



EUROPEAN COMMISSION

Internal Market and Services DG

FINANCIAL INSTITUTIONS

Retail issues, consumer policy and payment systems

Brussels, 12 October 2006

MARKT/H3/JR

SUMMARY

MORTGAGE FUNDING EXPERT GROUP (MFEG)

26–27 SEPTEMBER 2006, 10.00–17.30

AVENUE DE CORTENBERGH 107, ROOM 0/52, BE–1040 BRUSSELS

1. EXECUTIVE SUMMARY

- Early Repayment: It was agreed that the report should be divided into two basic sections: legal/regulatory and transparency. The problem, the cross-border dimension as well as why early repayment is an important issue for mortgage funding should be clearly explained. The section on the situation in EU Member States will be further developed. MFEG members agreed that prepayment has a cost. MFEG members agreed that it was important to quantify the indemnity and define "fair and objective".
- Property Valuation: MFEG proposed that a clear definition of the haircuts currently existing should be made available. Their function should be clarified (ie. for foreclosure, for market cycles, etc.) and the method of calculation explained. TeGova or another international body should take the lead in this exercise. Convergence and best practices should be the objective rather than setting an EU standard. The section on indices should include a clear description on why this is a funding problem and thus its relation to other subjects under discussion (e.g. valuation and ERP).
- Land Registration. MFEG members agreed that the costs and duration of land registration were barriers to the trading of cross-border loan portfolios as was the need for borrower notification. Cross-border access should also be ensured.
- Data and Reporting: The report should clearly describe the problem in question (impact of data availability and lack of standardisation on mortgage funding) and how that impacts on mortgage funding.

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- Repos: A new section on central banks procedure for accepting repos should be added.
- RMBS: MFEG agreed that in general, Covered bonds and RMBS were complementary financing tools. MFEG agreed that a specific securitisation law was not a prerequisite for the development of a successful RMBS market (cf. the UK example). MFEG felt that although a 26th regime was a good solution in theory, it might be unrealistic. Members therefore agreed to try and take a more practical approach. Provisional discussions were held on recommendations for the MFEG report.
- Temporary Warehouse Facilities: Provisional discussions were held on recommendations for the MFEG report.
- Whole Loan Sale: Provisional discussions were held on recommendations for the MFEG report.
- MFEG Members agreed to provide the Commission with statistics on residential mortgage funding.
- A Glossary will be developed for technical terms.
- The deadline for the final reports of the Sub-Groups is 30 October 2006.
- The next meeting will be held on 25 October 2006.

2. PARTICIPANTS

2.1. 26 September

Participants: Alexander Batchvarov, Achim Dübél, Jörg Etzkorn, Sandrine Guerin, Brian Kane, Klaus Kristiansen, Zbigniew Krysiak, Gabriele Müller, Filomena Oliveira, Alberto Rodriguez Martinez, Ian Stewart, Ronald E Thompson, Leif A Vindevåg

Absent: Jean-Louis Godard, Christoph Hiesberger, Csaba Nagy, Hartmut Rahner, Antonio Torio

Observers: Annik Lambert (EMF), Marco Angheben (ESF), Benedict Weller (ECB)

Absent: Stéphane Kerjean (ECB)

European Commission:

DG Internal Market and Services: Eric Ducoulombier (H3), Christine Hauner (H3), Jennifer Robertson (H3)

DG Economic and Monetary Affairs: Magnus Astberg, Christine Gerstberger

2.2. 27 September

Participants: Alexander Batchvarov, Achim Dübél, Jörg Etzkorn, Sandrine Guerin, Brian Kane, Klaus Kristiansen, Zbigniew Krysiak, Gabriele Müller,

Filomena Oliveira, Alberto Rodriguez Martinez, Ian Stewart, Ronald E Thompson, Leif A Vindevåg

Absent: Jean-Louis Godard, Christoph Hiesberger, Csaba Nagy, Hartmut Rahner, Antonio Torio

Observers: Stéphane Kerjean (ECB), Annik Lambert (EMF), Rick Watson (ESF), Benedict Weller (ECB)

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