



November 2005

Consultation on action in the EU mortgage market

EU Mortgage Market

As an industry leader in the UK housing industry, SearchFlow welcomes the European Commission's Green Paper on Mortgage Credit in the EU. We believe that our experience in helping the UK government bring the re-use and delivery of property information into the 21st century will prove valuable to the Commission in its efforts to make the EU's mortgage credit market 'more efficient and competitive'.

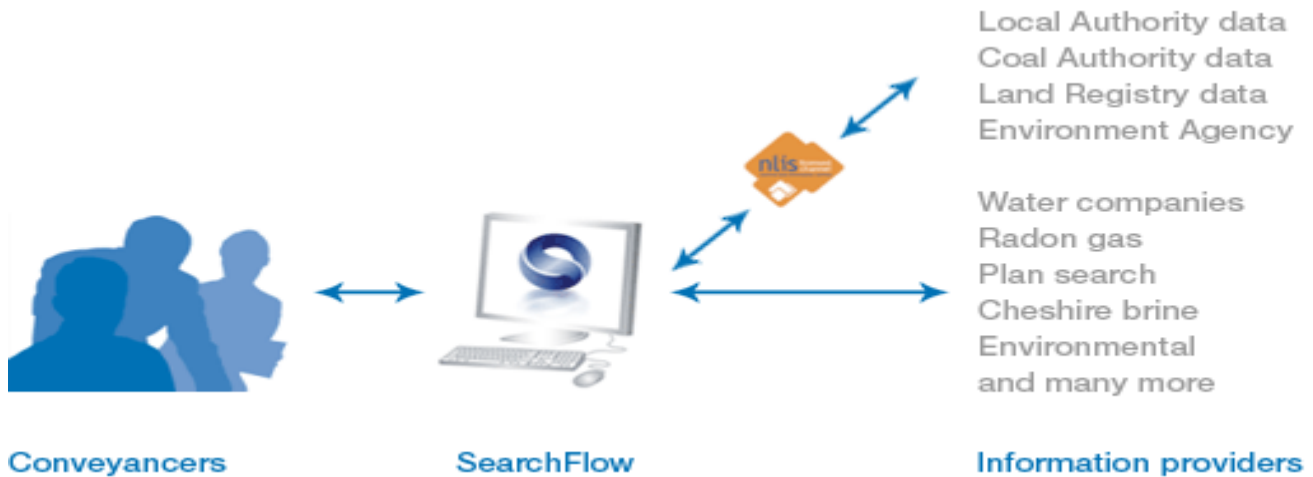
SearchFlow

SearchFlow is an electronic conveyancing search service. PSA, the Personal Search Company (PSC) also belongs to PropertyFlow. SearchFlow is the trading name of the PropertyFlow Group.

SearchFlow provides a one-stop solution for sending and receiving property searches. It replaces paper searches with a more efficient and less error-prone automated system. It provides up-front benefits such as address validation, easy-to-use maps identification of relevant searches and integrated invoicing.

SearchFlow transforms the conveyancing search process from a labour-intensive chore to a simple online task.

SearchFlow is one of the NLIS licensed channels.



National Land Information Service

NLIS is a Modernising Government initiative to automate and integrate the provision of land and property information. It aims to make conveyancing and, ultimately, home buying, faster, easier and less stressful for everyone concerned.

The NLIS infrastructure has been built by private enterprise creating an electronic distribution structure that replaces the post.

NLIS comprises:

- Data providers (local authorities, Land Registry, the Coal Authority, etc.)
- The NLIS hub (effectively a wholesaler without storage facilities)
- The NLIS channels (of which SearchFlow is one)

Cross Border Access to Land Registries

Cross border access to land registries is highlighted as a key barrier to the development of a cross border mortgage credit market in the Green paper.

In addition, the Commission's mortgage credit costs and benefits study suggests action should be taken regarding access to land registries: 'Improve land registers in terms of information content and accessibility, both across borders and within countries. Incomplete registration of charges or uncertainty as to the rank of charges considerably heightens the risk for mortgage lending in countries with inefficient registry systems.'



The UK Experience

SearchFlow would recommend that the European Commission learns from the establishment of NLIS and the subsequent work that has been undertaken in the UK through the Office of Fair Trading's report into the Property Search Market. Developing an EU wide NLIS equivalent will bring significant benefits to the European market if the lessons, both positive and negative, are learnt from the UK experience.

EULIS

The European Commission Green Paper on Mortgage Credit in the EU positions the EULIS pilot project as providing a possible solution to cross border access to land registries. 'Practical measures could include further support for the EULIS and a review of the access conditions and pricing structure in Europe.'

SearchFlow would strongly support this measure as we believe that a fully functioning EULIS would deliver great benefits to the EU consumer.

Expansion of the EULIS business case

SearchFlow believe that if EULIS is rolled out in its current format, then there has been a missed opportunity. The EULIS model is very limited in its aspirations as it only looks towards providing an online portal to access land registries. Expanding the remit of EULIS to include other sources of information, would, we believe, be universally welcomed by the mortgage and property industries and EU consumer alike. Other types of information could include environmental, water, drainage, planning, and mining activity. The availability of this information would depend to a large extent upon the sophistication of Member States' public registers but the EULIS scope should not preclude these areas.

SearchFlow has seen from its UK experience that the European property and mortgage market would realise significant gains from an expansion of EULIS's remit to include a wider range of relevant land information. However it is important to maintain diversity of supply. Problems have arisen in the UK where commercial channels have been contractually obliged to source via the NLIS hub when other sources of this information are available on more competitive terms.



As a public private partnership NLIS has demonstrated the efficiency and consumer responsiveness that the private sector can bring to the land information sector. SearchFlow would urge the EC to adopt a mixed economy model to the delivery of property information market. Not only should private companies have a role in running the European property search system, but the type of information made available should be clearly defined. Commercial organisations in the UK have proved more efficient and effective in storing, maintaining and compiling land information reports than has the public sector. Scope should be maintained for companies to play a similar role at European level rather than establishing public sector monopolies to provide this service. To meet this challenge Member States need to incorporate into land registries and other public record keeping bodies the imperative to provide access to information competitively both in bulk format and as compiled reports.

PISCES

An efficient and secure market in mortgages rests upon a common exchange standard for information transfers.

Industry participants in the UK have developed PISCES (Property Information Systems Common Exchange Standard) which is now the recognised e-commerce standard for property transactions. The PISCES Standard - a set of definitions and rules which facilitates the automatic transfer of data between software packages - enables the electronic transfer of information directly from one system into another, removing the need for hard copy, re-entering data, and mistakes.

PISCES is a public good and operates in the public interest. It reduces transaction costs, promotes efficiency and eliminates errors in the sensitive property market. The PISCES Standard is championed by PISCES Ltd, a not for profit industry representative body.

SearchFlow would urge the commission to sponsor and champion the PISCES Standard in its facilitation of an EU mortgage market.

Conclusion

SearchFlow strongly support the Commission's action in this sector and would welcome the opportunity to assist the Commission in the development of the EU mortgage market.

I would be delighted to discuss these issues further with you on the basis of my twenty years experience of the UK property sector if there was a convenient opportunity with you.

Yours Sincerely
Mark Riddick
Chief Executive