 - ✓ Credit intermediaries
- **Adequate explanations**

Principles and quality standards

- **Principles for contacts with consumers**
 - ✓ Fairness, honesty, professionalism
 - ✓ Remuneration
- **Quality standards for performance of services**
 - ✓ Competence and knowledge requirements
 - ✓ Advisory services

Credit agreements: rights and obligations

- Creditworthiness assessment

- ✓ Obligation prior to granting the credit
- ✓ 'Relevant factors'
- ✓ The creditor only makes the credit available where...

- Early repayment

- ✓ Right to repay early
- ✓ Possible conditions for exercising the right (MS)
- ✓ Possible compensation for the creditors (MS)

'New' Articles

- **Tying practices**
 - ✓ Prohibition as a principle, with exceptions
- **Foreign currency loans**
 - ✓ Information in advertising and in the ESIS
 - ✓ Specific rules to limit risks linked to the currency
- **Property valuation**
 - ✓ 'Reliable standards'
 - ✓ High-level principles on appraisers

'New' Articles

- **Financial education**
- **Arrears and foreclosures**
 - ✓ Reasonable forbearance by creditors
 - ✓ Caps on charges in the event of default
 - ✓ Best effort price
 - ✓ Return or transfer of the property can be sufficient to repay the credit if parties agree so

X-border dimension

- **Credit intermediaries**

- ✓ Minimum criteria to get admitted by the home MS
- ✓ Registration
- ✓ No further admission needed to operate in other MS

- **Competent authorities**

- ✓ CA with necessary powers and resources at national level
- ✓ Obligation for CA of different MS to cooperate
- ✓ EBA's possible assistance

Thank you for your attention