## **Contents**

List of	Graphs	10
Executive Summary11		
1	Introductory Remarks	19
2	EU policy on mortgage credit markets up to the present time	21
3	Home loans in selected European countries	26
3.1	Denmark	27
3.1.1	Importance of the housing market from an overall economic perspective	.27
3.1.2	Product supply and public promotion of home ownership	29
3.1.3	Type of refinancing	.32
3.1.4	Current developments as a result of the global financial market crisis	.32
3.2	Germany	.34
3.2.1	Importance of the housing market from an overall economic perspective	.34
3.2.2	Product supply and public promotion of housing ownership	.36
3.2.3	Type of refinancing	.40
3.2.4	Current developments as a result of the global financial market crisis	.41
3.3	France	.43
3.3.1	Importance of the housing market from an overall economic perspective	.43
3.3.2	Product supply and public promotion of housing ownership	.44
3.3.3	Type of refinancing	.46
3.3.4	Current developments as a result of the global financial market crisis	.47
3.4	Netherlands	.48
3.4.1	Importance of the housing market from an overall economic perspective	.48
3.4.2	Product supply and public promotion of home ownership	.50
3.4.3	Type of refinancing	.51
3.4.4	Current developments in the wake of the global financial market crisis	.52
3.5	Poland	.53

	Importance of the housing market from an overall economic perspective	53
3.5.2	Product supply und public promotion of housing ownership	55
3.5.3	Type of refinancing	57
	Current developments as a result of the global financial market crisis	58
3.6	Spain	59
	Importance of the housing market from an overall economic perspective	59
3.6.2	Product supply and public promotion of housing ownership	61
3.6.3	Type of refinancing	63
3.6.4	Current developments as a result of the global financial market crisis	64
3.7	United Kingdom	65
3.7.1	Importance of the housing market from an overall economic perspective	65
3.7.2	Product supply and public promotion of home ownership	67
3.7.3	Type of refinancing	69
3.7.4	Current developments as a result of the global financial market crisis	70
3.8	Summary and outlook	71
4	Economic advantages and barriers to an internal European mortgage credit market	75
4.1	Definition of market integration in economic terms	75
4.2	Empirical results of European mortgage market integration	76
4.3	Potential advantages and disadvantages of an internal European market for home loans	82
4.3.1	Studies on integration of the European mortgage credit markets	84
4.3.2.	Costs of integration	87
4.4	Economic factors as obstacles	89
4.4.1	Economic and market-based factors	89
4.4.2	Other factors	91
4.5	Expert interviews	92
4.6	Conclusion	98
5	Legal obstacles to an internal European market for mortgage credits	100
5.1	Real estate secured credits as a "legal product"	100

5.1.1	Typical product regulation for the legal product real estate secured credit	101
5.1.2	Focal areas of product regulation	102
5.1.3	Implications of domestic credit product regulations for cross-border credit distribution within the EU	104
5.1.4	Possibilities for removing obstacles to integration and status of European harmonisation (overview)	106
5.2.1	Substantive and individual scope of application of the law on real estate secured consumer credits	109
5.2.2	Contract initiation and conclusion	110
5.2.3	Breach of contract by borrowers, including sanctions	111
5.2.4	Creation, transfer and foreclosure of land charges	113
5.2.5	Other legal obstacles to cross-border lendings	113
5.2.6	Final evaluation	113
5.3	Germany	114
5.3.1	Substantive and individual scope of application of the law on real estate secured consumer credits	115
5.3.2	Contract initiation and conclusion	115
5.3.3	Breach of contract by the borrower, including sanctions	116
5.3.4	Creation, transfer and foreclosure of rights in real property	117
5.3.5	Other legal obstacles to cross-border lending activities	118
5.3.6	Final evaluation	118
5.4	France	118
5.4.1	Substantive and individual scope of application of the law on real estate secured consumer credits	118
5.4.2	Contract initiation and conclusion	119
5.4.3	Breach of contract by the borrower including sanctions	122
5.4.4	Creation and foreclosure of liens on property	123
5.4.5	Other legal obstacles to cross-border lending activities	124
5.4.6	Final evaluation	124
5.5	Netherlands	125
5.5.1	Substantive and individual scope of application of the law on real estate secured consumer credits	125
5.5.2	Contract initiation and conclusion	
5.5.3	Breach of contract by the borrower including sanctions	126
5.5.4	Creation, transfer and foreclosure of liens on property	128
5.5.5	Other legal obstacles to cross-border lending activities	129

5.5.6	Final evaluation	130
5.6	Poland	130
5.6.1	Substantive and individual scope of application of the law on real estate secured consumer credits: Two-tier approach of the regulatory regime	130
5.6.2	Contract initiation and conclusion	131
5.6.3	Breach of contract by the borrower including sanctions	132
5.6.4	Creation, transfer and foreclosure of liens on property	133
5.6.5	Other legal obstacles to cross-border lending activities	135
5.6.6	Final evaluation	136
5.7	Spain	137
5.7.1	Substantive and individual scope of application of the law on real estate secured consumer credits	137
5.7.2	Contract initiation and conclusion	137
5.7.3	Breach of contract by the borrower, including sanctions	139
5.7.4	Creation, transfer and foreclosure of liens on property	141
5.7.5	Other legal obstacles to cross-border lending activities	141
5.7.6	Final evaluation	142
5.8	United Kingdom	142
5.8.1	Substantive and individual scope of application of the law on real estate secured consumer credits: Two-tier approach of the regulatory regime	143
5.8.2	Contract initiation and conclusion	
	Breach of contract by the borrower, including sanctions	
	Creation, transfer and foreclosure of liens on property	
	Other legal obstacles to cross-border lending activities	
5.8.6	Final evaluation	151
6	Problems of the harmonisation approach	152
6.1	Harmonisation of consumer credit	152
6.2	Exclusion of early repayment fees	154
6.3	Housing supply to subprime customers	158
6.4	Problems faced by transformation countries	159
6.5	Conclusion	160
7	A proposal for promoting integration of European mortgage credit markets	161
7.1	The idea of systemic competition	161
7.2	An optional European insurance contract law	163

7.3	Examples of systemic competition in Europe	164
7.3.1	UCITS Funds	164
7.3.2	The European company statute	166
7.4	The European mortgage credit	167
7.4.1	Implementation of an optional European mortgage credit regime	167
7.4.2	Diversity of products	170
7.4.3	Transparency and consumer protection	171
7.4.4	The Eurohypothek	172
7.5	Supplementary measures	173
7.5.1	Expanding the EULIS project	173
7.5.2	Access to credit registers	173
8	Final conclusions	175
۵	Liet of literature	177