

GEFI comments on to the Green Paper on Mortgage Credit in the EU presented by the Commission (Brussels, 19.7.2005 - COM(2005)327 final)

Introduction

Is a representative body of real estate owners and managers. GEFI's interest is to ensure stability and fair value in European real estate. By increasing product availability and lowering the price of loans, the integration of European mortgage structures has the potential to bring more buyers into property markets. This provides owners intent on selling their assets with greater opportunities to do this at the desired price.

Importantly, owners intending to sell property need to have confidence in the mortgage infrastructure and know that it will not artificially depress prices. The property seller's interest in the integration of European mortgage markets is therefore in ensuring that guarantees for the full and swift payment of the asset by the bank/lending institution are not eroded. The key here is to ensure the continued proper valuation of the property by accredited valuers.

Property valuation

It is accepted international practice that cross-border mortgage transactions are based on valuation in accordance with regulations in the country where the property is located, and the Commission should not seek to alter this. Many international lenders, rating agencies and supervisory bodies already recognise local regulations at the highest standard. While a full mutual recognition of national valuation standards could be an interesting idea from the point of view of lending institutions in some Member States, who could thereby offset costs associated with meeting local evaluation standards by offering their own estimates, it is difficult to see any benefit for the buyer, let alone the seller of the property.

Therefore, GEFI supports, in the first instance, mandatory compliance with local standards, along with the wider application by lenders, where possible, of European and international standards, in which case compliance with national conditions is implicit. Only thus will cross-border property purchases backed by mortgage loans result in satisfactory outcomes for buyers, lenders and sellers alike.

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