Mortgage credit in the European Union. Green paper

2006/2102(INI) - 10/10/2006

The committee adopted the own-initiative report by John PURVIS (EPP-ED, UK) in response to the Commission Green Paper on mortgage credit in the EU. The report said that any EU level action should first and foremost benefit the public directly as mortgage borrowers, notably by widening access to mortgages, for example to workers with fixed term contracts. Stressing the need for extensive consultation in deciding on any EU action, MEPs noted the "numerous obstacles to a single retail market" in mortgages and called on the Commission to focus on targeted measures offering the greatest benefits, via market-led initiatives wherever possible.

The committee called for harmonisation of provisions for pre-contractual information, noting that if lenders offer credit in a Member State other than their own, this information must be available in the language(s) of the borrower's Member State. The Commission should consider making the existing Code of Conduct in this area mandatory. Borrowers should be informed in advance of all the costs involved, when information on such costs is publicly available, such as notary and land registration fees and the costs of any judicial processes and valuations. Where the information is not publicly available, an indication of the estimated costs should be provided.

The report stressed the importance of a single, open and compatible funding market as a first priority, as a way to diversify credit risk, boost efficiency and reduce costs, and urged the Commission to examine the legal and technical barriers to such a development. The committee expressed support for action to abolish discriminatory tax obstacles, such as different fiscal treatment of local and foreign lenders and government fees. It also supported the Commission’s action to facilitate cross-border mergers and acquisitions in financial services, while noting that these in themselves will not promote integration of the retail market. The report recognised the important role of mortgage brokers and similar intermediaries and asked the Commission to consult on an appropriate regulatory environment for them and prepare a proposal. Lastly, MEPs called on the Commission and the ECB to monitor and analyse the potential risks of increasing levels of mortgage debt and of mortgage credit funded from capital markets.