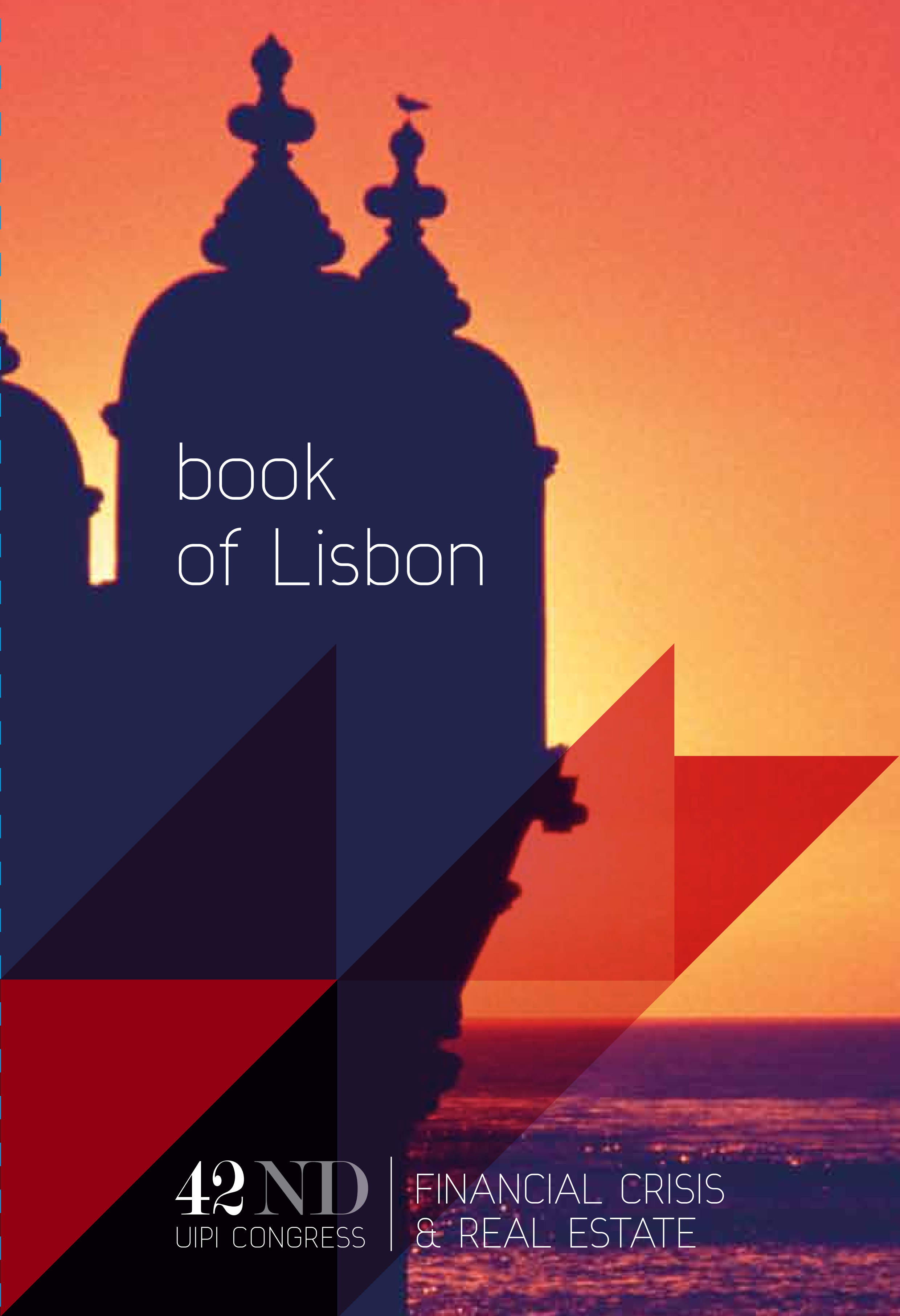

book of Lisbon

42ND UIPI CONGRESS

FINANCIAL CRISIS & REAL ESTATE

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WELCOME TO

Associação Lisbonense de Proprietários (ALP) is pleased to organise and host the 42nd UIPI International Congress in Lisbon. The Congress will celebrate the 90th anniversary of the UIPI and the 125th anniversary of the ALP and will discuss the "Financial Crisis and Real Estate".

The Congress will take place in one of the most fascinating cities in Europe. Delegates will have the opportunity to explore Lisbon, enjoy excellent Portuguese food and hear our world famous Fado music. They will have a chance to sail to Cascais down the Tagus River to visit the famous historic buildings and landscapes of Sintra.

In these times of hardship, the theme of the Congress is of great importance to Europe and all over the world. We have invited a group of the most qualified speakers to share their views on the crisis and provide possible solutions. One of the speakers is the American professor, Nouriel Roubini, who is famous for having foreseen this crisis.

We will do our best to ensure that your visit to our beautiful city is an unforgettable experience and that you will experience the Portuguese feeling of "saudade" when you leave.

Welcome to Lisbon!

Luís Menezes Leitão
President of "Associação Lisbonense de Proprietários"

SEPTEMBER 19

PARTICIPANTS' ARRIVAL

5:00pm
EXECUTIVE COMMITTEE MEETING
AT ALP OFFICE

SEPTEMBER 20

9:00am
PARTICIPANT REGISTRATION

10:00am
WELCOME SPEECH BY A MEMBER
OF PORTUGUESE GOVERNMENT

OPENING SPEECH BY UIPI PRESIDENT
MR. STRATOS PARADIAS

OPENING SPEECH BY ALP PRESIDENT
PROF. LUIS MENEZES LEITÃO

10:30am
COFFEE BREAK

11:00am
"Financial Crisis and Real Estate"
PROF. NOURIEL ROUBINI,
PROFESSOR OF ECONOMICS
STERN SCHOOL OF BUSINESS, NYU

12:30pm
LUNCH AT ALTIS HOTEL

2:30pm
SESSION ON "European Economic Surveyance
and Real Estate"

ADIVISOR, DG ECONOMIC AND FINANCIAL
AFFAIRS, EUROPEAN COMMISSION
MR. CARLOS CUERPO CABALLERO

HEAD OF UIPI PUBLIC AFFAIRS
MME EMMANUELLE CAUSSE

3:30pm
DEBATE ABOUT IMMOVABLE PROPERTY

4:00pm
COFFEE BREAK

4:30-6:00pm
PRESENTATION OF THE CURRENT SITUATION
AND THE CONSEQUENCES OF THE FINANCIAL
CRISIS UPON REAL ESTATE PROPERTY BY THE
UIPI MEMBERS FROM GERMANY, FRANCE, UK,
ITALY AND SPAIN

7:30pm
CASUAL DINNER WITH FADO

SEPTEMBER
21

10:00am - 6:30pm
CRUISE TO CASCAIS, WITH LUNCH ON BOARD, VISIT TO SINTRA PALACE AND CABO DA ROCA (CONTINENTAL EUROPE'S WESTERNMOST POINT)

7:30pm
GALA DINNER AT ALTIS HOTEL WITH A SPECIAL SHOW

PRESENTATION OF THE CONCLUSIONS OF THE CONGRESS AND CLOSING SPEECHES BY THE PRESIDENTS OF THE UIPI AND ALP

SEPTEMBER
22

MORNING WALKING TOUR OF LISBON

PARTICIPANTS DEPARTURE

A message from the UIPI President, Stratos Paradias

Authorities, distinguished guests, ladies and gentlemen of the European property owners associations: Welcome to the 42^{nd} International Congress of the UIPI.

Our Congress celebrates two important milestones: The 125^{th} anniversary of an historic member of the UIPI; the Assosiacao Lisbonense de Proprietarios, who proudly host this event in their wonderful city of Lisbon. And together we also celebrate the 90^{th} anniversary of our International Union of Property Owners.

For those who do not know, the initiative to create an international community of property owners was begun in Paris during 1923 by Professor Jean Larmeroux. He was our first President, holding office for sixteen years until 1939 as well as a lawyer at the Court of Appeal in Paris, a distinguished French political scientist, author of many historical books, President of the "Academie Internationale des Sciences Politiques", an early advocate of world federalism, and co-founder as well as the first elected President (1947) of the post-war movement for a "World Federal Government".

Professor Larmeroux, who was President of the French "Union Nationale de la Propriété Fonciere Batie" (UNPFB); today renamed to "Union Nationale de la Propriété Immobilière" (UNPI); together with and many other central European countries, created 90 years ago the "Union Internationale de la Propriété Fonciere Batie" (UIPFB), the International Union for Built Real Estate Property, uniting the national associations of property owners at a time in our past when Europe was tearing itself apart.

Although our Union's activity was interrupted for eight years in 1940 with the outbreak of the Second World War it was quickly re-instated in 1948. Thirty years later the Union was renamed the "Union Internationale de la Propriété Immobilière - UIPI". And almost thirty years after that, its official seat was transferred to Brussels where UIPI is incorporated today.

So UIPI is the only organisation defending the rights of real estate property owners worldwide for almost a century! UIPI represents small and medium real estate property, buildings and house owners as well as the private rented sector, both commercial and residential. Members of UIPI are the national non-profit associations of buildings, house and immovable property owners in 27 European countries; with many millions of members. UIPI addresses all problems related to housing, the rental sector, property taxation, property restitution and energy savings in buildings. At our core is the promotion and defence of Property Rights as a vital and internationally recognised Human Right.

Today, UIPI looks ahead toward the turbulent years to come. This Congress, with these world class speakers, is proof of this vision. We realise that private real estate property is being targeted by both the EU and national authorities. After all, we are an easy and safe target for taxation. Whilst this will put property owners at great risk, it will increase the importance of our associations at both the national and international level.

The administration of the UIPI traditionally consists of high profile personalities from all European countries; people with long and unique experience of the complex problems associated with real estate ownership. However, just as buildings survive their owners, our associations must survive their members; by appealing to the younger generation of property owners. I am so happy to see many associations here today, members of the UIPI, who have been extremely successful in this endeavour. I wish that, just as many of us were here in Lisbon 25 years ago to celebrate the 100th anniversary of the ALP and the 30th UIPI Congress, I hope that ten years from now, all of us will be together again to celebrate the Centenary of the UIPI.

I would like to extend my thanks to the ALP, its President Professor Dr. Luis Menezes Leitao, the Administrative Board and especially to its Director, Jose Gago da Graca, for organising what will be an excellent Congress. And many more thanks to all of you, coming to Lisbon from all over Europe, for participating in this Congress.

Welcome to the 42nd International Congress of the UIPI! •

Dear Ladies and Gentlemen,
Dear Colleagues and Friends!

Stratos Paradias
UIPI President

A message from the President of Associação Lisbonense de Proprietários, Luís Menezes Leitão

Welcome to Lisbon. I am pleased that you are able to join us at the 42nd UIPI International Congress in Lisbon on the topic of "The Financial Crisis and Real Estate". In these difficult times, it is very important for property owners to gather and discuss current and future real estate issues at an international level.

Our country, Portugal, is a key example of the mistakes that have been made for ages in the real estate sector. We had the first statute establishing rent control in 1910; and the freezing of lease agreements and limitations on eviction existed until last year. Only in 2012 did the Government have the courage to remove rent control, while still establishing a five-year transition period.

However, just like in Portugal, there are still tenancy regulations found around Europe which effectively provide for a limitation on property rights; a very important Human Right.

The Euro crisis has also brought large tax increases for the owners of buildings all over Europe which is now reaching a level that is becoming untenable for property owners.

Here in Portugal we had a general re-valuation of the tax value of properties and an increase in tax in 2012. In addition, the Government created a luxury tax on properties worth more than Đ1 million. Property owners must currently pay up to 1.5% of the value of their real estate per year which is effectively indirect expropriation of property.

Today, property owners' associations are the only organisations in Europe that are willing to stand up for property rights and help their members to fight against these unfair measures. This Congress will enable us to analyse the current situation in our countries and think about possible solutions.

In additional to a full Congress agenda we have also organised an accompanying programme of excursions to provide our international guests a pleasant experience in our beautiful city of Lisbon. Our association is at your disposal for anything you may need. •

Luís Menezes Leitão
President of "Associação Lisbonense de Proprietários"

Nouriel Roubini

Nouriel Roubini is a Professor of Economics and International Business at New York University Stern School of Business. He is also the co-founder and chairman of Roubini Global Economics, an independent, global macroeconomic and market strategy research firm. The firm's website, www.Roubini.com, has been named one of the best economics web resources by *Bloomberg Businessweek*, *Forbes*, *The Wall Street Journal* and *The Economist*. Professor Roubini has extensive policy experience in addition to his broad academic credentials. From 1998 to 2000, he served as the senior economist for international affairs on the White House Council of Economic Advisors and then the senior advisor to the undersecretary for international affairs at the U.S. Treasury Department, helping to resolve the Asian and global financial crises, among other issues. The International Monetary Fund, the World Bank and numerous other prominent public and private institutions have drawn upon his consulting expertise.

Professor Roubini has published over 70 theoretical, empirical and policy papers on international macroeconomic issues and coauthored the books *Political Cycles: Theory and Evidence* (MIT Press, 1997), *Bailouts or Bail-ins? Responding to Financial Crises in Emerging Markets* (Institute for International Economics, 2004) and *Crisis Economics: A Crash Course in the Future of Finance* (Penguin Press, 2010). Professor Roubini's views on global economic issues are widely cited by the media, and he is a frequent commentator on various business news programs. He has been the subject of extended profiles in *The New York Times Magazine* and other leading current-affairs publications. The *Financial Times* has also provided extensive coverage of his perspectives.

Professor Roubini received his undergraduate degree from Bocconi University in Milan, Italy, and his Ph.D. in Economics from Harvard University in 1988. Prior to joining Stern, he was on the faculty of Yale University's department of economics. •

Carlos Cuerpo Caballero

Carlos Cuerpo Caballero is a National Expert at the European Commission Directorate General of Economic and Financial Affairs since 2011 where he is carrying out responsibilities related to the implementation of the newly released Macroeconomic Imbalances Procedure; notably, the monitoring and analysis of real estate markets and private sector balance sheets. He belongs to the Spanish Corp of State Economists and has worked as an economic analyst in the Spanish Ministry of Economy and Competitiveness, mainly dealing with macroeconomic modelling and policy simulation. He holds a Master Degree in Economic Analysis from the London School of Economics and a BA in Economics from the University of Extremadura. He has also worked as a lecturer teaching courses at undergraduate and postgraduate levels in various institutions, including the London School of Economics and the George Washington University, among others. •

Prof Dr Luís Menezes Leitão

Professor Dr Luís Menezes Leitão was born in Coimbra, Portugal. He is a Professor *ex cathedra* of Contract and Tort Law, Labour Law and Insolvency Law at the Law Faculty of the University of Lisbon.

Luis is a Lawyer and Arbitrator; former Dean of the Law Faculty of the University of Lisbon as well as former Vice-Chairman of the Institute of Consumer Law and the Institute of Labour Law at the Law Faculty of the University of Lisbon.

A former Vice-President of the Lisbon Section of the Portuguese Bar Association and former member of the Pedagogic Council of the Portuguese Judges Formation Institution, Luis is also a member of various scientific academies in Portugal, Italy and Germany. Professor Leitão is President of the Lisbon Landlords Association and author of more than 50 titles published on topics ranging from Contract Law, Tort Law, Labour Law, Tax Law, Insolvency Law, and Internet Law. •

Stratos Paradias

Stratos Paradias is a Supreme Court Lawyer, specialising in Property Law. He was a member of the State Committee for Legislation (1984 – 1991) and Codification of the Commercial Rentals Law (1994) as well as a member of the State Committee for the Taxation of Real Estate Property (1997) and the National Council against Tax Evasion (2008).

Stratos was the Introducer of legislation for the deregulation of all Rentals in Greece (1989 – 1994) and the abolition of Property Tax (1980, 1992 and 2007).

In preparation for the 2004 Olympic Games in Athens, Stratos was a member of the City of Athens Buildings Renovation Committee for the Olympic Games (2002 – 2004).

In 1983 Stratos founded the Hellenic Property Federation (POMIDA), based in Athens, and has been its President since 1996. He has been President of the International Union of Property Owners (UIPI) since 2005.

A Greek national, Stratos is fluent in English, French, Greek and Italian. •

Emmanuelle Causse

Emmanuelle Causse is the Head of Public Affairs at the International Union of Property Owners (UIPI) since 2009. Her role at UIPI is to lead the Brussels office, act as a representative toward EU institutions and prepare as well as defend the positions of the organisation on all EU topics relevant for private property owners.

Emmanuelle started her career in EU Affairs in 2001, working for different organisations, including the European Parliament, a well-known think tank, a regional office and a wide European umbrella association. She was also a researcher on EU policy at the Austrian Institute for Advanced Studies (IHS).

She graduated from the Institute of Political Sciences Toulouse ('Sciences Po'), as well as the Law University of Toulouse, France. She also holds a Master Degree in EU Affairs from the University of Aalborg, Denmark. A French national, she is fluent in English and German. •

Dr Kai Warnecke
Haus und Grund, Germany

Dr Kai Warnecke was born in Hannover, Germany and has been the Vice Secretary-General of Haus und Grund Deutschland since 2009. In 2006 Kai was also elected the Vice Secretary-General of the UIPI; a post he continues to hold.

Prior to this, Kai was a Consultant to ASU Arbeitsgemeinschaft Selbständiger Unternehmer from 2001 to 2003 and then Membership Services/Brand Management Manager at Haus und Grund Deutschland between 2003 and 2009.

Kai studied jurisprudence at the Universität Passau, the University of Glasgow and Christian-Albrechts-Universität, Kiel. He then worked as a junior lawyer at the Kammergericht before undertaking his Doctorate at the Humboldt-Universität zu Berlin. •

France Bauvin
Union Nationale de la Propriété Immobilière (UNPI), France

France Bauvin is the Administrator of the Union Nationale de la Propriété Immobilière (UNPI) in Department 44, Loire-Atlantique in the Prefecture of Nantes, Pays de la Loire. She holds office as one of the Administrators on the National Federation of UNPI and is their European Delegate and one of the Vice-Presidents of the UIPI.

France has held financial and management responsibilities in several companies; including spending thirty years working for a global industrial group. •

David Cox
National Landlords Association (NLA), UK

David Cox joined the National Landlords Association (NLA) as a Policy Officer in December 2008 and became Senior Policy Officer in May 2012. David takes responsibility for several key policy areas including energy efficiency, licensing and welfare reform as well as the NLA's work with the International Union of Property Owners (UIPI). Recently, David has provided cover for Emmanuelle Causse's maternity leave becoming UIPI's Acting Head of Public Affairs.

Trained as a Barrister, David began his career in 2006 at the Old Bailey and was responsible for the organisation of several high-profile trials during 2007. During this time he stood as a candidate in the Local Government Elections.

Before joining the NLA David worked as Parliamentary Advisor to a long-standing Member of Parliament. David ran his office and was his principal advisor on parliamentary business and constituency issues.

David read Political Science at the University of Birmingham before qualifying as a Barrister-at-Law, being Called to the Bar of Lincoln's Inn in 2006. •

Agustin Pujol
Confederation of Urban Property Chambers and Urban Property Owners Associations of Spain, Spain

Agustin Pujol was born in Tarragona, Spain into a family of architects. Like his grandfather, father and brother, Agustin is a Higher Architect, graduating with a degree in Higher Technical Architecture from the University of Barcelona in 1973.

Professionally, Agustin has designed numerous architectural works; mainly residential but also for industrial companies, public institutions, town planning and all types of restoration.

Agustin is a member of the Confederation of Urban Property Chambers and Urban Property Owners Associations of Spain and in February 2013, he was elected President of the Chamber of Urban Property in Tarragona. He has also been a member of the Executive Committee of the UIPI since October 2008.

Aside from his architectural practice, Agustin was President of the Spanish Tennis Federation from November 1985 until December 2004; President of the European Tennis Federation from 2000 to 2002; a member of the Olympic Committee for the International Tennis Federation (ITF) from 1990 to 2004; and a Member of the Spanish Olympic Committee from 1991 to 2001.

Agustin is married to May Hugas and they have two sons, Agustin and Victor. Following the family tradition, his son Victor is the fourth generation of Pujol's to become an architect. •

Michele Vigne
Confedilizia, Italy

Michele Vigne has been the National Vice-President of Confedilizia since 2000 and President of the Veneto Region since 1989. Confedilizia has represented home owners in Italy for over 120 years.

Professionally, Michele is an expert in industrial construction and mechanical engineering. His work focus on the professional care of civil and artistic historical construction with a particular emphasis on plant and fire safety. Michele participates in many national technical committees and has published many studies these issues. •

European Economic Prosperity through Mortgage Market Reform

David Cox
Acting Head of Public Affairs (Maternity Cover), UIPI

In 2007, the European Commission adopted a White Paper on the "Integration of European Mortgage Markets". The aim was to harmonise the mortgage markets across the European Union so that individuals buying property in multiple Member States would do so under a broadly similar legislative and regulatory framework. The idea was good in principle; it meant that someone from Germany would be able to buy property in France without needing specialist knowledge of the French legal system and that they would be safeguarded against accidentally falling foul of any unusual regulations imposed on mortgage products.

These proposals became more politically urgent when the financial crisis hit Europe. In response to the crisis and in the context of efforts to ensure an efficient and competitive single market, the European Commission brought forward measures on responsible lending and borrowing; including a reliable framework on credit intermediation. However, when they introduced the legislation into the European Parliament, the Commission had underestimated the diverse nature of Europe's mortgage markets and that many Member States have specialised and extremely nuanced mortgage products; such as Buy-to-Let mortgages in the UK and Ireland.

Therefore, whilst the concept of harmonising the mortgage market across Europe was a positive and welcome step for property owners, the Mortgage Directive (officially known as the "Credit Agreements Related to Residential Property Directive" or CARRP) attempted to create a single regulatory framework which would govern all mortgages within the European Union. Had the Directive passed into law in its original form, it would have had fundamental and far reaching consequences on mortgage markets in many Member States and would have been extremely detrimental to large numbers of property owners in many of the UIPI national associations.

After a very lengthy process of negotiation, the Directive finished Trialogue (the final phase of the legislative process between the European Parliaments Rapporteur, the European Commission and the Council of Ministers) reaching an agreement on 22 April 2013.

The UIPI was actively involved in this process. We provided intensive input, numerous examples and several long and detailed expert reports as well as other documentation and evidence on the negative impacts that such legislation would have had on our members. In the expert groups we explained why the Buy-to-Let market should be excluded from the scope of the Directive and that there should be exemptions for early repayment options in those Member States where property owners greatly benefit from a well-developed fixed-rate mortgage market. We were involved in detailed discussions with several MEPs during the parliamentary stage; highlighting our concerns directly to the key decision-makers. I distinctly remember late March 2012 when Emmanuelle Causse, UIPI Head of Public Affairs, and I camped out in the corridors of the European Parliament speaking to the most influential MEPs and their staff.

As a direct result of the UIPI's lobbying efforts, we secured a complete reversal of the original proposal and protected specialised mortgage products (existing schemes such as Buy-to-Let and new products that may be in development in other European countries). However, Member States will need to provide an "*appropriate framework at national level for this type of lending*".

When it came to early repayment clauses, the UIPI's argued that the Directive should provide the option for early repayment clauses but the terms of such clauses should not be mandated by European legislation. As with Buy-to-Let, the UIPI's lobbying activities have resulted in the securing of a right for early repayment clauses for mortgage agreements and mortgage lenders can no longer impose any penalties on those people who decide to repay their mortgage early. We also successfully argued that Member States may be able to further regulate early repayment conditions; for fixed-term mortgage loans in particular.

The provisional text of the Directive still needs to be approved by the European Parliament and then endorsed by the Member States. The plenary vote is scheduled for Wednesday 11 September 2013.

In response to this Directive, the UIPI's Homeowner's Committee, chaired by Arno Rasmussen of Huseiernes Landsforbund, Norway, decided at their meeting in Brussels on 15 February 2013 to commission a report so as to fully understand the divergent nature of Europe's mortgage markets.

Expertly drafted by UIPI Public Affairs Officer, Jana Repelova, with contributions from 14 UIPI national associations, the report on the pages to follow provides a significant amount of detail and clearly demonstrates that while there are divergent aspects of Europe's mortgage market, much synergy and harmony already exists.

This report is the first of its kind and shows the importance and value of the UIPI as a research organisation. The report provides a robust evidence base on the European mortgage market which can used for future policy analysis and development of UIPI positions and, more importantly, in discussions with the institutions of the European Union. It will also assist UIPI member associations in their negotiations with their national Governments; allowing them to draw on examples of best practice from across the EU.

I hope you find the report informative and useful. •

A Comparative Report on Mortgages in Europe

Jana Repelova
Public Affairs Officer, UIPI

— Introduction:

Building on the European Union's efforts to harmonise mortgage credit, the International Union of Property Owners (UIPI) decided to explore the current mortgage situation within our national associations. We prepared a short Mortgage Questionnaire which was distributed to our Members. Fourteen national property owner associations responded from the following countries: Austria, Belgium, the Czech Republic, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Portugal, Spain, Sweden and the United Kingdom.

The relevance of such a comparative analysis for the mortgage market and home-owners is further reinforced in the context of the Mortgage Directive, which is to be approved by the European Parliament in September 2013. As a result, this report will cover themes already touched upon by the Mortgage Directive and is divided into six chapters focusing on the access to mortgages (i.e. creditworthiness assessments and loan-to-value ratios), collateral valuation, early repayment, pre-foreclosure procedures (i.e. reconciliation procedure, modification of loan terms, public relief schemes), foreclosure (i.e. repossession) and personal bankruptcy.

The report will discuss in detail each of the topics in both European and national context. This will provide a comparison between the legislation in different Member States and in relation to the text of the Mortgage Directive. Now is the time to explore the possible methods of implementing the Directive as once passed by the European Parliament, Member States are required to transpose its requirements into national law. After all, throughout this passage of the Directive, the UIPI has continued to stress that all citizens of the European Union and the European Economic Area should have appropriate access to a solid mortgage market in Member States.

In order to simplify the comparison, each chapter will initially focus on the relevant provisions in the Mortgage Directive and then consider how they are dealt with in the legislation of Member States. However, before we get into more details, the general market situation will be outlined through case studies of individual countries in order to better identify the effects of the economic and financial crisis on property owners.

Through our analysis of the national mortgage markets, four major trends have emerged. Firstly, the crisis has seen a decreased demand for mortgage credit by property owners in Italy and France. Italy experienced a long period of expansion in the mortgage market which was due to low interest rates and the easy supply of mortgage finance which was offering long-term loan agreements with high loan-to-value ratios. However, since 2008 the volume of mortgages taken by borrowers decreased substantially, which is mainly attributable to the loss of trust in the mortgage companies which in turn created a lack of interest by borrowers. In France, the real estate market has been stagnant since 2011. Like Italy, the main cause is that citizens are overwhelmed by negative news stories about public and private debt, taxation and unemployment rates. Hence, they are not eager to take out further debt.

In Greece, the residential mortgage market also experienced a boom after the adoption of the Euro in 2002. It reached its peak in May 2010 and has since collapsed and February 2013 the market had deleveraged by 10%. However, a slow recovery is expected.

The second group consists of Hungary, Ireland, Portugal, Spain, Sweden and the United Kingdom who also experienced a downturn in their mortgage markets. However, the reasons behind the decline in these countries lie elsewhere. Here, the mortgage providers became more careful and tightened their requirements to such an extent that many property owners found it extremely difficult to qualify for mortgage credit. For example in Hungary, the secondary mortgage market (i.e. the mortgage companies themselves obtaining credit) declined considerably due to the negative attitude of the parent banks and reductions in interbank resources. In Sweden, mortgage credit became more expensive and even though interest rates decreased after the crisis, it has not been translated into reduced interest payments for households. In the United Kingdom, the biggest concern remains the shortage in the actual housing stock which has pushed up the price of housing; thus precluding many people from buying an affordable home. Nevertheless, the UK's housing market is showing signs of its first significant revival since the credit crunch nearly six years ago. In Ireland, it has become extremely difficult for people to get mortgage credit due to new regulations which significantly tightened the criteria for lending. The same has also occurred in Portugal and Spain where, when compared with Germany, they used to have very lenient provisions and requirements for both assessments of creditworthiness and high loan-to-value ratios.

No substantial changes have taken place in Germany which leads us to a third group of countries – those where little has changed. In Austria, consumers' housing loans have only been affected by price changes and an increase in bank's requirements for documentation when assessing borrower's creditworthiness. In Norway, loan-to-value ratios have slightly increased but this has not prevented borrowers from taking out mortgage finance.

Lastly, in both Belgium and the Czech Republic the mortgage market has increased since the credit crunch. In Belgium, the mortgage debt for owner-occupiers has gradually but substantially increased over the last ten years. This trend has been further supported by new tax regimes for mortgage loans which were introduced in 2005 and led to a structural change in the number of housing transactions financed by mortgage credit. Nevertheless, it should be mentioned that compared to other countries, the Belgian residential property market is relatively low. On the other hand, the Czech mortgage market has been expanding in 2012; mainly due to historically low interest rates. It has been argued that the reason behind such an increase was the Czech National Banks decision to gradually reduce the base rate of interest.

Therefore, in summary, even when recognising certain common trends; each case study country has a uniquely functioning mortgage market which is closely entwined with its real estate market. What works in one country, might be a problem in another. Therefore, it is important to consider what the Mortgage Directive offer for residential mortgage finance and what impact it will have on property owners.

Access to Mortgages and Assessment of Creditworthiness:

Following the financial crisis, the creditworthiness assessment became central theme for stakeholders'. Therefore, it is not surprising that the European institutions did not wish to fall behind and incorporated a number of credit worthiness provisions into the Mortgage Directive. Starting with the definition, a creditworthiness assessment is "the valuation of the prospect for the debt obligation resulting from the credit agreement to be met"[1] and applies to all types of credit. Therefore, it has been explicitly stressed that when it comes to mortgage credit such assessments must be more stringent than a consumer credit check, for example.

Furthermore, according to the Mortgage Directive, assessments of creditworthiness should take into consideration all necessary and relevant factors. In other words, a consumer's ability to service and fully repay the loan should include consideration of future payments or payment increases needed due to a negative amortisation, or deferred payments of principal or interest and should be considered in the light of other regular expenditure, debts and other financial commitments as well as income, savings and assets.

However, Member States will still be allowed to take into account that the value of the property subject to mortgage finance is likely to both exceed the requested amount of credit and its

1. Article 3 (o) of proposal Directive of the European Parliament and of the Council on credit agreements relating to residential property (hereinafter as 'Mortgage Directive') – 2011/0062 (COD)

value will probably increase in the future. In other words, Member States are free to determine whether the value of residential property (intended to be newly built or renovated) remains sufficient for the granting of credit agreements[2]; but only for an individual main residence.

Therefore, the intention of this newly adopted European Directive is not to introduce rules which would substantially disadvantage most citizens from accessing mortgage finance. On the contrary, the European Union's aim was merely to introduce a duty to assess a borrower's creditworthiness and take into consideration both their income and debts before offering mortgage finance. In this way, Member States have the freedom to adjust their national rules to their domestic mortgage market without making it unreasonably difficult for citizens to gain access to mortgage credit.

Irrespective of the European or national legislation, qualifying requirements have changed significantly since the crisis, and with the exception of Germany, the creditworthiness assessments have become more stringent. Predominantly, the reason behind these changing criteria lies in the banks being more cautions about lending their money. This is combined with the introduction of legally binding duties in countries such as Sweden and Hungary.

As for the qualifying requirements, the nature of credit checks are more or less the same in all case-study countries. However, certain examples are worth mentioning. In France, banks compare the debt ratio as a percentage of recurrent charges (e.g. loans, reimbursements, pensions paid, rents and amounts to reimburse for the proposed mortgage credit) to regular income (such as salaries, benefits, pensions, rental income and interest payments from savings). In order to qualify for mortgage credit, the result must be that the debt ratio is a maximum 33% of the borrower's income. In Ireland, some lenders may take bonuses or overtime into account. In the Czech Republic, there are two methods for calculating creditworthiness. Firstly, "application scoring" is based on data provided in the loan application, the credit bureaus (CIBR, NRKI, SOLUS) and other sources (e.g. socio-demographic profiles). Secondly, "behavioural scoring" is based on the data available on the "financial behaviour" of the applicant, such as the nature, amount and frequency of transactions on their bank accounts and the early repayment of loans. In Sweden, a "stress test", often used by the large banks, compares the ability of the borrower to repay increased interest rates (circa. 7 – 8%) instead of the actual rates (2.5 – 3.5%)[4]. If the household in question cannot service the loan at the stress test level, they will be denied

Table 1: Creditworthiness Assessment

COUNTRY	Change after Economic Crisis	Legal Framework	Conditions
Austria	Strengthened conditions	-----------	Credit check + other factors
Belgium	Strengthened conditions	No legal requirement	Thorough credit check + other factors
Czech Republic	Strengthened conditions	No legal requirement	Income check + other factors
France	Strengthened conditions	No legal requirement[3]	Check of the debt ratio and living standard following monthly mortgage installments
Germany	No change	No legal requirement	Income/outstanding debts check
Greece	Strengthened conditions	--------	Thorough income check
Hungary	Strengthened conditions	Legal provision	Income check + other factors
Ireland	Strengthened conditions	-------------------	Thorough income check + other factors
Italy	--------	-----------	----------------
Norway	Limited change	No legal requirement	Income check
Portugal	Strengthened conditions	---------	Income check + other factors
Spain	Strengthened conditions	---------	Income check
Sweden	Strengthened conditions	Legal provision	Credit check + 'stress test'
United Kingdom	Strengthened conditions	No legal requirement	A multiplier of income test

2. See more: Art 14 para 1 (b) in conjunction with the recital 24 of the Mortgage Directive.
3. Note an exception in case of a subsidized credit.
4. Applicable from April 2013.

finance. However, the stress test is best practice, not a legal requirement.

In the case of residential mortgages in the United Kingdom (i.e. for an owner-occupier) the creditworthiness test is based on a multiplier of income. A bank will add the total annual income of the applicant(s) and then deduct any regular payments (i.e. personal loans, car loans, credit card debts). This total will then be multiplied up to a maximum of five times to provide the maximum mortgage finance that would be available. In the case of a couple or joint application for a mortgage, the multiplier is usually set at a maximum of four times their combined annual total[5].

Similar income ceilings are present in Spain, Belgium and Norway. In Spain, the monthly mortgage payment shall not exceed one third of the total income of the borrower.[6] In Belgium, banks will limit the amount they lend to ensure that monthly repayments do not exceed 40% of the borrower's net monthly income. For lower earners, this figure can be reduced to 30 – 35%. In Norway, prospective borrowers are expected to be able to manage an increase in interest rates and therefore should not be given a mortgage in excess of three times their annual income.

Interestingly, in France banks take into account the monthly living costs for the household, which would, after deducting the monthly mortgage payment act as their living allowance. Most banks' require a minimum Đ800 for a single person or Đ1,900 for a couple without children, plus a minimum of Đ300 per dependent person (i.e. a child).

A number of other factors are often taken into a consideration when assessing the creditworthiness of a prospective borrower. For instance in Ireland, borrowers should be in permanent employment (or if self-employed, they have been trading for at least two years). **The borrower's age** and number of years left until retirement are also taken into account as will any financial commitments, such as childcare costs. Likewise in Belgium, employment status (employee or independent), profession, age and family status will influence the bank›s willingness to grant mortgage finance. In Hungary, age, EU citizenship, a permanent home address in Hungary and a bank account are all legal requirement for borrowers to successfully apply for mortgage credit[7].

Furthermore, behavioural standards are taken into account in countries such as Portugal, the Czech Republic, Ireland and Austria; borrowers will need to demonstrate an existing ability to repay loans.

Access to Mortgages and Loan-to-Value Ratios:

The Mortgage Directive does not prevent mortgage lenders from granting credit based purely on the real estate valuation[8]; as long as the purpose of a credit agreement is to construct a new home or renovate an existing dwelling. In these cases, Member States remain free to stipulate additional criteria for mortgage lenders which allow them to assess a consumer's creditworthiness; particularly by setting limits on loan-to-value.

However, where there is an applicable loan-to-value ratio, the Mortgage Directive requires that lenders indicate a 'maximum available loan amount relative to the value of the property[9]' which should be directly incorporated in a pre-contractual 'European Standardised Information Sheet'. In addition, this loan-to-value ratio will have to be accompanied by an example in absolute terms of the maximum amount that can be borrowed for a given property value.

5. For example, a single applicant with an annual income of £40,000 who has a personal loan and repaying £200pcm (£2,400 pa) would have a total annual score of £37,600 which would then be multiplied up to five times. Therefore, the absolute total the person could borrow on a residential mortgage would be £188,000.
6. Such rules have only been introduced as a result of the economic crisis.
7. Government Decree 361/2009 (XII.30) and Banks' internal rules and regulations for private and home finance lending.
8. E.g. The Hungarian Government stipulated in its Decree 361/2009. (XII.30.) that banks are not allowed to grant mortgage loans without assessing creditworthiness of debtors (no loans may be granted when secured solely by property collateral).
9. Annex II of the Mortgage Directive, Part B, Section 2, paragraph 10(a).

Table 2: Loan-to-Value Ratios

COUNTRY	Change after crisis	LTV	COUNTRY	Change after crisis	LTV
Austria	YES	60% 70%	**Ireland**	YES	90%
Belgium	YES	80%[10]	**Italy**	YES	65% - 70%[11]
Czech Republic	YES	80% 90%[12]	**Norway**	YES	85%
France	YES	90%	**Portugal**	YES	80% - 85%
Germany	NO	80%	**Spain**	YES	80%
Greece	YES	60%	**Sweden**	YES	85%[13]
Hungary	YES	75%[14]	**United Kingdom**	YES	85% - 95% (first time buyers)

As demonstrated in Tables 1 and 2, in almost all jurisdictions it has been the market itself which strengthened conditions for granting a loan. Not only credit/income checks have been made more stringent, but also loan-to-value ratio have decreased. The only exception is in Germany where the typical loan-to-value ratio was set at 80% prior to economic crisis and it believed that no further decrease is needed.

Such developments might explain why European Institutions felt there was no need to introduce a loan-to-value ceiling in the Mortgage Directive. Instead, they left the discretion up to Member States and the industry itself.

Currently, the strictest jurisdictions on loan-to-value ratios within our case study countries are Greece, Italy, Hungary and Austria. The remaining case study countries have set their loan-to-value ratios at 80% or above.

Property Valuations:

According to the Mortgage Directive, it is crucial that Member States ensure an appropriate valuation of residential property is undertaken before concluding any credit agreements. Situations where mis-valuing the property might affect the borrower if they default on mortgage payments are particularly relevant. However, the Mortgage Directive does not only ask for a valuation when agreeing mortgage finance but continues to stress the necessity of ensuring appropriate monitoring of the residential property markets is undertaken.

In addition, certain valuation standards are explicitly enumerated in the Directive; particularly those developed by the International Valuation Standards Committee, the European Group of Values' Associations or the Royal Institution of Chartered Surveyors.

Table 3: Real Estate Valuation

COUNTRY	Real Property Evaluation
Austria	Appraisals are executed by proven and licensed experts via public courts who need to comply with the standard regulation on the valuation of property (regulated standards).
Belgium	Three methods are in place. Firstly, many banks rely on the purchase price in the notarial deed (in these cases, the pre-sale agreement or other documents can be sufficient to establish the value of the property). Secondly, there is a statistical model to be used when valuing the financed dwelling on the basis of several parameters (e.g. the location, number of rooms, rental value). Lastly, a limited number of additional expert assessments are required for large mortgage loans or specific types of transactions.
Czech Republic	Four methods are in place. Firstly, there is an assessment based on the market price of the dwelling which is predominantly influenced by the location of the property and its marketability (i.e. average time necessary to sell the property). Secondly, there is a real value calculation based on the floor area and construction characteristics (e.g. stone foundations, types of plaster, type of roof, wiring, internal wiring, gas, sewer, kitchen, under construction). Thirdly, a comparative method is used. In such cases, the price is compared with the market value of similar properties in a given or similar area. Lastly, a yield method can be used based on a net annual rental income with deductions for maintenance costs, property tax, income tax etc.
France	Since every purchase of property must be concluded by a notarial deed, the purchase price in the notarial deed is used for valuation purposes.
Germany	Both, land and buildings are regulated through a legislative process based on the application of sound business management, legal and structural engineering expertise to the market value for developed and undeveloped property (land) on a specific date in the ordinary course of business. In addition, there are three different methods for determination of the property value: sales comparison approach, income approach and asset value.
Greece	Property valuations are conducted by certified experts who are either internal employees of mortgage providers or an external valuer.
Hungary	The value of real estate is determined by property agents and appraisers trained in the National Qualification Register (OKJ) scheme and based on their expert opinion which is derived from three approaches: A market comparison (market price), reconstruction (insurance costs) and the rental income (the return on investment when the property is being let).
Ireland	The value of the property is based on the market value or purchase price.
Italy	There are no standard rules for the real estate valuation. However, mortgage providers hire experts to value the property.
Norway	--------------------------------------
Portugal	Valuation of property is based on the construction value, location, quality, etc.
Spain	Valuations are based on the condition of the property; its use, size, state of occupancy, population, number of inhabitants, communal services etc. In addition, property values must be registered with the Bank of Spain.
Sweden	In a mortgage situation, the purchase price is generally considered the current market value.
United Kingdom	Mortgage companies require an independent property valuation before agreeing a mortgage contract. Independent valuations must be undertaken by a qualified Chartered Surveyor who adheres to the Royal Institute of Chartered Surveyors (RICS) Code of Practice. This position has not changed since the housing crisis.

10. Study on the costs and benefits of the different policy options for mortgage credit (Final report), European Commission Internal Market and Services DG Prepared by London Economics and Achim Dübel (Finpolconsult) in association with institute für finanzdienstleistungen e.V. (iff), November 2009, p. 58.
11. Ibid, p. 58.
12. Ibid, p. 60.
13. In 2010, the Swedish Financial Supervisory Authority put in place a ceiling on mortgages of 85% of the market value of the dwelling.
14. Supra note 11.

The Mortgage Directive leaves extensive discretion for Member States to link property valuations to whatever they deem appropriate. Nevertheless, reliable standards should be developed and used in practice; whether by lenders themselves or by third parties. However, many Member States do not regulate standards for property valuation and it is up to the banks to choose what they consider necessary. When the Mortgage Directive is implemented, this is likely to change.

As seen in Table 3, there is often more than one method used in practice (e.g. in Belgium, the Czech Republic, Germany and Hungary). However, it should be noted that in some countries, such As Belgium, the method chosen will depend on the type of investment rather than choice of the bank. However, in other countries such as Austria, Greece, Hungary, Italy and the United Kingdom they require valuations by qualified and certified experts. However, in some of the countries (e.g. Greece), such an expert can also be an internal employee of a mortgage provider. Lastly, there is a group of countries which include France, Ireland and Sweden where the purchase price is the base for their property valuations.

The keys provisions in the Mortgage Directive for property valuations are the requirements to continuously monitor the value of properties, even after mortgage finance has been agreed. This is to avoid situations where borrowers fall into arrears and their properties are then sold at prices below the market value; leaving home-owners having lost their home, not fully repaid their debts and still saddled with mortgage re-payments.

Early Repayment Options:

There are substantial differences between both national principles under which borrowers have the ability to repay their mortgage credit and the conditions by which such early repayment can take place. Therefore, it is not surprising that the European institutions took this national diversity into a consideration when drafting the Mortgage Directive and allowed Member States to define their own national conditions for the exercise of such rights. Nevertheless, promotion of competition in the single market and the free movement of EU citizens play a key role in this legislation. Hence, certain standards on early repayment are necessary so that consumers have a guaranteed ability to discharge their obligations early in the confidence that they can shop around for the best product to meet their individual needs.

As a result, the Mortgage Directive requires Member States to ensure, whether through legislation or other means (such as contractual clauses) that homeowners have a right to early repayment after the comply with certain conditions; which may include time limitations on the exercise of the right, different treatment depending on the type of borrowing, the interest rate on the mortgage product or restrictions on the circumstances under which the right may be exercised. In addition, where the early repayment falls within a period for which the borrowing rate is fixed, exercise of the right may be made subject to a change in circumstances on the part of the property owner. Such a change in circumstances may occur in case of divorce, unemployment or change of residence to another Member State for example.

The Mortgage Directive also stipulates compensation paid under early repayment clauses must be linked to the costs incurred by the mortgage company and must be fair and objectively justified (i.e. their actual costs). This means that compensation can no longer exceed the financial loss of the creditor.

Table 4: Early Repayment[15]

Early Repayment Legal?	Universal Right	Unconditional Contractual Option	Conditional Contractual Option	Limitations Imposed on Compensation
Austria	YES (for ARM)	YES (for FRM)	NO	Fair and objective
Belgium	YES	NO	NO	Fair and objective (deviations in market practice in the form of a cap on compensation[16])
Czech Republic	YES	YES	NO	Fair and objective
France	YES	NO	NO	Cap on compensation[17]
Germany	YES (for ARM)	NO	YES (for FRM < or = 10 years)	Fair and objective in case of FRM < or = 10 years/Cap on compensation for ARM[18]
Greece	YES (for ARM)	YES (for FRM)	NO	Cap on compensation for ARM/No regulation on FRM
Hungary	YES (for loans financed by companies other than banks)	YES (for loans financed by banks)	NO	Fair and objective[19]
Ireland	YES	NO	NO	Fair and objective
Italy	YES	NO	NO	Cap on compensation
Norway	---------	---------	-----------	------------------
Portugal	YES	NO	NO	Cap on compensation
Spain	YES	NO	NO	Fair and objective for FRM/Cap on compensation for ARM
Sweden	YES	NO	NO	Fair and objective
United Kingdom	NO	YES	NO	Fair and objective[20]

15. Much of the information in this table is gained from the Study on the costs and benefits of the different policy options for mortgage credit (Final report), European Commission Internal Market and Services DG Prepared by London Economics and Achim Dübel (Finpolconsult) in association with institute für finanzdienstleistungen e.V. (iff), November 2009.
16. Belgian penalties amount to three months' interest due on the remaining capital.
17. In France such compensation is limited to 3% of the outstanding capital. However, in the case of a change in circumstances there is no compensation due.
18. In Germany banks usually allow for approximately 5% of the mortgage value to be paid in excess of the agreed repayment each year.

Before comparing the data used in Table 4, it is important to briefly explain the difference between Fixed-Rate Mortgages (FRM as used in Table 4) and Adjustable-Rate Mortgages (ARM as used in Table 4). Fixed-rate mortgages are where the interest rate on the loan is fixed for more than one year (e.g. < or = 10 years in Germany). In contrast to the US definition, which is restricted to loans with rates that are fixed until maturity, the EU definition extends its scope to also cover situations where the rate will be re-set to another fixed rate period at the end of the initial fixed term (either contractually or by law)[21]. Adjustable-rate mortgages are where the interest rate is fixed for one year or less. Specifically, it covers reviewable-rate loans (a product where lenders can unilaterally change the interest rate), variable-rate loans (products that ties the interest rates to an index or other variable) and hybrid adjustable rate loans (product where the interest rate is fixed for an initial period followed by variable or reviewable rate periods).

This difference is of crucial importance when considering the rules on early repayment options. We can see from the Table 4 that there are three case study countries which do not provide a universal right to early repayment of fixed-rate mortgages. In Austria and Greece an unconditional contractual option for FRM (including the lender's right to exclude early repayment) exists, whereas in Germany only conditional contractual options are available. Divorce, death of spouse and relocation are among the conditions to which the contractual option for early repayment is tied. These conditions are similar to the provisions for changes in circumstances contained within the Mortgage Directive. Therefore, Germany will be able to preserve their status quo even after the Mortgage Directive comes in a force.

As for compensation for potential costs directly linked to early repayment of the credit which should be paid to lenders, the Mortgage Directive introduces a universal approach. It says that compensation shall be fair and objectively justified, irrespective of the nature of the mortgage product. Consequently, changes in case study countries which provides for caps on compensation in adjustable-rate mortgages can be foreseen; unless such compensation does not exceed the financial loss of the creditor.

19. Commercial banks in Hungary usually charge from 3 – 5% of the mortgage value. However, most of the financial institutions determine the manner and charge of repayment or exemption for such charges in the mortgage agreement. As a result of the economic crisis, many banks changed their policy options in order to ensure their security and liquidity and did not impose any repayment charges.
Early repayment charges usually do not apply unless a borrower pays off more than 10% of the mortgage value in one year.
20. Supra note 9, at p. 47
21. Supra note 9, at p. 47

Pre-foreclosure Procedures: Reconciliation Procedures and Public Rescue Schemes:

The European Commission is closely monitoring not only the development in default rates (see table below) but also measures taken by Member States to prevent foreclosures. Therefore, in parallel with the Mortgage Directive, the European Commission published a Report on national measures and practices to avoid foreclosure procedures for residential mortgage loans in order to facilitate reasonable forbearance before foreclosure proceedings are initiated.

Default occurs where property owners fail to meet the financial obligations established under the credit agreement on a continuous or persistent basis (not merely the occasional missed payment) which results in the loan not being paid. Table 5 shows that the default rate has increasing in most of the case study countries since the end of 2006.

Considering the significant consequences for both creditors and property owners, the Mortgage Directive introduces an obligation for Member States to adopt appropriate measures so that the creditors are encouraged to exercise reasonable forbearance before foreclosure proceedings are initiated. As a result, the creditors should deal proactively with emerging defaulters at an early stage and make reasonable attempts to resolve the situation through softer measures (e.g. reconciliation procedures, mediation, modification of loan terms, minimum length of time before starting foreclosure proceedings) by taking into consideration practical circumstances and realistic living expenses for property owners.

The current state of the market indicates that most case study countries rely on the internal policy of mortgage providers (i.e. their Codes of Conduct) to facilitate pre-foreclosure procedures. This is being executed predominantly in four ways. A reconciliation procedure with the borrower is focused on promoting individual solutions to overcome payment difficulties and is commonly used in Belgium, Hungary, Ireland and the United Kingdom. The provision of a neutral, non-confrontational setting, in which creditors and borrowers can negotiate, is offered by means of mediation in France, Ireland and the United Kingdom. The most widespread method used is help in bridging temporary economic difficulties by adjusting loan terms. There are several methods use to modify mortgage agreements based on an assessment of the borrower's long-term ability to repay the loan. Examples are provided in all case study countries, except Portugal. In addition, in Ireland, Italy and the United Kingdom the mortgage providers give additional time for borrowers to implement these measures which provides for a minimum waiting period before lenders can begin foreclosure proceedings.

Table 5: Evolution of Default Rates[22]

COUNTRY	Default Rate in 2007 (%)		Default Rate in 2009 (%)	Increase
Belgium	1.72	1.65	1.69	NO YES
Czech Republic	1.5	1.6	2.5	YES
France	0.44	0.40	0.44	NO YES
Greece	3.6	5.3	6.4	YES
Hungary	2.9	3.47	7.65	YES
Ireland	1.21	1.44	3.6	YES
Italy	1.0	1.4	----	YES
Norway	0.50	0.7	----	YES
Portugal	1.3	1.3	1.6	NO YES
United Kingdom	1.88	2.42	2.45	YES

22. Much of the information in this table is gained from the Commission Staff Working Paper: National measures and practices to avoid foreclosure procedures for residential mortgage loans, SEC (2011) 357 final.

Table 6: Pre-foreclosure Procedures[23]

COUNTRY	Reconciliations	Public rescue scheme
Austria	LIMITED (modification of loan terms)[24]	NO[25]
Belgium	YES (reconciliation procedure, modification of loan terms)[26]	NO
Czech Republic	YES (modification of loan terms, reconciliation procedure)	LIMITED (debt and legal advice)[27]
France	YES (modification of loan terms, mediation)[28]	NO
Germany	Voluntary by mortgage providers (modification of loan terms)	NO
Greece	YES (modification of loan terms)[29]	YES[30]
Hungary	YES (reconciliation procedure, modification of loan terms)[31]	YES[32]
Ireland	YES (reconciliation procedure, mediation, modification of loan terms and minimum length of time before starting foreclosure procedures)[33]	YES (financial relief for unemployed homeowners, debt and legal advice)[34]

23. Much of the information in this table is gained from the Commission Staff Working Paper: National measures and practices to avoid foreclosure procedures for residential mortgage loans, SEC (2011) 357 final.
24. Renegotiation is possible in Austria provided that a positive prognosis is available and the asset value is intact.
25. However, a personal bankruptcy is possible (more below).
26. In Belgium, a conciliation attempt has to be done before a Judge prior to initiation of foreclosure proceedings. In 2009, creditors committed themselves to immediately contact any borrower who has missed a payment in order to find an appropriate solution. In addition, the borrower can ask a Judge to allow him to pay lower instalments over a longer period of time.
27. In the Czech Republic, several NGOs provide advice to property owners.
28. In France, the Courts may suspend a borrower's payment obligation, at his request, for a maximum period of two years. Such a decision must take into account the creditor's needs and the borrower's personal circumstances; in particular in cases of dismissal. In addition, every bank is required to appoint a mediator who can be called on by both parties and on a voluntary basis.
29. The lenders offer rescheduling or restructuring options based on a major turn of events in the borrower's circumstances (e.g. unemployment, loss of income, medical emergency).
30. A formal compulsory debt restructuring plan is currently under development for eligible cases.
Since 2009 there has been a moratorium on auctioning primary residencies for defaults under Đ200,000.
31. The Hungarian Code of Conduct 2010 requires the signatory institutions to contact the borrower in the event of payment default, try to agree on reasonable solution and to allow the lump-sum redemption of foreign currency loans, in addition to the possibility of converting them into local currency at the customer's request. However in practice, banks are often unwilling to cooperate and search for other solutions by granting temporary relief.
32. Two initiatives were at place in Hungary available for FX-denominated HUF loan debtors; namely the exchange rate fixing option (until 31 May 2013) and a final repayment option. The first scheme allowed a decrease in installments until 2017 and the second scheme allowed a repayment of loans up to HUF 20 million in a single payment at a preferential exchange rate.
In addition, the Federation of Hungarian Real Estate Associations has proposed a concept called "tenement flat instead of eviction" which was submitted to government bodies in 2011. Hopefully, a property fund for the citizens awaiting eviction can be established.
33. Under the Irish Code of Conduct on Mortgage Arrears, the lender must explore a number of alternative repayment options to determine which are appropriate to the property owner's circumstances. At the borrower's request and with the borrower's written consent, the lender must liaise with a third party, nominated by the borrower to act on his/her behalf, in relation to his/her arrears situation. Alternative repayment options that the lender must explore with the borrower are: An 'interest only' arrangement for a specified period, extending the term of the mortgage or changing the type of mortgage. The lender must wait for 12 months from the date the borrower defaulted (classified as a MARP case), before applying to the Courts to commence legal action for repossession of a borrower's primary residence.
34. In Ireland, the government Mortgage Interest Supplement Scheme provides for weekly or monthly payment of mortgage interest on a short-term basis and for a property which is the sole residence of a borrower. On top of this, the national Free Legal Advice Centre offers free basic legal services to the public, including advice on credit and debt issues. The Money and Budgeting Service; a national, free, confidential and independent service; offers advice to people in debt or in danger of getting into debt.

Italy	YES (modification of loan terms, minimum length of time before starting foreclosure procedure)[35]	YES (financial relief for unemployed homeowners)[36]
Norway	LIMITED (modification of loan terms)[37]	NO
Portugal	LIMITED (moral support measures)	YES (financial relief for unemployed homeowners and possibility to sell the home to a publicly sponsored association)[38]
Spain	LIMITED (modification of loan terms)[39]	YES (public rescue scheme, temporary tax relief)*[40]
Sweden	LIMITED (modification of loan terms)	LIMITED (debt and legal advice)[41]
United Kingdom	YES (reconciliation procedure, mediation, modification of terms, minimum length of time before starting foreclosure procedures)[42]	YES (public loan guarantees, possibility to sell the home to a publicly sponsored association or to other funds, financial relief for unemployed, debt and legal advice)[43]

35. Members of the Italian Banking Association committed to considering suspensions of mortgage installments for families in difficulty under certain circumstances. Further, the Banking Code provides that the borrower's payment must be delayed at least seven times and for between one and six months before foreclosure proceedings are initiated.
36. In 2009, an auxiliary fund was created to support borrowers who cannot pay the mortgage installments for their primary residence.
37. In Norway, down-payments may be prolonged.
38. In Portugal, borrowers can sell their mortgaged properties to a particular fund while retaining the right to remain in the home as tenants, usually for five years, with an option to buy back at any time. In addition, legislation introduced in 2009 provides financial assistance to unemployed borrowers. A special credit line allows monthly payments to be reduced by up to 50% or a maximum of Đ500 for up to 24 months. Reimbursement has to take place in monthly instalments at six-month Libor-50 basis points over the remaining loan period.
39. Lenders are required to adjust the term and conditions of a loan when there have been major changes in the borrower's circumstances.
40. Unemployed borrowers who had not been late with their payments were able to defer up to 50% or Đ500 of their monthly installments between 1 January 2009 and 31st December 2010. The State-guaranteed deferred payments had to be repaid over the remaining loan duration starting from 1 January 2011. In addition, a Đ400 tax deduction was approved in order to grant relief for homeowners paying mortgages. In parallel, a voluntary agreement between the Government, the banking industry, the public registry and public notaries was reached to facilitate extensions in the duration of mortgage loans by exempting borrowers from fiscal, public notary and public registry fees caused by extensions.
41. The Swedish Social Service Act and Debt Relief Act require every municipality to support individuals in need and advise debtors in debt matters.
42. In the UK, this is dealt with on an individual basis and there are no set rules to govern how a lender must adjust repayment arrangements. Nevertheless, every lender must have a written policy and procedures for dealing fairly with customers in arrears.
43. The UK Homeowner Mortgage Support programme (2009) provides that borrowers with a temporary loss of income can defer interest payments for a period of up to two years. The Government may provide a guarantee to creditors covering 80% of the interest payments deferred if the property owner ultimately defaults on the mortgage within four years.
The Mortgage Rescue Scheme (2009) offers two options. For households who have experienced payment shock, a registered social landlord will buy an equity stake in the property, thereby reducing the homeowner's repayment to a level which he would be able to pay. According to a second option, which is available to the most vulnerable, a registered social landlord will buy the property in full and rent it back to the property owner at lower than a market rent.
Support for Mortgage Interest is an income-based Government scheme aiming at helping homeowner's with their mortgage interest. It is time-limited to two years for unemployed borrowers with a 39 week waiting period.

There are also certain measures which have been imposed on creditors by Member States. For instance, in Belgium it is a legal obligation for the lender to request a reconciliation procedure (i.e. Loi relative au credit hypothécaire). In both France and Belgium the borrower may ask a Judge to either suspend their payment obligations (France, Code de la consummation and Code civil) or to lower their instalments over a longer period of time.

Portuguese property owners have the least amount of support and are only provided with moral support measures. As a result, significant action will be required for Portugal to implement the Mortgage Directive.

In addition to measures undertaken by creditors, public support schemes are also of crucial importance. The most common support action is offered for unemployed homeowners who have lost their income due to the impact of the economic crisis. Such financial relief is used in Ireland, Italy, Portugal and the United Kingdom. Furthermore, public loan guarantees have been introduced in Spain and the United Kingdom by deferring at least part of the monthly payments to a point in time when the crisis will have passed. In Spain, a temporary tax relief has also been introduced. Lastly, there is the ability for homeowners in difficulty to sell their property to a publicly sponsored association (partly or in full) and rent it back. When their income is high enough to pay the full monthly mortgage payments again, they can buy their property back[44].

However, in the Czech Republic and Sweden public support schemes are limited to providing free or low-cost independent debt and legal advice for borrowers in difficulty. In these countries, people will only be given information available options they could use to solve their problems or facilitate reaching an agreement with their creditor. In Austria, Belgium, Germany, France and Norway there are no measures in place at all.

Foreclosure Procedures: Repossession, Auctions, Outstanding debts and Personal Bankruptcy

When the European Commission published its Report on National measures and practices to avoid foreclosure procedures for residential mortgage loans, it also stressed that when foreclosure does take place, common sense and humanity should prevail throughout the process. For instance, social and human implications for both property owners and their families should be taken into account when considering repossession claims and when a primary residence is at stake.

The Mortgage Directive also included provisions around foreclosure and introduced obligations for Member States to ensure the protection of a minimum living allowance if an outstanding debt remains after foreclosure proceedings. Also measures to facilitate repayment while avoiding long term over-indebtedness must be put in place. An example of such measures can be seen in the UK, where a lender has 12 years to contact a property owner in order to seek repayment of an outstanding debt[45]. Lenders have also committed themselves to the fair and sympathetic treatment of repossessed property owners and try to agree on manageable arrangements for repaying some or all of the debt. However, in the remaining case study countries there is a substantial space for new standards to be brought into force in order to ease the situation for those property owners who face long-term indebtedness.

Another common problem which was covered by the Mortgage Directive relates to value of property. Our research indicates that; particularly in Spain and Hungary; some mortgage providers do not always search for the best price on foreclosed properties. Public auctions do not always help and properties are often sold for sums much below their market value. As a result, property owners end up with considerable outstanding debt after foreclosure. This is a particular problem in countries (such as Spain and Hungary) where there is no provision for personal bankruptcy. To overcome this problem, the Mortgage Directive explicitly requires Member States to ensure that where the price obtained for the property affects the amount owed by the consumer, lenders should make every possible endeavour to achieve the best price. A best practice example is the United Kingdom, where lenders have a legal duty to sell the property for the best price they can reasonably obtain.

44. More in the Commission Staff Working Paper: National measures and practices to avoid foreclosure procedures for residential mortgage loans, SEC (2011) 357 final.
45. In Scotland, the limitation period is reduced to five years.

In addition, Member States must allow parties to a mortgage agreement to expressly agree that the return of the property is sufficient to repay the loan. Therefore, it will be up to an internal policy of Mortgage Providers to agree whether to include such a term in their mortgage agreements. Legal provisions must no longer be an obstacle and therefore, in Member States where arrangements are not currently in place, they will have to adjust their rules during the transposition of the Mortgage Directive.

The measure of last resort used to avoid serious and long-term indebtedness for property owners is personal bankruptcy. This is offered in most case study countries; with the exception of Hungary, Spain and Sweden. However, in Sweden there is an alternative solution in the form of a debt reconstruction which may, under certain conditions, wipe off a debt.

In the countries with provisions for personal bankruptcy, there are also other alternative options for indebted property owners that can be utilised. For instance in Belgium, both debt mediation and collective settlements of debts are available. In Ireland, three new debt resolution options were introduced by the Personal Insolvency Act in order to help mortgage holders with unsustainable debt to reach agreements with their creditors (a debt relief notice, a debt settlement arrangement and a personal insolvency arrangement).

prevent citizens from losing their homes by obtaining loans which they are not able to repay. The Directive requires a thorough check of a consumer's ability to fully repay the loan by taking into a consideration all factors; income, debts and regular expenses. Member States will now have an obligation to ensure such assessment are being undertaken and given that strengthening creditworthiness criteria was pushed by the industry, new regulations can be expected as Member States transpose the Directive.

European legislators also concluded that the value of property should be sufficient when buying a new or renovating an existing dwelling. In that way, people can retain their access to ownership provided that national rules in Member State allow for such options. However, in this case the focus needs to be shifted towards reasonable loan-to-value ratios and the appropriate valuation of property used to secure mortgage finance. The importance of these must not be underestimated. If a mortgage provider sets a maximum available amount which is relative to the assessed value of the property, the risk associated with mortgage finance is considerably lowered. By lowering such risks, more affordable credit can be offered. In addition, by setting an appropriate creditworthiness assessment, the risk of a borrower defaulting on their mortgage repayments is also decreased which in turn prevents lenders from needing to begin foreclosure procedures.

Conclusion

Given the impact of the crisis on the overall economy and the financial situation of property owners, a lot has been said about the need to restore consumer's confidence in taking out mortgage finance.

Starting with access to mortgages, there are three crucial aspects worth special attention. First, responsible lending is needed by mortgage providers. Second, reasonable loan-to-value ratios are required. Third, property valuations need to be undertaken.

The Mortgage Directive concluded that appropriate creditworthiness assessments need to take place prior to the granting a credit as it will

The Mortgage Directive places a duty on Member States to ensure that appropriate standards are used when property valuations are conducted and creates an obligation to provide information to property owners indicating the maximum loan amount available relative to the value the property; rather than limitations on loan-to-value ratios. As a result, property owners will still be able to accss high loan-to-value mortgages but will be in no doubt about value of the property, the maximum loan amount and the related terms when applying for a mortgage credit.

As for early repayment clauses, European legislators considered the need to promote competition in the single market and the free movement of European citizens. As a result, consumer's rights to prematurely end a loan agreement and

search for the best product to meet their needs has been guaranteed. However, such a guarantee can be provided by Member States either through legislation or by contractual clauses. As this report indicates, each case study country provides for such an option with the Czech Republic, Hungary and the United Kingdom having unconditional contractual arrangements at place. In Austria and Greece there are provisions which differentiate between adjustable rate mortgages and fixed-rate mortgages: For the first type of mortgage, universal rights exist, but for the second unconditional contractual provisions apply. Lastly, in Germany there is a different situation where contractual early repayment is only available for adjustable-rate mortgages. However, in case of fixed-rate mortgages contractual repayment is tied to certain conditions such as divorce, death of a spouse and relocation.

The payment of compensation for exercising early repayment options has also been discussed. It is noted in the Mortgage Directive that compensation must be fair and objectively justified. However, in France, Italy and Portugal there are caps prescribed by legislation on compensatory payments to creditors. In addition, Germany, Greece and Spain all have caps on compensation which apply only where adjustable-rate mortgages are concerned. However, it should be stressed that if such compensation exceeds the financial loss of the creditor, Member States will need to enact regulations in transposition that comply with Directive and introduce appropriate changes.

Another essential issue which has been dealt with by European legislators relates to what constitutes reasonable forbearance before creditors can initiate foreclosure proceedings. Indeed, this report demonstrates that in some countries that is a significant amount of room for improvement; particularly in countries like Portugal where there are only moral measures in place to support homeowners. The common methods used in other case study countries are reconciliation procedures (Belgium, Hungary, Ireland and the United Kingdom), mediation (France, Ireland and the United Kingdom), modification of loan terms (in all case study countries except Portugal) and a minimum length of time before foreclosure proceedings can be initiated (Ireland, Italy and the United Kingdom). It can

therefore be concluded that Member States where there are considerable problems with the eviction of homeowners in mortgage arrears and only limited government support provided to facilitate pre-foreclosure procedure by means of adjusting loan terms, stronger measures need to be introduced to prevent the citizens from losing their homes.

In addition, this Report explores public support measures which go beyond the scope of the Mortgage Directive and are used effectively in some of the case study countries. For example, there is a financial relief for unemployed homeowners in Ireland, Italy, Portugal and the United Kingdom. Public loan guarantees are available in Spain and the United Kingdom. A temporary tax relief is offered for Spanish homeowners along with a recently introduced ability to sell the home to publicly sponsored associations. In these cases, property owners can temporarily rent their home and when their income is reasonably stable again, they can buy it back. Similar concepts exist in Portugal and the United Kingdom. However, in a significant number of case study countries there are none or insufficient public measures, i.e. Austria, Belgium, Germany, France and Norway. Similarly, in the Czech Republic and Sweden there is only legal and debt advice available as part of a public service to homeowners in need.

This leads us directly to foreclosure procedures themselves. Under the Mortgage Directive, social and human implications for both property owners and their families should be taken into account when a primary residence is at stake.

We identified and discussed three main aspects which are relevant to a foreclosure proceeding. Firstly, the Mortgage Directive states that the protection of minimum living standards must be introduced and that additional measures to facilitate repayment while avoiding long term over-indebtedness should be put in place; this is especially important for Hungary, Spain and Sweden where provisions on personal bankruptcy do not exist. Secondly, public actions should be linked to the market price of property so that property owners will not need to deal with unreasonable outstanding debt after foreclosure. Finally, Member States will no longer be able to prevent parties to a credit agreement from expressly agreeing that the return of the property is sufficient to repay the loan.

As a result, we can expect to see many changes to the national regulations that govern mortgage markets as Member States implement the Mortgage Directive.

List of Data and Analysis Dontributors

The information contained in this comparative report was made available to the UIPI and to the author by the relevant UIPI national associations. Special thanks should be addressed to David Cox for his extensive work on the linguistic corrections to the report and to the following persons:

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European Semester: The Impact of European Economic Governance on Private Property Ownership

Emmanuelle Causse
Head of Public Affairs, UIPI

The financial and economic crisis has underlined the clear need for stronger economic governance and coordination at EU level. The European Union proceeded with bold decisions aiming at strengthening the coordination of Member States' budgetary, macroeconomic and structural policies. In this context, a yearly cycle of economic policy coordination called the European Semester has been established. This involves the Commission undertaking a detailed analysis of the fiscal programmes in all EU Member States on an annual basis. It covers three broad blocks of economic policy coordination:

1. Structural reforms focusing on promoting growth and employment in line with the Europe 2020 strategy;
2. Fiscal policies in order to ensure sustainability of public finances in line with the Stability and Growth Pact; and
3. Ensuring the prevention of excessive macroeconomic imbalances within Member States.

Some property owners might think that European macro-economic governance does not have a significant impact on either their balance sheets or the way they run their businesses. They would be wrong. More than ever before, the decisions taken in Brussels could have a direct and significant effect on property owners.

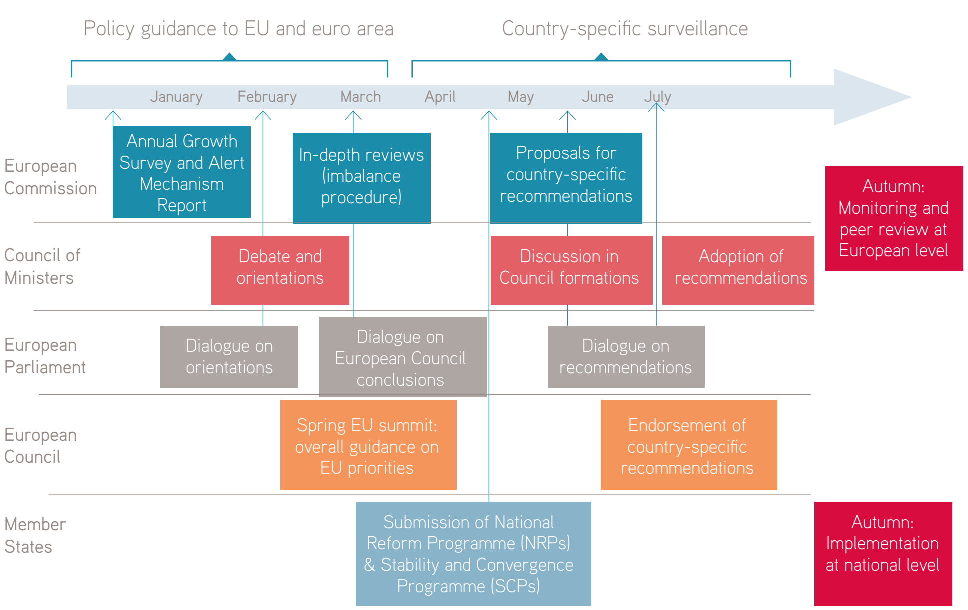
How does the European Semester work?

The preparations for the European Semester start when the Commission publishes its Annual Growth Survey[46] and Alert Mechanism Report[47] in November each year.

Based on the results of the Alert Mechanism Report, the Commission then conducts in-depth reviews of the economic situation in countries where they deem there is a high risk of macroeconomic imbalance. The in-depth reviews identify the nature and scope of any macroeconomic imbalances and provide the Commission with the necessary information and evidence to suggest individual, tailored Country-Specific Recommendations to Member States.

46. The **Annual Growth Survey** presents the Commission's view of EU policy priorities for the next year. Member States are invited to take them into account when designing their economic policies for the coming year.
47. The **Alert Mechanism Report** reviews macroeconomic developments in individual EU countries.

The European Semester



Phase One: Policy Guidance at EU level

January and February

The Council of the European Union debates the Annual Growth Survey in order to formulate proposals for the European Semester. As the Semester has implications for a wide range of policies, the Council of the EU discusses the details during various Ministerial Forums; including the Employment, Social Policy, Health and Consumer Affairs Council, the Economic and Financial Affairs Council.

The European Parliament also discusses the Annual Growth Survey and may publish an Own Initiative Report or call the President of the Council, the Commission or where appropriate, the President of the European Council or the President of the Eurogroup to provide more detailed information. Individual Member States are also given the opportunity to participate in an exchange of views.

March

Based on the Annual Growth Survey and the Council of the EU's analysis and conclusions, the European Council (the Heads of State and Government) produce policy directions. Member States are expected to take these policy directions into account when preparing their national stability and reform programmes which outline their budgetary policies and strategies for promoting growth and competitiveness.

The Commission publishes in-depth reviews of the economic situation in countries where they deem there is a high risk of macroeconomic imbalance. Based on these reviews, the Commission drafts recommendations aimed correcting the imbalances.

Phase Two: Country-Specific Objectives, Policies and Plans

April

Member States submit their policy plans to the European Commission in which they outline their:

Stability and programmes; including Member States medium-term budgetary strategy; and

National reform programmes[48]; including structural reform plans which focus on promoting growth and employment.

May

The European Commission evaluates national policy and presents draft Country-Specific Recommendations.

June

The Council of the EU discusses the draft and agrees on final Country-Specific Recommendations. They are then presented to the European Council for endorsement.

July

The Council of the EU adopts the country-specific recommendations and Member States are invited to implement them.

Phase Three: Implementation

July

Member States then enact the Recommendations through policies introduced in their next national budgets.

Why the European Semester Impacts Property Owners:

The European Semester looks at every aspect of economic activity covered by Government policy. The UIPI has identified a non-exhaustive list of twelve areas in which the European Semester will directly impact property owners. They are:

1. A movement away from income-based taxation policies to property tax (and/or other form of taxation such environmental tax);

2. The restructuring of property taxation;

3. Updating property valuation as a tax base;

4. Reviewing reduced VAT rates on items such as the repair and renovation of housing;

5. Strengthening or liberalising rent regulation (depending on the Member State);

6. Reducing volatile interest payments on mortgage loans;

7. Reducing the debt bias in housing taxation by phasing out tax deductibility of interest payments on mortgages;

8. Rationalising planning and zoning control;

9. Reducing obstacles to cross-border construction and real estate services;

10. Increasing competition within the construction sector;

11. Increasing the energy efficiency of buildings;

12. Reducing and monitoring distribution and retail costs in the energy sector.

This means that each Member State's policies on property taxation, asset valuation, the mortgage market, the housing market, the private rented market, urban planning and the protection of competition rules in the construction sector are all under rigorous scrutiny by the European Commission.

This scrutiny and many of the Country-Specific

48. National Reforms can be found: http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/

Recommendations will have a positive impact for property owners. For example, this year, the Commission recommended that Sweden improve the efficiency of its housing market by phasing out the remaining elements of rent control and strengthen contractual freedoms for landlords and tenants. This is a very welcome step forward for landlords in Sweden and will go a long way to re-invigorating the country's stagnant private rented sector.

However, particularly where there is macro-economic imbalance, some of the European Semester's Country-Specific Recommendations have suggested a move away from income-related taxes in favour of property-based taxation. In countries such as Austria and the Czech Republic it was recommended that in order to reduce the tax and social security burden on labour for low income earners in a budget-neutral way, they should rely on other sources of taxation that are less detrimental to growth – such as recurrent property taxes. Such recommendations will obviously have a significant impact on property owners and will directly impact the private rented sector.

It is also important to consider the consequences of the European Semester on Member States who fail to heed the European Commission's recommendations. Although designed as a voluntary, non-legislative and co-operative process, Member States will be liable for sanctions if they fail to comply with recommendations. Depending on the policies at stake (structural, fiscal policy or the prevention of macroeconomic imbalances), sanctions for non-compliance can involve annual fines (up to 0.1% of GDP) for Eurozone Member States and the suspension of Cohesion Fund financing for all countries. As with the Country-Specific Recommendations, the cost of any sanctions will inevitably filter down from central Government to the local populace who pay the taxes. The impact of this, particularly in countries where they are moving from income-related to property-based taxation models, means that these sanctions are likely to be borne by property owners through the imposition of higher property taxes.

How the UIPI is Intervening:

Due to the importance of the European Semester, UIPI is closely monitoring its progress. We are constantly analysing the impact of its recommendations on property owners in Member States. UIPI is also in contact with the Directorate-General for Economic and Financial Affairs (DG ECOFIN) in charge of the preparation of the Annual Growth Survey and Countries Specific Recommendations. We are looking into possibilities to provide expertise to the Commission. These could include the High Level Working Party on Taxation, the Taxation Policy Group and the Economic Policy Committee of the ECOFIN Council; in particular, it's LIME Technical Sub-group and the Workshop on Housing Related Issues.

This is why I am very pleased that representatives from DG ECOFIN are able to attend our Congress and hear from delegates how the European Semester is likely to directly impact their homes, businesses and the real estate sector in over twenty different European countries. •

The Belgian Mortgage Market Facing Crisis

Nathalie Boileau
Jurist, SNP-AES, Belgium

Started in the United States in 2007 on the subprime mortgage market, the financial crisis gradually spread to all financial markets and strongly impacted growth in the main advanced countries throughout 2008 and 2009.

We all know that the main financial liability for households is loans for the purchase, renovation or construction of property; which represent a large proportion of bank's lending. It appears from Chart 1 that over the last ten years the Belgian household mortgage debt has more or less increased.

In 2009, the Belgian residential mortgage market see a marginal correction of housing prices and a temporary slowdown in mortgage loan growth. Then to support the economy affected by the crisis, the Belgian Government decided to boost the mortgage loans for renovation by fiscal incentives for energy-saving investments. These "green loans" were very successful.

Unfortunately, the withdrawal of incentives for green loans and many other energy-saving investments led to a significant decline in the number and value of new mortgage loans taken out for renovation in 2012. That dive was, indeed, mainly due to an exceptionally high level of productivity during the last quarter of 2011 as large numbers of borrowers completed on their renovation loans before the fiscal advantages related to investments in energy saving were withdrawn; as is shown in Chart 5.

The slight slowdown of growth in mortgage lending is a result of both the reduction in supply and falling demand for loans.

At first sight, this decline of the mortgage lending may seem surprising when interest rates have rarely been so low, since we know that the average rate charged on new fixed-rate loans was 3,7 % in 2012. But most of the banks tightened their mortgage lending criteria during 2012 and even limited the amount of the loans to 80% of the value of the mortgaged property. Therefore households with low income and no personal savings face difficulty in locating suitable finance to purchase their home.

Despite the favorable borrowing rates, the loss of consumer's confidence and the disappearance of some effective tax incentives which had already depressed the market demand for housing loans, has only served to further inhibit the number of general household projects.

The negative trend in the mortgage market throughout 2012 continued into 2013. During the first quarter of 2013, mortgage production decreased by 13,5% over one year and the amount of the loans granted dropped by 12,5%. A little less than 42.000 new credits were granted for a total amount of Ð4,5billion; excluding refinancing.

Even though the decline in the mortgage market reflects now, more than ever, low consumer confidence in an uncertain socio-economic context, we are closer, indeed (with 41.862 loans granted during the first quarter of 2013), to the level of the first quarter of 2009 (with 40.910 loans granted), just before the introduction of the so called "green loans".

In short, a coherent action plan to support growth potential and safeguard financial stability seems to be the only way to restore consumer's confidence and to protect the actual standard of living and social model in Belgium.

The main relevant factors remain without any doubt taxation, which will weigh on prices, and the rates loans, which will influence the creditworthiness of buyers, even if it is certain that Belgians still believe in real estate as one of the best investments. •

CHART 1

DEBT OF BELGIAN HOUSEHOLDS
(In € billion, unless otherwise stated)

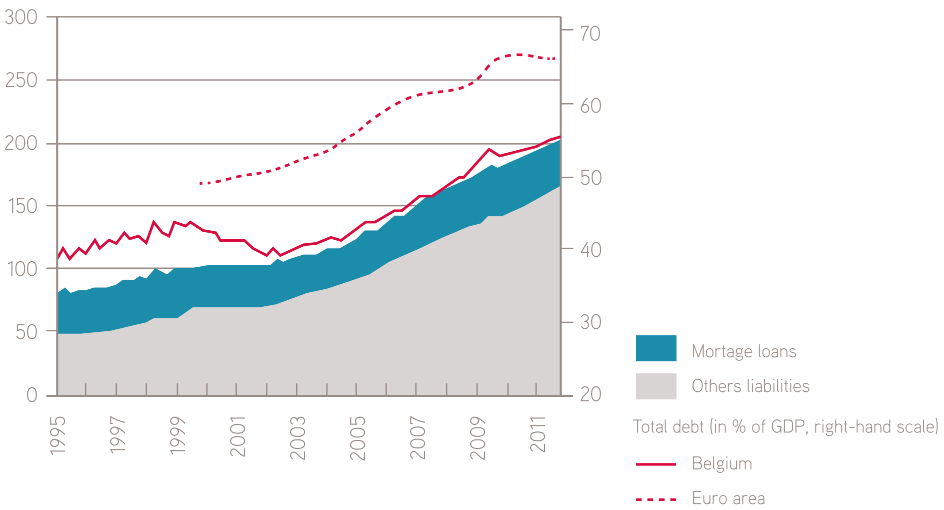
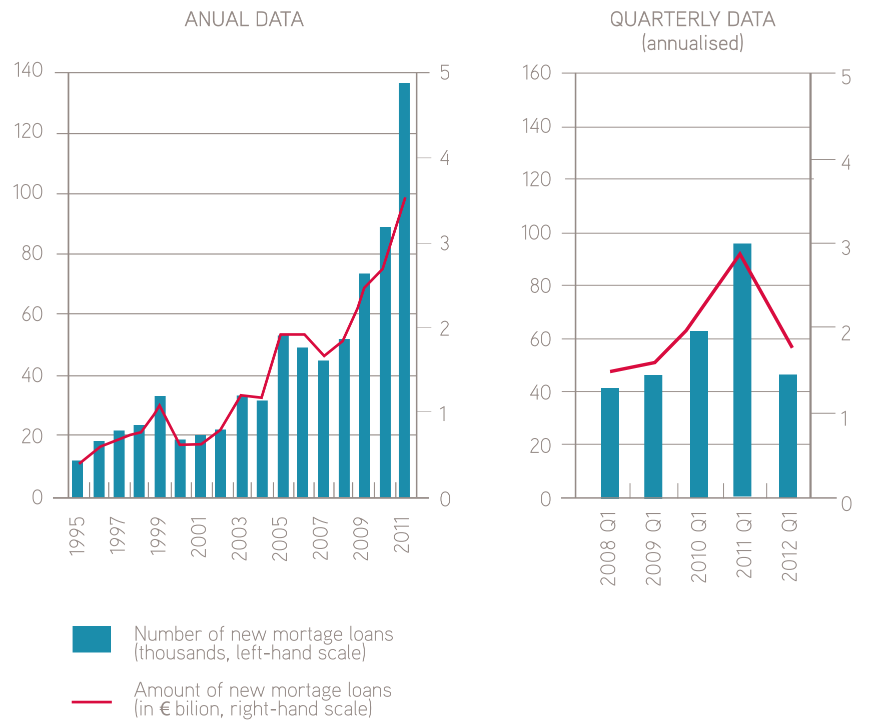


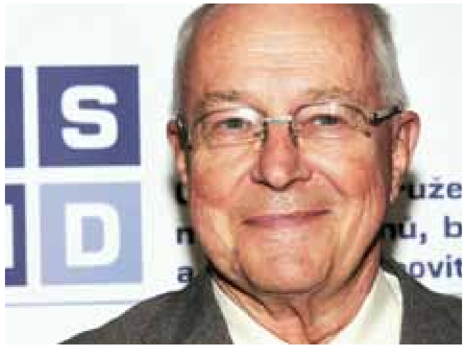
CHART 5

MORTAGE LOANS FOR RENOVATION



Source:NBB

Housing policy and the Real Estate and Financial Crises



RNDr Tomislav Šimeček

President, Association of House Owners of the Czech Republic (OSMD), Czech Republic

In order to be elected, politicians like to promise the electorate the achievements of their dreams. One such a dream is that every family should be able to have its own house. Under the strict rules of a market economy only those who have the financial assets to be capable of purchasing property should be able to do so.

If an important faction of the electorate is represented by those whose earnings do not meet their housing expectations, the popular socialist solution is to help those poor citizens through Government intervention against the inhuman market economy by offering low interest rate mortgages and governmental guarantees for the purchase and construction of new "cheap" but good quality social housing to anybody who is interested.

Those who profits most from this policy are of course the building companies and mortgage-offering banks, trying to persuade everybody that living in their own house will save them more than if they lived in rental housing; which under normal conditions offers something less than 3% return on investment if you subtract the cost of simple reproduction of the rented property from the gross "rent".

Most of those who participate in this Government support do not realise they have been deprived of the ability to use their free capital in a more efficient way through "lost opportunities". Since the construction industry is very profitable, more and more new houses are being built and inevitably the offer will soon exceed the demand.

Most crises are the result of overproduction and if this overproduction has been supported by the Government it is much more complicated to stop. The unsalable surplus houses are losing their market value and the banks are facing unsecured loans and are getting into financial problems; limiting their ability the finance other fields in the economy.

Not only are the forfeiters victims, but also other sectors of the economy result in unemployment and the housing problem becomes even worse. The results in an increased interest in rental housing, thus increasing the rents and a new intervention by the Government is to be expected in order to humanise the inhuman economy.

The worst choice is to continue to overproduce housing; investing public funds into new "social housing units" that will be offered for below market rents to those eligible who will also get the privilege of living in this unit for life. Due to its high market value even this privilege is marketable, leaving many on waiting lists.

There is an alternative solution which is economically sound but does not compensate those who profited from poor Government policy most, the building companies. This solution is temporary personal means tested housing allowances for limited standard (private) rental housing; allowing such rents that will initiate the revival of a new rented housing market, leading to the gradual increase of offers and the stabilisation of rents at a much lower overall cost than social segregation through below market rent housing. Since these allowances are only temporary and only for those in non-self-inflicted social need, the amount of money needed to keep the policy in force will be phased out at a reasonably equitable level.

Providing all in non-self-inflicted social need with standard rental housing for market rents can be made easily affordable thanks to temporary means tested personal housing allowances. It is a long term and cheap solution to the housing problem for all in social need. In the Czech Republic nearly all the households in social need (aprox. 5%) are living in their original rental housing at an affordable cost thanks to the social housing allowances with practically no "social housing" being needed (less than 0.5%). The total cost of this service to the State for 10 million inhabitants is Ð220 million per year with all families spending a maximum of 35% of their disposable income on housing for a reasonable sized apartment. •

La situation de l'immobilier résidentiel en France après la crise de 2007

Frédéric Zumbiehl

Juriste, Union Nationale de la Propriété Immobilière (UNPI), France

I) Etat des lieux:

A) Baisse du nombre de constructions neuves:

Selon les derniers chiffres publiés par le Ministère de l'Écologie, du Développement durable et de l'Énergie[49], un peu de plus de 300.000 chantiers de constructions de logements ont démarré entre juin 2012 et mai 2013. Ce chiffre est en baisse de 14% par rapport aux douze mois précédents. Toutefois, la baisse des mises en chantier recensés sur douze mois s'amenuise de mois en mois (des baisses annuelles de 16,9% et 19,6% avaient été constatées en avril et mars 2013).

Les autorisations de construire, quant à elles, sont en baisse de 4,4% sur la période mars/mai 2013 par rapport aux trois mois précédents.

B) Baisse du volume des ventes des logements anciens:

Selon les statistiques immobilières des Notaires de Paris-Ile-de-France, le nombre de ventes a chuté de 19% au 1er trimestre 2013 par rapport au 1er trimestre 2012[50]. Cependant, cette baisse du nombre de transactions ne s'accompagne pas d'une chute des prix, ceux-ci affichant une légère baisse de seulement 0,5 % par rapport au dernier trimestre 2012 et de 0,8 % sur un an (logements anciens).

Concernant la province, le Conseil supérieur du notariat faisait état en janvier 2013 d'une baisse du nombre de transactions de 20 % sur un an[51]. Au 3ème trimestre 2012, les prix de l'ancien ont baissé de 1,3 % à 1,5 % sur un an.

C) Baisse des loyers en euros constants:

En mai 2013, l'observatoire Clameur a constaté que les loyers de marché ont augmenté de 0,5 % en un an, soit moins que l'inflation. Cette situation est caractéristique de la période 2006-2013 : pendant cette période, les loyers ont progressé de 1,5 % par an, alors que les prix augmentaient de 1,6 % par an. Au contraire, pendant la période 1998-2006, les loyers ont augmenté de 4,1 % par an, soit sensiblement plus que les prix.

Un autre chiffre traduit également le manque de dynamisme du marché locatif : avec un taux de 26,3%, le taux de mobilité constaté en mai 2013 est le troisième plus faible sur quinze ans. A Paris, il atteint 17,6 % en mai 2013 contre 20,2 % en moyenne sur les quinze dernières années.

II) Analyse et projections:

Les statistiques actuelles concernant l'immobilier résidentiel en France font état d'un blocage certain du marché. Cependant, ne traduisent pas l'« effondrement » qui a pu être constaté ailleurs, que ce soit en Espagne par exemple, ou aux Etats-Unis. Les prix à la vente, s'ils ont accusé une baisse fin 2008, ils ont globalement retrouvé leur niveau d'avant la crise en 2012. Entre 2000 et 2013, les prix ont plus que doublé en France. Plusieurs raisons peuvent expliquer cette résistance relative.

49. Source : Soes, Sit@del2, Commissariat général au développement durable, Chiffres et statistiques, n°419, mai 2013
50. Conjoncture immobilière, Notaires Paris-Ile-de-France, 28 mai 2013 (base BIEN)
51. Note de conjoncture immobilière des Notaires de France, n°18, janvier 2013

A) Des emprunts à risque peu répandus en France:

En France, l'accès au crédit immobilier est moins facile que dans d'autres pays, notamment outre-Atlantique.

Les dérives constatées aux Etats-Unis (commercialisation à outrance de prêts à des publics peu solvables, possibilité d'emprunter à hauteur de la valeur théorique d'un bien en tablant sur sa plus-value) n'ont pas été imitées en France. Bien qu'introduit dans le droit positif en 2006, le prêt hypothécaire rechargeable est peu pratiqué en France. Aux Etats-Unis, l'hypothèque rechargeable a permis à des primo-accédants d'augmenter leur emprunt sur le seul constat que leur maison continuait, dans l'absolu, de prendre de la valeur. Cela fragilisait le marché en cas de chute des prix et précipitait les propriétaires dans le défaut de paiement.

Notons que la comparaison entre les pays est très difficile : par exemple, aux Etats-Unis, l'accédant en difficulté (situation de « negative equity ») peut rendre les clefs de sa maison à la banque en étant déchargé de ses dettes, ce qui lui permet de repartir d'un bon pied. Cette situation est rigoureusement impossible en France où, dans la même configuration, l'accédant reste tenu de ses dettes vis-à-vis de la banque, sur l'ensemble de son patrimoine.

De plus, par rapport à d'autres pays, les Français ont très peu recours à des emprunts à taux variable. « *Alors que 40% des crédits à l'habitat sont à taux variables dans les pays de la zone euro -avec 90% de crédits à taux variables en Espagne, (...) – les crédits immobiliers en France sont pour 89% à taux fixe* » (Score-advisor, Financement et crise de l'immobilier en France, oct. 2012). Notons qu'à l'heure actuelle, les taux d'intérêt sont particulièrement bas.

Cette situation propre à la France protège les accédants à la propriété, qui sont dans d'autres pays (comme le Royaume-Uni) fragilisés en cas de hausse des taux.

B) Des besoins de logements constants:

Si les avis sont partagés sur l'existence d'une « bulle immobilière » en France[52], à peu près tout le monde s'accorde pour dire que l'existence d'importants besoins de logement, liés notamment à la démographie française et l'évolution de la structure des ménages, limite le risque d'éclatement. D'autant que la mise en chantier de 300.000 logements entre juin 2012 et mai 2013 (voir précédemment) est loin de l'objectif de 500.000 constructions neuves affiché par le Président François Hollande pour résoudre la crise du logement.

Par ailleurs, « *par rapport aux autres pays européens, la France occupe une position médiane quant à la répartition de son parc de logements par statut, entre ceux où les propriétaires prédominent largement, comme l'Espagne ou le Royaume-Uni, la Suisse et l'Allemagne où les locataires sont majoritaires. Le parc locatif, avec 10,5 millions de logements, représente au total 39% des résidences principales. Il se compose de deux parties : un secteur privé de près de six millions de logements (22%) et un parc social de 4,6 millions de logements (17%)* » (Bailleurs et locataires dans le parc privé, ANIL, nov. 2012). Cet équilibre favorise la mobilité et réduit le taux d'endettement général des Français. Il n'est pas certain qu'un taux plus élevé de propriétaires parmi la population soit souhaitable en France.

En conclusion, l'immobilier résidentiel en France traverse sans nul doute une période d'incertitude (on construit moins, on vend moins), sans toutefois que cette crise ne se traduise par une baisse significative des prix (sauf dans certaines zones déshéritées en province). Une certaine prudence des banques dans l'octroi de crédits immobiliers et la persistance de besoins de logements expliquent sans doute que l'immobilier français ait moins souffert qu'ailleurs. A l'heure où nous écrivons, les professionnels s'inquiètent cependant des intentions du Ministre du logement en matière d'encadrement des loyers et de réglementation des baux. On peut craindre qu'elles n'aient pour effet, ajoutées à la hausse des impôts, de renforcer l'attentisme des investisseurs, voire de les décourager. •

52. En faveur de l'existence d'une bulle immobilière, on évoque notamment la déconnection totale entre l'évolution des prix et celle des revenus des ménages (depuis 2002, la « courbe de Friggit » est montée en flèche).

German Real Estate Market strong in 2013

Torsten Weidemann
Manager of the Political Economy and Housing, Haus und Grund, Germany

Mainly driven by historically low interest rates for mortgages, the German real estate market has been optimistic for more than two years. Compared to developments in other European countries over the last decade, price increases have nevertheless been only moderate and therefore sustainable.

Never before was financing property as cheap as in 2012: A 10-year fixed rate mortgage was on average available for 3.1 percent, while the maximum loan to value (LTV) for a standard mortgage was still 80 percent. On the whole, over the last 20 years German buyers had to cope with an interest rate of 5.7 percent. In 2013 so far financing conditions improved further. As the macroeconomic outlook for the Eurozone remains depressed there is more or less no evidence of a quick turnaround in interest rates by the European Central Bank (ECB) and therefore financing conditions in Germany will remain favourable, at least for some time. Both domestic and international demand for German real estate was also fostered by investors considering the market a safe haven as bond and stock markets experienced turbulences in a period of uncertainty labelled the Euro Crisis.

Price increases are nonetheless to be described as moderate at the utmost. The increase in the overall index for owner occupied housing accelerated to 3.1 percent in 2012, up from 2.5 percent in 2011. But demand and price increases have not been homogenous for all of Germany. The demographic change the country is undergoing is responsible for a demand shift towards urban, in most cases economically strong regions. At the same time rural areas are bound to lose or are already losing population. Several administrative districts in East Germany have already experienced a decrease in population of about 25 percent over the last 20 years. So it is hardly surprising that the strongest price increase in 2012 is reported for the segment of condominiums, a property type mainly found in larger cities which is at the same time underrepresented in rural areas; price increases were about 4 percent in both years. Price increases for multi-family houses have also been strong and therefore – as an inner city means of living – tell the same story as condos. Capital values for this asset increased 3.0 percent in 2011 and 4.9 percent in 2012; performing strongly for German standards, especially when compared to single family houses, for which prices only went up by around 2 percent per year.

While the homeownership rate of 45.7 percent is still low compared to other European countries, it has improved significantly over the last years. From 2008 to 2010 alone it increased by 2.5 percent. In Western Germany it already surpasses the 50 percent mark whereas only 34.4 percent of households in Eastern Germany are proprietors. All in all more than 50 percent of the German population is living in their own four walls as proprietor-households; notably larger than tenant-households.

Although media coverage suggests strongly rising rents in Germany for the last couple of years official numbers from the office for statistics show unchanged rises of either 1.2 or 1.1 percent for the last four years. Taking inflation into account the real price increase was only positive in one out of the last four years. As this official time series includes imputed rents for owner occupiers it may tend to underestimate the development slightly. On the other hand sources from service-based consulting firms only survey market segments of particular interest to investors and tend to overestimate price changes. Still, rents for apartments – not older than ten years, 60-80 square meters, lofty style – did only increase 2.7 percent in 2012 and by a mediocre 1.4 percent in 2011 when looking at those figures. Again, the market is divided. Data is available for rural areas and cities and shows an increase of 3.5 percent (2012) and 2.0 percent (2011) for cities as rural areas lag behind with increases of 2.2 and 1.1 percent respectively. Price and rent increases in sought after "hot spots" in Berlin, Munich or Hamburg could – by anecdotal evidence – have reached levels of five to ten percent per year. Talking of quarters or part thereof only, those increases are by no means representative for Germany as a whole.

But those increases in rents as well as in prices led to a considerable rebound in building permits over the last years as investments in real estate obviously increased in profitability. From a trough of only 174.500 in 2008 permits increased to 228.500 in 2011 and hit a seven year high in 2012 with 239.500 units – a increase of 37 percent to 2008. This building activity relates to about 3 new habitations per 1000 inhabitants, much less than in Ireland or Spain at the time of their building sprees. In the last few months media and politicians considering this environment nonetheless started to discuss if the market is already overheating, if there is a bubble and, if so, when it will burst. Analytically there currently is no evidence of an overheating or even of a bubble. It is unnecessary to mention that Germany`s vacancy rate of more than eight percent; already among Europe´s highest.

After years of rents and prices declining in real terms the current increases are a needed catching-up process to provide the means of investment needed in light of the huge investments German landlords and proprietors are facing because of the demographic change and politically wanted energetic modernisation of the building stock. Unfortunately, politicians have already embarked on a path of stricter regulation of the housing market. A change in the tenancy law which came into effect on 1 May – the first change in such a way it improves the legal situation of landlords in 52 years – was changed at the last minute and cut down in important aspects like the ability to increase rents. Further restraints on the freedom of contract are being discussed as Germany is in the midst of an election campaign and tenants are considered an important group of voters. Arguments being put forward that further regulation would hinder the upkeep of buildings in rural areas where finding tenants is already hard and investment into downtown areas where additional dwellings are needed go unheard. •

Greek Private Real Estate Property and Market today: A victim of unbearable taxation

Stratos Paradias

President of the Hellenic Property Federation (POMIDA), Greece

In 2010 Greece signed a Memorandum of Understanding (MoU) with the European Commission, the European Central Bank and the International Monetary Fund, to help Greece fund its public debt. The aim of the MoU was to internally devalue goods and services; and its first "victim" was private real estate property. This has led to a sharp decline of the real estate market in Greece which has continued throughout 2012 and 2013.

In contrast to what happened in other economies (e.g. USA and Ireland), developments in the real estate market were not among the fundamental causes of the Greek crisis. Nonetheless the real estate market and the construction sector were hit particularly hard. For example, investment and employment in the construction sector is currently in free fall.

In 2013, the Greek economy is experiencing its sixth year of recession and the fall in economic activity continues to escalate; causing continual reductions in the price of goods and services. The magnitude of the economic recession coupled with the huge fall in the disposable income of Greek households' now outweigh the factors that contributed to price resistance in the real estate market in the first years of the recession. Rents are falling significantly; with the commercial rented sector being the worst hit. In the office sector in particular, empty commercial space now outnumber occupied units in many parts of Greece.

Apart from the recession, the decline in market activity is magnified because of the growing uncertainty regarding the future tax treatment of real estate transactions and ownership, as well as the foreclosures framework and the legal values system. These uncertainties keep market activity low despite the falling prices.

Despite a reduction in labour costs, construction costs remain high because the recession has not hit material costs to the same extent. Credit expansion for housing purchases remains negative and both supply and demand side developments point to a further deterioration. Non-performing housing loans are also increasing despite the increase in restructurings. Business expectations in construction reached their lowest point in mid-2011 but have rebounded along with the general economic climate. As a result, consumers remain unwilling to invest in the real estate market.

Taxation of Real Estate Property:

The huge decline in market activity is related, not only to the recession, but also to the growing uncertainty over the future tax treatment of real estate transactions and private property ownership.

Traditionally, ownership of real estate property in Greece was moderately taxed. Under pressure to increase public revenues, in 2011 the Government imposed a special levy on real estate for 2011-2013; collected through electricity invoices. This was on top of regular annual Real Estate Ownership Tax. The latter has not been collected yet for the years 2011-2012 due to bureaucratic problems and the Government plans to collect it in 2013.

According to Ministry of Finance announcements, there will be a major restructuring in the real estate taxation framework in 2014; unifying all relevant taxes on property ownership. While this is a welcome step towards the simplification and modernisation of the entire tax collection system, the delay in its finalisation has increased uncertainty in the market. The Ministry aims to secure around Đ3.2bn annually (according to press reports) from real estate property capital taxation; an aim next to impossible in times when there is no revenue or even value left in property. Adding to the uncertainty, legal values of real estate which now vastly exceed market price, will remain unchanged until the end of 2015, instead of being significantly decreased, trapping property owners to an exorbitant taxation burden.

Frozen Foreclosures

Another important aspect of the real estate market in the current crisis is the foreclosure process which is applied to residential mortgage loans. With Non-performing housing Loans reaching 20.2% of total housing loans, it would be expected that foreclosures would also increase. However, the number of foreclosures has declined to 26,000 in 2012 from 44,000 in 2011. The reason is that foreclosures for debts up to Đ200,000 concerning the main residence of the borrower were frozen in mid-2009 and are not expected to be released until the end of 2013 at the earliest. At the same time banks continue to restructure loans at ever increasing rates; trying to avoid new capital losses. If and when this protection ends, the pressure on prices could potentially be significant. This is also a reason for the current market inactivity as many potential buyers hope the market will shortly be flooded by real estate property from foreclosures. Sooner or later this uncertainty over the foreclosures framework will have to be lifted – one way or another.

Transaction Costs

The Greek real estate market has always been characterised by high transaction costs. According to OECD data, in 2009 Greece had the third highest transaction costs among the OECD countries. The MoU with the Troika has brought some about changes for lawyers and real estate brokers that might help reduce these costs. The mandatory involvement of a lawyer in real estate transactions, including even some gratuitous legal transactions, such as donations, was repealed with immediate effect for the seller and with an effect from 31 December 2013 for the buyer. Until now, a lawyer's involvement in real estate transactions was obligatory. The main problem is that lawyer's fees, as well of those of Notaries (who were also obligatory), are calculated automatically based on the legal value of the property. Notary fees have also been significantly reduced.

The real estate property market is in a continuing state of crisis. Whilst this is detrimental for landlords and big property owners in Greece, it is a paradise for those who would like to buy a summer house in the country. Today, Greek real estate is a buyers' market; a property almost anywhere in Greece is a property with a "brand name" and the right time to buy is now! •

Unsustainable Debt and the need for Fiscal Policy Reform

Stephen Faughnan
Chairman of the Irish Property Owners Association (IPOA), Ireland

The property bubble has created two significant problems for the Irish economy, namely a society that is overburdened with debt and thousands of landlords and home owners in negative equity. These problems have a significant multiplier effect on the economy and recovery cannot occur until a strategy is formulated and implemented; where the revival of the economy and the creation of jobs are to the forefront and banks are simply activists in the solution.

The numbers in arrears are unsustainably high at around 11%. Forbearance alone will not work and more radical solutions are required. The arrears statistics for Buy-to-Let investors show that one third of all investors are in arrears of over three months, causing fear, upset and financial devastation to both owners and their tenants. Market forces resulted in rents being reduced, which is a risk accepted by all investors. Presumably, the reason Irish taxpayers are forced to make so many sacrifices is to enable banks to have sufficient capital to make the decisions necessary to help with our economic recovery and not simply to be focused on recovering the individual banking businesses. However, the damage was increased as a result of the changes in the tax treatment of the private rental market since 2009.

The private rented sector, housing 20% of people in Ireland (700,000), has been targeted in an unprecedented manner at a time when the residential rental market is suffering from its most serious downturn in recent history, with a "perfect storm" of events conspiring to make property rental a serious loss making business. Huge burdens have been applied to landlords, with many normal business expenses being disallowed, in blatant contravention of normal business practice (commercial letting does not have this problem) on the basis of the outdated concept that private residential letting income is called "unearned income". Some major expenses are being treated as profit and are being taxed. This is the only sector where people are being taxed on a loss. Investors either have an inflated tax liability, or have to pay tax on a loss, which has resulted in them not being able to pay back the banks.

A very significant number of landlords in the private rented sector now find themselves locked into hugely onerous mortgages, with insufficient rental income to service what is often substantial debt and many already have had to either plead for a restructuring of their loans (which the banks are largely resisting), or become involved in a forced sale (which often means evicting tenants) at a time when property values of houses and apartments have more than halved since 2007; with apartments suffering more. New legislation to permit banks to increase repossessions has been passed and this will increase the problems unless there is some corresponding assistance given in the form of debt writedowns.

New insolvency legislation is about to be implemented, but banks have a veto on any deal with borrowers. Buy-to-Lets are considered a significant issue, due to the increasing arrears and the legislation is particularly designed for such investments. Many landlords in this position have paying and contracted tenants; however, the rent is insufficient to cover the mortgage. Banks should be required to work with borrowers, thus avoiding repossession and insolvency routes and the related costs. A short sale could be agreed in some cases, or a fair repayment model put in place for the outstanding balance where all parties take the pain of a poor investment decision by both parties and the borrower is not left with a large debt which cannot be repaid.

Government, developers and the banks, assisted by EU monetary policy, created the bubble – not home owners or investors. Government and the banks now need to solve the problem and instigate debt forgiveness measures to give distressed borrowers hope for the future and to free up cash for spending in the economy. As a nation, in common with many other European States, we cannot recover until the overhang of unsustainable debt is removed and society has the confidence to start living again. •

A Focus on Real Estate in Italy

Michele Vigne
Vice-President, Confedilizia, Italy

The Housing Stock:

The total housing stock in Italy comprises some 30.6 million buildings with a total value of Ð6.461 billion. About half of the housing is located in the North (47.8%), 26.3% in the Centre and 25.9% in the South. Last year property taxes increased more than 30%.

The Collapse of the market:

Since 2012, there has been a crisis in the Italian real estate market; for both buingy and selling properties as well as the rental sector.

The Market for Buying and Selling:

With regard to trade, there has been a steep fall in the number transactions undertaken since the first quarter of 2012. In the first quarter of 2013 there was a decrease of 13.8 percent compared to the first quarter of 2012 and 29 percent compared to the same period of 2011.

The Rental Market:

Rented property has suffered an increase of taxation more than any other category of property since 2012. This is a direct result of both the introduction of a Tax Municipal experimental and the reduction in the percentage of lump-sum deduction of expenses granted to owners of rented property.

The fiscal tightening on the housing sector, that is particularly burdensome for rented property, has produced a downward effect on the rental market, which has effectively suffered paralysis since the beginning of 2012. The investment in rental property has simply lost its profitability and this has contributed to the tightening of the buying and selling market.

But the most serious consequences are those that are being recorded on properties that were already rented when these new restrictive measures were placed on the sector. Today, the tendency of owners is to sell a property when the law allows them not to renew a lease which is about to expire. This is to avoid the overly onerous burden of taxation and of course, it is much easier to sell a property when it is unoccupied.

The latest data on evictions released by the Ministry of the Interior shows an increase of 60% in the implementation of measures for the "need of the landlord". Figures also demonstrate there is an additional, very serious phenomenon that is occurring with increasing regularity: The cancellation of existing contracts by the owners of rental property before their natural expiration. The reduction in the number of properties purchased to rent combined with the non-renewal of contracts at the end of their agreed period is then being added to by the worrying phenomenon of rental contracts being interrupted.

The Depressive Effects on the Whole Economy:

The collapse of the real estate market has brought with it, in addition to a sharp devaluation of the Italian real estate assets, additional downward economic effects; especially when you consider that the majority of householders are owner-occupiers.

Such a high reduction in the number of transactions demonstrates significant negative consequences in all sectors connected to real estate: From a building construction and renovation perspective (involving construction companies, manufacturers of raw materials and finished products, professional etc.) all the way to real estate brokers. These consequences are due both to the loss of jobs and the cessation of economic activity in both the lower production activity, which has additional economic impacts in terms of loss of tax revenue from VAT and Income Tax.

Confedilizia estimates that in 2012, as a result of the collapse of the sales market, economic activity of between Ð8-10 billion has vanished from the real estate sector alone. Activities that would have averted the widespread loss of value that the owners have had to endure for the last year and a half; in addition to facilitating economic growth in Italy and reducing the unnecessary closures of businesses with the resultant loss of jobs as well as the reduction in consequential tax revenues.

The Tax on Real Estate:

Following the recent regulatory action, the taxation situation for real estate in the year 2012 can be, briefly, represented thus:

INCOME TAX (Income Tax of individuals, companies and Coupon dry on rents housing)	€ 7.6 billion
TAXES ON ASSETS (municipal taxes only)	€ 23.7 billion
INDIRECT TAXES ON CHANGES (Value Added Tax, Registration Tax, Stamp Duty, Mortgage and Cadastral Taxes, Inheritance Tax and Gift Tax)	€ 12.7 billion
INDIRECT TAXES ON LEASES (Registration Tax, Stamp Duty)	€ 0.80 billion
OTHER TAXES (Tax or waste fee, provincial Tribute to the environment, contributions to land reclamation consortia, other minor taxes)	€ 6.5 billion
TOTAL	€ 51.3 billion

Confedilizia Believes there is a Need for Urgent Action:

In light of the above situation, Confedilizia considers it necessary for the Italian Government to urgently enact measures that will restore confidence in the real estate market; in order to stimulate investment, interrupt the downward spiral and avoid the dramatic implications that will result from the ending of rental leases.

Confedilizia has formulated a series of proposals, presented in sessions of Parliament and meetings with the Government, which would cost less than Ð500 million but which, if implemented, would give a much needed boost that will re-onvigorate the real estate market in general; and the rental market in particular.

A Perspective for Reform: Tax services linked to benefits

As part of an overall reform of real estate taxation, Confedilizia advocates the establishment of a fee related to the services it employs the common commensurate with the benefit (or benefits) made by such services to the individual properties.

The new tax - which will indicate the main features - will have to have a character of equivalence and will have to be borne by the residents but also - albeit to a lesser extent, in relation to the various benefits received from municipal services - non-residents who perform regular work or have any stable occupations in the municipality.

The premise of the new tax should be given from the enjoyment of the services rendered important by locals, through mechanisms commensurate objective and verifiable.

The new tax, so set, it would be marked - as mentioned - the character of the equivalence and would therefore be sensitive not only to the quantity but also the quality of the services provided by the City. •

Rent and Property Values in a Free Market

Dag Refling
Huseiernes Landsforbund, Norway

A picture of social unrest and crisis is often drawn up in heated debates over the issue of rent control. Greed will prevail they say, and those who fall victim to cruel market forces will end up on the streets if politicians do not show responsibility. Landlords and owners must be forced to keep rents low to avoid collapse. In periods of economic crisis, such as now, the need for political action and control is supposed to be extra high. This kind of rhetoric may sound tempting for politicians trying to solve a problem, but does it work?

When strict rent control is imposed on rented housing, the owners lose income and their properties fall into disrepair creating derelict housing and substandard living. The same sad result is experienced in country after county throughout Europe. Nobody is interested in investing but those who exploit holes in the regulatory system, perform black market operations or are in need of money laundering. With strict rent control another need for regulation is born. The rent regulated properties are not allowed to be sold as owner occupied housing or office space. Otherwise the rental sector will shrink to the size of a peanut. Law enforcement to ensure that tenant rights are not infringed upon by landlords (or by tenants transferring their contracts to others), is another important child of rent control. When rents are far below a theoretical market level, it may be tempting to demand money under the table for a new lease contract or for transferring one. The bigger the discrepancies in rent levels get, the more a need for law enforcement is felt.

Thus, a system of low rents in substandard housing with a need for strong control is created. The rent regulated flats and buildings are normally in the oldest parts of the housing stock. As a rule, the oldest housing stock is located close to city centers. With no prospect of doing anything even close to a normal business on this kind of real estate, investors turn away. We end up with cities that rot from the inside because no one will perform much maintenance on downtown dwellings any more. A paradise for the black market economy is created; along with social unrest and housing conditions that no one should have to accept. So, we may have created just what we, as a starting point, wanted to avoid and the whole process proves counterproductive.

There is a solution. I have just experienced the effects of the abolition of rent regulation and strict control in one of the fastest growing cities in Europe. Rent levels are now market based in Oslo. There is almost no public involvement in the housing market. The need for subsidies is reduced and housing standards are rising. As in all societies, there are those who need to be taken care of. Even they have to pay market rent when renting from ordinary landlords or from a local authority, but they receive financial support from the government to cover part of the rent. In this way, the system is more or less transparent. No black markets exist anymore. Income is open for taxation and investors are active. Substandard housing is finally becoming a thing of the past.

It is very interesting to see how the market operates in a free housing market. Rent levels seem to be a function of house prices, interest rates and tax. With an interest level of 4 per cent on mortgages, a rent level of around 5 per cent appears in the market. What happens with a shift in demand from owner occupied housing to rental housing? Not what is often said, that rent will rise to levels unheard of. What happens is that rent levels rise marginally, attracting investors who buy owner occupied housing for letting. The supply side reacts surprisingly quickly. According to common theory, supply increases until demand is met. Investors buy and let, buy and let. The process is counterbalanced with another process: If those looking for a flat to rent find it cheaper to buy, the will do exactly that. A decreased demand for rented housing is the result. In this way a balance between rent levels and house prices is quickly reached. The same is the case for the balance between the volume of owner occupied housing and the volume of rented housing. In a free market capital goes where the profit is higher, whether that be capital from investors or capital from people looking for a place to live.

However, the impact of different tax solutions is often overlooked politically. Transaction tax is not just one of many ways to fund the state; it is also a decisive factor in determining how many years you have to own a flat, in order to make owning it more profitable than renting it. Other types of tax on property have other effects. More people than me should be scared to see the absence of such insight in the many suggestions for economic policies that emerge politically these days.

A basic condition for a free housing market to work properly is an acceptable income distribution. A stable credit market without discrimination must also be in place. The biggest problem we face may be politicians who think they can solve the problem of poverty and unemployment with regulation of the housing sector. They will always fail. •

Urban property in Portugal during the 20th Century

José Gago da Graça
Economist and Director, Associação Lisbonense de Proprietários (ALP), Portugal

At the beginning of the 20th Century, Portugal was a rural country with small cities, where urban property was a limited asset. Small palaces were gradually converted into apartment buildings in the early 20th Century and a rental market flourished; in which rents and the duration of the rental contracts were freely agreed between the parties.

The rental market covered all social classes, but the absence of co-ownership required capital. Thus, as financing was scarce, the property owner was a wealthy man. It was very common to be a tenant in the cities' high-class area and an owner in a lower quality area. In fact, real estate owners were few in number and most of the cities' inhabitants were tenants.

In October 1910, Portugal experienced a republican revolution and the monarchy was replaced by a republican regime. As every revolution leads to populist measures, in November 1910 a decree declared the binding nature of lease agreements. In other words, the contract did not cease at the wishes of both parties, but only if the tenant so decided, or failed to pay the rent. This regime is still in place, after more than a century and has had very serious consequences on the rental market as it created an imbalance in the rights of each party.

The legal constraints did not have an effect on housing demand, but created a distorted and irrational market, with very high rents in new contracts, in response to high demand and scarce availability, that at the same time co-existed with very cheap rents in old contracts, despite some administrative increases. As a result of this distorted reality, the economic growth that followed this period was not accompanied by an increase in housing quality. For people with resources and capital, investing in real estate was attractive, due to the country's financial stability. This was the main reason why quite substantial property investments thee continued to exist in Portugal.

In the 1950s, class cooperatives began to appear — for teachers, police officers and others. Controlled-rent neighbourhoods also sprang up as a result of investments made by pension funds. The pressure for economic growth found solutions to get around the restrictive rental law that doggedly continued to degrade cities' historical districts. Old-rent buildings were constantly collapsing and that is unfortunately still the case today.

In the early 1960s, the legal concept of co-ownership was introduced in Portugal. This allowed people to buy their own home, but financing them was difficult at the time, as the banking sector was not designed for personal loans and much less for mortgages. By the early 1970s it was then possible to buy your own home with some bank finance. However, restrictions on credit and rents charged placed serious pressure on the value of property.

The 1970s brought the first oil crisis, in 1973, which was followed, in Portugal, by a revolution in April 1974. These events generated a huge inflationary pressure that placed the rental market in check throughout Portugal.

The 1974 revolution froze rents all over the country (until then the rent freeze was restricted to Lisbon and Porto). For a short period of time, there was total disrespect for property, and houses, estates and factories were occupied. There was also mass nationalisation. Fortunately democracy prevailed and by the end of the 1970s the country's confidence in investment, property and business activity had been restored.

During this period, inflation was high and frozen rents created ridiculous situations in which the owners were receiving rents lower than the building maintenance expenses. Investment in property for renting practically disappeared and the rental properties that did exist were mainly occupied by foreigners.

Buying a home was the only way to solve the housing problem and so the rental market's share of the housing stock fell, while the country's borrowing and debt increased exponentially.

It was only in 1990, for housing, and 1995, for services, that the Rental Law was changed and made it possible to sign fixed-term rental agreements (i.e. giving the owner the right not to renew the contract and returning to the market the fundamental balance between the rights of each party.

Nonetheless, contracts signed under the old system, prior to these laws, remained unchanged. This resulted in a dual system with fixed-term and indefinite contracts. These changes did not make the rental market grow, as it was geared for buyers, but curiously brought rents down – for the simple reason that the contract was no longer forever.

When Portugal joined the Euro and interest rates fell, the home ownership market was stimulated again and as in the rest of the western world, banks considered investment in property to be a safe asset. As a result, they lent exorbitant amounts for this purpose.

The American subprime crisis in 2008 changed the scenario. It brought banks down and the domino effect on the financial markets was alarming. Portugal was one of the main countries to be considered a risk, as it had a weak economy and substantial over-indebtedness by families and the State.

In 2010, as the crisis deepened, thousands of Portuguese who regarded themselves as homeowners were forced to hand their homes back to the banks and, in most cases, were left with additional debts that they still have to honour, even though they forfeited their home to the financial institutions. After this period, banks cut back on property investments and the building sector experienced a serious crisis which led to a strong downward trend.

With Portugal's external intervention in May 2011, one of the points set out in the Memorandum of Understanding (MOU) on Portugal's bailout was rental law reform. Housing is by no means a right but it cannot be achieved at the expense of others, although the Portuguese state allowed the use of private assets by third parties without fair recompense, which is recognised as an infringement of Human Rights.

102 years later, the law that should have never existed is being changed, with many reservations and guarantees given to tenants. This is a first step in the right direction and will go further as time goes by.

For now, its effect have led to a reduction in rents charged, even though, under the new law, contracts signed before 1990 have been raised on the basis of an historic reassessment of property, which also led to a tax increase on property owners.

It will only be several years from now when one can measure current rent reform effects on the housing market. But it can only be a positive one, as freedom is one of the greatest values in western society and that is now reflected in property rights.

Quoting António Bernardo da Costa Cabral, who founded ALP – Associação Lisbonense de Proprietários 125 years ago, "There is an indissociable link between a man's two main assets: freedom and property". •

Foreclosure in Spain

Ignacio Serrano Garcia
President, Chamber of Urban Property of Valladolid, Spain

One of the great advantages of a mortgage for the mortgage companies is that they can rely on their legal rights to foreclose. The rights of property owners to oppose foreclosure is very limited and the ability for mortgage companies to enforce this process is governed by Article 695 of the Civil Procedure (Civil Procedure Act), which was recently revised by Law 1/2013. Mortgage companies have a right to sell the property and take the proceeds from the sale to repay any mortgage debts after foreclosure; irrespective of the status of the owner or whether the property has tenants.

The system worked well and there were low rates of foreclosure until the economic crisis of 2008. However, the economic crisis caused widespread unemployment in Spain that resulted in property owners and landlords defaulting on their mortgage repayments. As a result over 4% of mortgagees have now defaulted on their loans.

High rates of foreclosures have resulted in many people losing their homes; both private tenants and owner-occupiers who may still be saddled with mortgage debt. This generated a huge public outcry, and many argued there was a need for an aggressive social move toward a constitutional right to housing.

The Government of Spain has acted and tried to protect debtors who are at risk of becoming homeless through foreclosure. Three Royal Decrees were issued on 14 March 2013 creating measures to strengthen protections for mortgage debtors; requiring mortgage companies to restructure debt and new rules on social rent.

The first part of Law 1/2013 is a two-year moratorium on foreclosure for those mortgagees who own the property as their primary residence; provided they are in vulnerable situations and their financial circumstances meet the legal eligibility criteria.

There are also new and detailed regulations regarding the amount of credit that can be made available for house purchases and for the auction of property. Credit cannot exceed 80% of the appraised value of the property and valuations must be undertaken by entities that are independent of banks and mortgage companies.

The economic crisis is also being felt in the auction houses where foreclosed properties are being sold; there are no bidders and the auctions are deserted. This has meant it has become difficult to sell foreclosed properties; resulting in sales at below market prices that often do not clear the mortgage liability. Therefore, provisions relating to auctions were also included in Law 1/2013. For example, the valuation of the property for auction purposes must not be less than 75% of the value which was used to grant the initial mortgage loan (previously there was no limit). Further, in the event that the auction ends without a sale, the amount of the award is increased from 60% to 70% of the value at which the asset had first been offered at the auction (but only in the case of owner-occupied properties).

Law 1/2013 also established the ability for payment of part of the outstanding debt to be waived if the debtor repays 65% of the outstanding debt within five year or 80% within ten years. These provisions can only be enacted on owner-occupied properties and only if there is still debt outstanding after the award and during any subsequent monetary enforcement proceedings.

Changes to the rules on foreclosure were also included in the Act. Now, foreclosure proceedings can only start for either a partial or total claim in those cases where there is non-payment of at least three months.

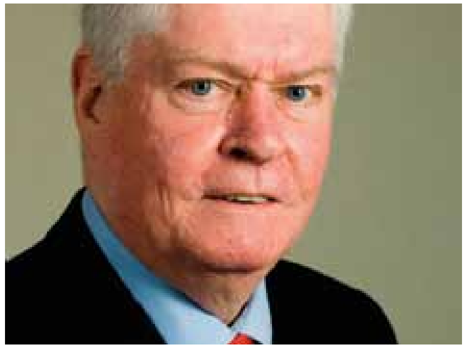
Unfair terms have also been considering in light of the ECJ Judgment on 14 March 2013. Chapter Three of the Act contains various amendments to the Civil Procedure Law in order to ensure that foreclosure is carried out in such a way that the rights and interests of the debtor are adequately protected. For example, where the sale through auction of a mortgaged property has been agreed, a Notary may suspend the auction if they take the view that any provision of the mortgage agreement was either abusive or overly onerous after it has been brought to their attention by the property owner. Whether such provisions are abusive or overly onerous must then be decided by a Court.

The Act contains an Annex which includes the "Code of Good Practice for viable restructuring of debts secured by mortgages on the principal residence". This Code includes three measures:

- Restructuring of debt secured by mortgage, combined with to a fee not to exceed 50% of income received jointly by household members;
- Removal of the outstanding debt, which can vary according to circumstances;
- Giving up the property in exchange for clearing the entire outstanding debt.

Law 1/2013 also contains many other provisions and it is hoped these measures will help solve the serious problem that currently affects many Spanish families. •

Financial Resilience in the UK's Private Rented Sector



David Salusbury
Director, National Landlords Association (NLA), UK

The UK's private rented sector (PRS), in its current form, is a relatively recent construct owing a great deal to the regulatory liberalisation of the 1980s and 1990s and the concerted efforts of the housing and financial communities towards the end of the last century. This relative youth fuelled a great deal of speculation about how the sector would fare were the seemingly ever-expanding financial market to contract resulting in a recession. It was frequently proffered that the UK's PRS would prove counter-cyclical, prospering during a downturn while households look to economise; limiting their ability to invest in home purchases.

Of course economic theory rarely bares a great deal of resemblance to reality when put to the test by real world conditions.

The signs that all was not well in the PRS are relatively clear in hindsight. However, in the years and months preceding the crunch of 2008 the sector appeared a modern day success story against a backdrop of underperformance in other sectors. Investors, underwhelmed by the performance of traditionally traded commodities, were turning to property for consistent revenue and the seemingly guaranteed prospect of capital appreciation over the relatively short-term.

The PRS became identified as a sector beset with investment vehicles able to deliver significant returns with only moderate barriers to entry, thanks in no small part to the availability of affordable credit.

As we are now painfully aware, this financial liberalism was not immune from a degree of avarice, shared equally by those who believed that property would lead to short-term riches and those institutions willing to turn a blind eye to ever worsening risk profiles. This resulted in a market which was at once over-leveraged and under-planned. It was perhaps inevitable that a correction would occur; although few predicted the type of crunch which was to follow the US residential sub-prime crisis.

During the year preceding September 2008, 85% of all Buy-to-Let products were withdrawn. On 29 September 2008 the market almost ceased to exist as 11.4% of remaining products, more than 500, were removed from the market with immediate effect. It seemed to most involved that the bubble had burst and financial ruin was forecast.

However, despite the undeniable doom and hardships suffered at the time, including the first run on a UK bank in more than 150 years and the nationalisation of lenders responsible for a significant share of Buy-to-Let lending across the board, the PRS continued to grow. Since the introduction of the Buy-to-Let mortgage in the mid-1990s, the sector has consistently increased in size and market share year-on-year without pause. In fact, despite the crunch, the UK PRS has recently overtaken the social housing sector for the first time in around 60 years.

Landlords suffered during the credit crunch and some continue to do so; having bought at the peak of the market and over-leveraged their portfolios limiting their options for development. Nonetheless the sector managed to adapt and prove its resilience and that has arguably transpired to be the most valuable outcome of this credit driven recession in the UK. Private landlords have demonstrated that small scale invest-

Book of Lisbon

ment in the provision of housing is adaptable to the challenges which the wider regulatory and financial environments can create.

By necessity, the UK PRS has evolved from a speculative and heavily geared market into one which retains a healthy respect for capital growth; but also determines its value based on sustainable rental income. Predicable day to day revenue has replaced erratic capital appreciation as the primary driver of investment decisions. This has resulted in a recovery based on lower loan-to-value lending, slower growth and in many cases lower potential yields, but one which has lower exposure to risk.

It is likely that over time this reduced risk profile, coupled with increasing consistency and professionalism will lead to specialisation and the development of niche markets supported by their own financial and credit models. This specialism and compartmentalisation can aid stability and reduce the risk of a repeat of the run-away growth of the early part of the Twenty First Century.

The NLA has supported its members to grow and develop businesses which provide good rates of return by providing high quality homes. Affordable, accessible and appropriate financial products have been vital to achieving this goal and will continue to provide the foundation for a thriving PRS. The financial crisis of the last few years threatened to derail this vision and challenged private landlords to prove that their portfolios genuinely do represent businesses in their own right. I believe that UK landlords rose to this challenge and have emerged stronger on a more substantial and solidly constructed base. •

About UIPI

UIPI 1923 INTERNACIONAL UNION OF PROPERTY OWNERS

The **International Union of Property Owners – Union Internationale de la Propriété Immobilière A.S.B.L. (UIPI)** is the leading organisation for individual owners and private landlords in Europe.

Founded in 1923 in Paris, the UIPI is an international not-for-profit association. **With 29 member organisations**, the UIPI represents more than **5 million property owners** in **27 countries** across Europe.

The property owners represented by the UIPI range from individual home owners, private landlords with a single bedroom flat or multiple-occupancy houses, to landlords with large property portfolios in the private-rented and commercial sectors. The UIPI also supports dispossessed property owners in former communist countries.

The voice of property owners

The mission of the UIPI is to protect and promote the interests, needs and concerns of **home owners and landlords** at national, European and international levels.

Based in Brussels, the UIPI makes representations on behalf of its members to the institutions of the EU. It monitors developments at the EU level and seeks to influence those areas of EU legislation and policy that have an impact on real estate, the building sector, the private-rented sector and property rights. The UIPI also seeks to influence events affecting the property sector in an increasing number of international bodies.

UIPI Priority Areas

The UIPI is involved in many issues, including general housing; taxation and inheritance concerns; technical matters and new regulations such as energy saving in buildings; the private rented agenda; as well as universal consumer rights and social responsibilities. The UIPI also supports property restitution and defends the fundamental human right to own property.

BUILD UP energy solutions for better buildings

UIPI is an official partner of the *URBAN European Parliament Intergroup* and *Build Up*, a European initiative for energy efficiency in buildings.

UIPI is also a Campaign Associate of the *Sustainable Energy Europe* initiative.

The UIPI is registered in the European Commission's Register of Interest Representatives and is an accredited lobby organisation in the European Parliament.

UIPI Represents:

5 Million Property Owners

Including: **3.5** **Million Landlords**	And: **1.5** **Million Home Owners**
Through: **29** **Member Organisations**	Across: **27** **Countries**
Covering: **20** Million Dwellings	With: **5** Properties on average per landlords

UIPI Structure:

UIPI President:

- ***Stratos Paradias***, President of the Hellenic Property Federation - POMIDA (EL)

UIPI Vice-Presidents:

- ***Dr. Friedrich Noszek,*** President of the Zentralverband der Hausbesitzer (AT)
- ***RNDr. Tomislav Simecek,*** President of the Association of House Owners of the Czech Republic (CZ)
- ***France Bauvin,*** EU Affairs Administrator of the Union Nationale de la Propriété Immobilière – UNPI (FR)
- ***Dr. Rolf Kornemann,*** President of Haus und Grund Deutschland (DE)
- ***Michele Vigne,*** Vice-President of Confederazione Italiana della Proprieta Edilizia – Confedilizia (IT)
- ***Peter Batta,*** Managing Director of the Huseiernes Landsforbund (NO)
- ***Dr. Edo Pirkmajer,*** Vice-President of the Association of Property Owners in Slovenia (SI)
- ***David Salusbury,*** President of the National Landlords Association (UK)

UIPI Treasurer:

- ***Dr. Rudolf Steiner***, Former President of Hauseigentumerverband Schweiz (CH)

UIPI General Secretary:

- ***Béatrice Laloux***, Director of the Syndicat National des Propriétaires (BE)

UIPI Assistant General Secretary:

- ***RA Dr. Kai Warnecke***, Stv. Generalsekretär, Haus & Grund Deutschland (DE)

Executive Committee Members:

- ***Agim Tartari,*** Ownership through Justice (AL)
- ***Petar Galanov,*** Bulgarian Property Owners and Management Association – NOPUS (BG)
- ***Sasa Novkovic,*** Property Association of Croatia – SUVLAH (HR)
- ***Anna Nicolaou,*** Cyprus Land and Property Owners Organisation – KSIA (CY)
- ***Jette Malskaer,*** Parcelhusejernes Landsforening – PL (DK)
- ***Urmas Reinsalu***, Estonian Real Property Owners Central Union – OMANIKUD (EE)
- ***Daniel Guiroy,*** Union Nationale de la Propriété Immobilière – UNPI (FR)
- ***France Bauvin,*** Union Nationale de la Propriété Immobilière – UNPI (FR)
- ***Stephen Faughnan***, Irish Property Owners Association (IE)
- ***Miklós Szirbik,*** National Union of Condominium and Landlords – TTOE (HU)
- ***Giovanni Gagliani Caputo***, Confederazione Italiana della Proprieta Edilizia – Confedilizia (IT)
- ***Simone Commandeur***, Association des Propriétaires de Monaco (MC)
- ***Andreas S. Christensen,*** Huseiernes Landsforbund (NO)
- ***Arno Rasmussen,*** Huseiernes Landsforbund (NO)
- ***Barbara Grzybowska-Kabanska,*** Polska Unia Wlascieli Nieruchomosci (PL)
- ***Luis Menezes Leitao***, Associação Lisbonense de Proprietários (PT)
- ***Slavenko Grgurevic,*** League for Protection of Human Rights (RS)
- ***Mile Antic,*** Property Restitution Network of Serbia (RS)
- ***JUDr. Karol Spišák,*** The Slovakian Property Owners Association – RN (SK)
- ***Agustin Pujol Niubo,*** Confederacion de Camaras de Propiedad Urbana – CCPU (ES)
- ***Carl Slånemyr,*** Villaagarnas Riksforbund (SE)
- ***Gunnar Jansson,*** Villaagarnas Riksforbund (SE)
- ***Claudius Mott,*** Asociatia Pentru Proprieta Privata (RO)
- ***Richard Price***, National Landlords Association – NLA (UK)

UIPI Brussels Office:

- ***Emmanuelle Causse***, Head of Public Affairs
- ***Jana Repelova***, UIPI Public Affairs Officer
- ***Yolande Roekeloos***, Office Manager

Contact Details:

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Bruxelles 1000, Belgium
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About UIPI's Member Associations

ALBANIA: National Association of Dispossessed – Ownership through Justice (PwJ)

The National Association of Dispossessed "Property through Justice" is an independent not for profit association created in 1991.

Our Organisation:

The association represents private property owners and landlords in the residential and commercial sector. The President of the association is Mr. Rrapo Hajredin Danushi and its General Secretary is Mr. Agim Toro.

Our Goals and Activities:

- The goals and objectives of the organisation are:
- Restitution of the properties unjustly taken by the State since 1945 or, where this is impossible, the fight for fair compensation;
- Protect and promote the interests of property owners;
- Represent property owners to local and national bodies;
- Influence the national/local decision-making process regarding restitution or compensation of properties and the relevant legislation;
- Provide services to members;
- Collect and disseminate information or issues linked to private property;
- The whole process of the Association is public and transparent.
- The services and benefits provided by the organisation include:
- Legal assistance;
- Assistance in completing the necessary forms and applications;
- Assistance in filing with the courts pleas and legal actions.

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AUSTRIA: Zentralverband der Hausbesitzer (ZH)

The *Central Association (Zentralverband der Hausbesitzer) of House Owner's* is responsible for the development of the right of abode in the whole of Austria. The members represent the majority of the house – land and flat – owners in our country.

The Zentralverband der Hausbesitzer has its headquarters in Vienna, the Federal Capital, near to the Parliament and Town Hall. In an apartment building built around the turn of the 20th Century, the top floor was extended and designed for our lecture and representation rooms. In these rooms, work groups are established, if required, which determine the guidelines for the procedure in the case of legislative proposals about housing policy. Therefore regular contact is also maintained with the important politicians.

Furthermore the Zentralverband der Hausbesitzer offers its members a multitude services, such as legal advice, insurance and financial advice. Members are kept informed about relevant legal and social policy innovations in housing policy matters through our monthly publication "Haus und Eigentum" [House and Property].

Since 1.1.2011 the Zentralverband of House Owners has been restructured into the "Zentralverband Haus und Eigentum" (House and property).

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www.zvhausbesitzer.at

BELGIUM: Syndicat National des Propriétaires et Copropriétaires - Algemeen Eigenaars- en Mede-Eigenaars Syndicaat (SNP-AES)

The *Syndicat National des Propriétaires et Copropriétaires – Algemeen Eigenaars- en Mede-Eigenaars Syndicaat* (SNP-AES), the Belgium association of property owners and co-owners, is a Belgian organisation independent of any political affiliations. For more than 35 years SNP-AES has worked to promote better conditions for all property owners.

Our Organisation:

SNP-AES has its HQ in Brussels with local offices in Antwerp, Arlon, Charleroi, Jodoigne, Gent, Hasselt, Kortrijk, La Louvière, Leuven, Liège, Mons, Namur, Oostende, Rixensart and Tournai. SNP-AES operates in both Flemish and French languages. The President of the SNP-AES is Mr. Alfred Devreux.

Our Goals and Activities:

Initially, the SNP-AES primarily monitored the interests of landlords, however in recent years the association has increasingly concentrated its activities on people who own and reside in their property, generally apartments.

The SNP-AES promotes political issues and works to ensure the application of the law on proper management in the interest of property owners. The SNP-AES is a well-known actor in modern Belgium when it comes to protecting the interests of property owners. The organisation regularly acts as an adviser on political issues and to associations and is regularly featured in the media. Recently, the SNP-AES was at the forefront of a major reform in Belgian condominium law.

The SNP-AES operations also include dissemination of information to members within many different areas: rental properties, sales, tax law, inheritance law, construction etc.

The SNP-AES offers a number of services and benefits to its members:

The magazine entitled "Le Cri "in French and its Dutch equivalent "Eigenaars Magazine" is published 10 times annually and contains current information on everything concerning property ownership – using language easy for lay people to understand.

Specialist lawyers provide free advice to members by telephone. They also answer written questions by letter. These lawyers help to design all types of agreements and contracts and offer advice in legal disputes.

Automatic, index-regulated monitoring of rental levels is a service that reminds members when it is time to review rents. Personally addressed letters with the legally established index regulation are sent to landlords who then only have to sign the letters and forward them to their tenants.

Through agreements with specially chosen companies, the SNP-AES is able to offer its members products at advantageous prices. Products include insurance contracts, software, property advertising space and fire alarms.

Recently, the SNP has also intensified actions and information documents to better inform its members about the new regulation on energy efficiency in buildings.

Finally, the SNP-AES develops and disseminates information material and various documents:

The SNP-AES offers a complete set of contracts and agreements – rental contracts for apartments, houses, stores, garages, employment agreements for caretakers, security staff etc.

The SNP-AES publishes legal brochures which are brief and easy to understand; adapted to meet the needs of people who have no legal training.

The website at www.snp-aes.be is updated regularly. Here it is possible to calculate you own index regulation.

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www.snp-aes.be

BULGARIA: Bulgarian Property Owners and Management Association (NOPUS)

Национално Обединение за Права и Управление на Собствеността, the Bulgarian Property Owners and Management Association – NOPUS, was created in 2009 in response to the need to provide information and assistance to its members and all who want to join the organisation. NOPUS is the only national organisation of private property owners and professional property managers in Bulgaria.

Our Organisation:

NOPUS is a not-for-profit association of private property owners and professional property managers of Bulgaria. NOPUS is a self-sustained organisation and is totally independent of any other business. NOPUS is represented by a Management Board and the daily affairs are run by an expert council, formed by professional experts in the real estate industry. The President and founder of NOPUS is Mr. Petar Galanov.

Our Goals and Activities:

The Union's main goal is to represent and defends the interests of all residential, commercial and land owners in the country, even if they live abroad. NOPUS aims to:

- Oppose any legal speculation and illegal forms of control and manipulation in property ownership;
- Promote realistic levels of taxation on real estate;
- Avoid the imposition of restrictions on property management and excessive burden being place on property owners;
- Work to solve documentary problems;
- Assist in resolving restitution issues;
- Contribute to the improvement of legislation in the direction of more fairness to the owners of real estate;
- Work for transparent, fair and moral practices in property transactions and management.

NOPUS provides services which every property owner needs - expert and legal assistance related to the possession, sale or transfer of property, taxation, property management, registration of immovable property in the electronic cadastre, problems with regulation and urban planning.

Specialities:

- Legal advice on all matters affecting real estate;
- Sales and Marketing;
- Interior design;
- Facility management;
- Accounting;
- Appraisal of real estate;
- Insurance and claims assistance;
- Advise on bad tenants and collection of unsettled rents;
- NOPUS members only discount program;
- Legal assistance in other countries through the network of the UIPI.

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CROATIA: Property Association of Croatia (SUVLAH)

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CYPRUS: Cyprus Land and Property Owners Organization (KSIA)

The Cyprus Land and Property Owners Association (KSIA) is a national organisation, which protects and promotes the interests of all immovable property owners in Cyprus. Established in 1964, KSIA has always been the only association concerned with matters regarding the owners of property, private homeowners and landowners, all over Cyprus. KSIA is open for membership to any interested property owner or party and its annual subscription fee is between Đ50 – Đ340. Financial benefits such as reduced insurance costs and out monthly property newspaper etc. provide benefits that vastly outweigh the annual subscription. Furthermore, KSIA offers free professional advice to its Members.

Lobbying central government, national agencies and local authorities at all levels, KSIA ensures that it plays a significant role in every existing or proposed law or regulation governing property owners. KSIA is concerned with ensuring that landlords have the right to own their property by the manner described in Articles 11-77 of the constitution of the European Union. In this respect, the taxation of property, legislation on building permits and regulations, municipality levies on property, legal problems on property matters that affect the owner are all areas of concern.

Our Organisation:

The Association operates through the Cyprus Chamber of Commerce and Industry and is located in Nicosia. The President of KSIA is Mr .George Strovolides, the Vice Presidents are Mrs. Anna Soteriades-Nicolaou and Mr. Spyros Spyridakis.

Our Goals and Activities:

- Protect and promote the interests of property owners;
- Ensure the passing of legislation and regulation which is fair to property owners;
- The professional assessment of property-related problems;
- The continuous research on the making of government policies that affect property owners and the participation in all relevant discussions;
- The continuous upgrading and development of the benefits offered to Members;
- Providing Members with regular news and updated information on property matters;
- Exposure to the media and regular contact with Government Authorities and Political Parties to promote the importance of immovable property in the economy as a whole;
- Representation of property owners to all domestic and international bodies.

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CZECH REPUBLIC: Association of House Owners of the Czech Republic (OSMD)

ObĐanské sdružení majitelĐ domĐ bytĐ a dalších nemovitostí **v ĐR**, the Association of House Owners of the Czech Republic (OSMD) was founded in March 1990, only three months after the Velvet Revolution that swept away the ruling communist regime.

OSMD's core objective in its initial years was to reclaim private real-estate property confiscated by the communists - mainly private tenement houses, and to re-establish standard democratic ownership rights. The former objective was successfully accomplished by the adoption of the (Property) Restitution Acts by the Czech Parliament. Full recognition and observance of ownership rights is still, and always will be, the centre of our association's efforts.

OSMD is proud to state that during the past few years (specifically since 2007) the legal and economic position of landlords in the Czech Republic has significantly improved. In direct response to the submission of nearly 5,000 member's applications to the European Court of Human Rights in Strasbourg in 2005, the Government passed the Act No. 107/2006 Coll. on one-sided rental increases, which dismantled all rent control within a six-year period.

After 10 years in preparation, an entirely new Civil Code will come into force in January 2014. This new Act brings wipes away the previous socialist Civil Code of 1964.

Our Organisation:

OSMD is a civic not-for-profit organisation working at a national level. Its main office is in Prague with branch offices in the towns of Brno and Pilsen. At present OSMD has more than 4,500 members. The highest body is the General Assembly elected annually. In the current year, the Association is managed by a seven member Executive Board, presided over by Mr Tomislav ŠimeĐek.

Our Goals and Activities:

Constant efforts to enforce property rights for its members (owners of family, tenement and commercial houses) OSMD in particular aims to secure fundamental property rights for its members; such as the right to possession, disposal and taking benefit from one's real-estate property in a way that would not disadvantage other holders of proprietary rights. OSMD aims to introduce standard market conditions in the rental housing sector. OSMD endeavours to secure the rightful interest of its members in the areas of administration, management and protection of their property.

OSMD's Main Activities Are:

- Presentation of new legal initiatives prepared either directly by OSMD or in cooperation with Government and Parliament. OSMD also takes part in consultation processes on new Acts affecting real property owners;
- To provide a natural counterbalance to the growing populism of left wing socialist politicians (OSMD representatives often speak on television, the radio and in the press);
- Professional technical and legal advice service to its members. Each member also receives a free copy of our quarterly magazine Strecha (Roof);
- OSMD is an active member of the International Union of Property Owners (UIPI) and its European Affairs Committee.

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DENMARK: Parcelhusejernes Landsforening (PL)

Parcelhusejernes Landsforening (PL), the Danish Private House Owners´ Association, is the only national organisation working to promote and protect the interests of homeowners in Denmark. PL represents and provides member services to its 25.000 members and 500 local community associations. Denmark has approximately 1,2 million detached and semi-detached houses that are used as permanent homes. Housing in Denmark is predominantly private. 60% of the housing stock is self-owned.

Our Organisation:

The main office of PL is situated in the Copenhagen region. The association was the result of a merge in 1977. 10% of the members are direct members of the organisation and 90% of the members are affiliated with one of the 500 local community associations. Through PL's Magazine "MIT HUS", PL keeps in contact with the members as well as more than 5,000 local community associations who are not members of PL with a total reach of more than 400,000 members. The local community associations are offered their own Intranet and homepage facilities in combination with, and integrated into, the PL homepage solution www.parcelhus.dk at no cost. This homepage has a large "Members Only" area.

The local associations are represented directly in the biennial Congress, which is the highest ranking decision making body of PL. The Congress elects the executive committee that has the overall responsibility for activities in PL. Each region has a regional committee that is elected by the regions' local societies. The President of PL is Mr Allan Malskær.

Our Goals and Activities:

The Association does public relations work and also communicates the key interests and needs of Private House Owners to various government and municipal bodies, as well as to other influential opinion leaders. The Association offers member benefits and discounts, as well as free professional advice. In addition, members also receive the Association's magazine, MIT HUS, four times a year.

The purpose of the campaigning work is to get political decisions that protect the interests of homeowners, reduces the heavy taxation and strengthens Private House Owners as consumers.

The objective of our expert panel is to offer members the benefit of free advice in all areas that affect home ownership.

The goal of our member benefits is to offer a wide selection of products useful to homeowners, services that meet members' demands and to enable members to save both time and money.

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ESTONIA: Central Union of Estonia Property Owners (Eesti Omanike Keskliit)

KODUOMANIKUD

Omanike Keskliit represents more than 63,500 homeowners.

Our Organisation:

Our organisation was founded in 1994 with an initial focus on restitution and compensation for confiscated property. As restitution reform was quite successful in Estonia, the restitution issue stopped being the main topic for property owners. As a result, the name of our association was changed to 'Eesti Omanike Keskliit' in 2005 which now represents the interests of property owners on whatever platform necessary in order to preserve the full property rights.

Our Goals and Activities:

Omanike Keskliit's goal is to support home owners by conducting joint initiatives and supporting actions. In today's difficult social and economic situation, Omanike Keskliit's objective is to fight against rising household costs and all other burdens shifted onto the shoulders of property and building owners.

The three main pillars of the organisation's activities:

Political lobbying and extensive use of the media;

Legal advisory service;

Discounts and membership benefits on homeowner issues.

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FRANCE : Union Nationale de la Propriété Immobilière (UNPI)

UNPI
UNION NATIONALE DE LA PROPRIETE IMMOBILIERE

The *Union Nationale de la Propriété Immobilère* (UNPI), the French National Union of Property Owners was founded in 1893. It is a very well respected and influential organisation which is very active on the national level and is one of the main partners of the French Government and French Parliament on all housing problems. UNPI actively participates in all the debates about housing, property investment and renting problems representing private owners of dwellings, commercial property, offices and workshops.

Our Organisation:

UNPI is run by a general committee which meets three times a year, a board which meets five times a year and a directorate which meets about five time a year. UNPI has about 250,000 members owning around 1,500,000 rented housing (circa. 20% of the national housing stock) and is organised in 120 local chambers of property owners throughout France.

The local chambers have close relations with local officials and also offer free advice on legal and technical matters to owners who want to rent their property or who are responsible of collective housing units. The chambers are run by property owners who give their time freely.

Re-elected in December 2012, Mr Jean Perrin has been President of UNPI since October 2004. President Perrin is consulted regularly by the French Government: Housing Minister, Prime Minister or Presidency. His reports always attract much interest in the French news. He is asked to participate in debates and interviews for television, newspapers and magazines more than a fifty times a year to comment on all real estate related topics.

Our Goals and Activities:

- Defend the right to ownership which is enshrined in the French Constitution. UNPI is the sole association recognised by the Administration which represents private landlords. To make partners know its politics, UNPI publishes on a regular basis a large overview of the real-estate situation to point out infringements of private property-owners rights and propose solution;
- Promote the interests of real estate owners at national, regional, departmental and local level. The UNPI associations are member of the Economic and Social Committee, the National Agency for Improvement of Habitat and very active in different monthly commissions for arbitration (rent, taxation, condominium administration, housekeepers, right to housing, etc.).
- Enlarge the knowledge of property-owners through specialised seminars, a monthly published magazine "le Propriétaire Immobilier" and transmit to members know-how with technical leaflets, free advice from specialists, technical support, on line database, etc. ;
- Proposes tools for the research of tenant, holiday rentals, insurances, etc.;
- Create statistical database's for market surveys on rent variations, property taxes, condominium charges.

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GERMANY: Haus & Grund Deutschland (H&G)

Haus & Grund®
Eigentümerschutz-Gemeinschaft

Haus & Grund Deutschland is the federal German association for real estate owners. Haus & Grund supports and promotes private property as a fundamental human right. Haus & Grund members are the homeowners, condominium owners and landlords of Germany. Their concerns and needs are communicated to the Federal Government, Parliament and the political parties.

Our Organisation:

Haus & Grund has a three-level structure: The federal association in Berlin comprises 22 regional associations. The regional organisations communicate our political goals to the States and provide services for the 960 local Haus & Grund clubs. The clubs offer our members a large variety of services. The smallest clubs have a few dozen members, while the largest has more than 20,000. Haus & Grund offices are spread nationwide - the office of Haus & Grund Deutschland is located at the Gendarmenmarkt in the heart of Berlin. The President of Haus & Grund Deutschland is Dr Rolf Kornemann, who has been re-elected in 2012 for another five-year term.

In Germany there are about 15 million private house owners and landlords. More than 900,000 of them are members of Haus & Grund, each owning five units on average. Therefore, nearly five million units are owned and let by Haus & Grund members, who take a significant role in the German rental market which offers 17 million units nationwide. Most of which (62%) are privately owned. With 900.000 members Haus & Grund is one of the biggest membership associations in Germany.

Our Goals and Activities:

- Independence and freedom are the pillars of our organisation;
- We promote real-estate as the foundation of a free society;
- A Haus & Grund membership will help to enjoy the ownership of real-estate;
- We also take care of all those who are willing to buy or build real-estate;
- 130 years of experience enable us to represent the interests of all homeowners and landlords; as diverse as they are.

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GREECE: Hellenic Property Federation (POMIDA)

ΠΑΝΕΛΛΗΝΙΟΣ

ΟΜΟΣΠΟΝΔΙΑ ΙΔΙΟΚΤΗΤΩΝ ΑΚΙΝΗΤΩΝ (ΠΟΜΙΔΑ), the Hellenic Property Federation (POMIDA) was founded in 1983 and is the national organisation for immovable private property and building owners of Greece; representing and defending the interests of all house, real estate property and building owners of the country, mostly small and medium landlords and of Greeks living abroad.

Our Organisation:

40 independent associations from all over the country are members of POMIDA which is directed by a 15-member board. Mr Stratos Paradias is the founder and President of POMIDA.

Our Goals and Activities:

During our years of action and many important successes, POMIDA always had a moderate approach in the social subjects related to property possession, exploitation and taxation, continuous and effective action; mobilising of property owners all over the country through a great number of Pan-Hellenic and international congresses.

Our most important achievements were the progressive and successful abolition of rent control in both residential and commercial rentals, the improvement of relations between landlords and tenants, the abolition of the high annual property tax which was replaced by a very low annual property rate and the resolution of countless problems related to real estate property such as taxation, urban planning, historical buildings, forest property, and condominium property problems. POMIDA continues this fight today.

Services to our Members Include:

- Advice by experienced lawyers on all matters relating to real estate property;
- A "Help Line" – telephone assistance by our legal experts;
- Tax and technical advice by our experienced tax consultant and experienced engineers;
- Rental contract models for residences, shops, offices, farms etc. which is also available via the internet;
- Seminars for members on legal, taxation and energy saving matters;
- "The News of the Property Owners", our quarterly magazine;
- "The Landlords – Building Administrators Guide", an annual journal, providing all the information a property owner and a building manager should know about rentals, property taxation, condominium problems, energy certificates and other common issues;
- Services such as buildings insurance, free estimation of their real estate property's value, property management and legal assistant in other countries (PLAN).
- "Online Members' Services"; including access for all members to the "Electronic Library" which containing a full collection of documents about real estate property and buildings in Greece (laws, circulars, directives, contract models etc).

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HUNGARY: National Association of Condominium & Landlords (TTOE)

Társasházak és Társasházkezelők Országos Egyesülete

The National Union of Condominiums and Landlords (TTOE) was founded according to Hungarian law on 7 February 2007 as an NGO and was registered by the City Court of Budapest No. 12377.

Among the members there are property managers, estate managers of Condominiums and owners of real estate.

The goals of the Union Are:

- save the historic characteristics of Hungarian buildings;
- maintain and restore the building stock;
- helping to achieve energy-savings in buildings;
- development and maintenance of common parts of buildings;
- selective handling of waste materials;
- raising the standard of professional work in the real estate sector;
- achieving and organising public communication activities;
- solve problems with the development and maintenance of common property;
- working out rules of behaviour for cohabitation;
- Advising on how to run and maintain buildings.

We Hope to Achieve these Goals through Activities like:

- we regularly organise conferences and meetings for our members;
- we give monthly regular briefings in close co-operation with the professional periodical of Household of the House (ThT);
- legal and economic consultancy through e-mail, phone and in person;
- providing an informative website;
- recommending professionals in every field to run buildings;
- helping governmental work on the ground of learning the everyday problems of our members;
- working out recommendations to amend laws;
- taking part in local, regional and international tenders, keeping in touch with the applicants, giving information when shortcomings arise and helping to sort them out;
- cooperation with similar NGOs.

Membership:

- anyone who shares our goals can become a member;
- dues for membership - we worked out different rates for private persons, entrepreneurs and condominiums;
- undertaking to help support the union's activities;
- allowances are granted for the members such as participation, conferences free of charge and receiving the professional periodicals Household of the House (ThT) free of charge.

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IRELAND: Irish Property Owners Association (IPOA)

The *Irish Property Owners Association* is the National Representative Organisation for property owners who rent property in the private rental sector (Landlords). It is a company limited by guarantee and not for profit. Members pay a membership fee and are bound by a code of ethics.

Our Organisation:

Founded in 1993 by its current Chairman, Stephen A. Faughnan and current Vice Chairman, John Dolan, is run by a national Committee of 12 members, who contribute their time on a voluntary basis. The organisation represents the interests of property owners on whatever platform is necessary to defend these rights, entitlements etc.

Our Goals and Activities:

Lobbying is very much part of our work and this is done through Government, semi-State bodies, service companies and other organisations that have an interest in the rental sector. Submissions are made on a regular basis to various Government bodies and individual politicians on legislation and policy.

The number of households in rented accommodation increased by 47 per cent to 474,788, up from 323,007 in 2006. The overall percentage of households renting their accommodation rose to 29 per cent causing home ownership rates to fall sharply from 74.7 per cent in 2006 to 69.7 per cent in 2011.

As a result of financial difficulties, there has been very little construction since 2006 and planning permissions that were in place prior to that have now lapsed. The result is that in major cities, demand has outstripped supply and rent, which had fallen by approximately 30%, has started to increase. It is expected that rents in urban areas will continue to increase.

Increased housing standards introduced by Government have also resulted in a fall in the supply of single occupancy dwellings. Traditional bedsits with shared bathrooms have now been outlawed. These centrally located properties are costly to convert, some are listed, and planning permission is not available for conversions, as converting will make the accommodation too small. These changes have caused a serious loss of availability of accommodation at the lower end of the market.

IPOA provide information to all property owners, but have a paid up membership of 5,000 landlords who own some 20% of Ireland's private rented stock. Private rented accommodation in Ireland is governed mainly by the PRTB (Private Residential Tenancies Board, which is a State body). The Residential Tenancies Act was introduced in 2004 and has yet to get to grips with the real issues of renting property; it is mainly a tenant's charter. The Act is lengthy, complex and flawed, and its operation by the PRTB is inefficient and causing lengthy time delays. Nevertheless, with amendments and more efficiency, it could be extremely beneficial in solving disputes, e.g. deposit retention, over-holding, etc. The Act is currently being reviewed and amendments are under consideration.

The IPOA is recognised by State bodies, as the premier body representing landlords and property owners in the private rented sector.

Recently, there have been new taxation regulations:

Standards have been improved;

BER Certificates Required;

New Government Levy on income of between 2 – 6%;

VAT Increases;

Withdrawal of Refurbishment Tax Relief;

Reduction in Mortgage Interest Relief by 25%

Local Property Tax, levied on the owners of residential properties, was introduced in 2013.

The IPOA holds meetings and educational briefings for property owners throughout the country, as well as with media & Government.

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ITALY: Confederazione Italiana della Proprietà Edilizia (Confedilizia)

The *Confederazione Italiana della Proprietà Edilizia* (Confedilizia), the Italian Confederation of Property Owners, is an Association that was re-established in 1945 as the overarching body for all Home-owner associations in Italy.

Our Organisation:

Confedilizia has over 200 offices nationwide. Confedilizia's members are property owners (including those who are only owners of the home they live in), condominiums, individual condominium residents and institutional investors such as insurance companies, banks, pension funds, social security agencies and large national real estate companies. Members of Confedilizia also include other trade Associations. The President of Confedilizia is Mr. Corrado Sforza Fogliani.

Our Goals and Activities:

Confedilizia stipulates the National Collective Labour Agreement (CCNL) for employees of property owners with the confederate unions (CGIL-CISL-UIL) and ASSINDATCOLF - the National Collective Labour Agreement for house servants. Internationally, Confedilizia is among the "Groups of Interest" duly accredited by the European Parliament and European Commission. For direct support to its nationals abroad, Confedilizia has set-up its own foreign delegations in the USA, UK, Germany, France, Spain, Belgium, Switzerland, Argentina and China.

Confedilizia also keeps close ties with the Confedilizia of San Marino.

Confedilizia is regularly consulted by Ministries, the parliamentary commissions of the senate and chamber of deputies, the National Council of Economy and Labour (CNEL) and regional and local government agencies.

Confedilizia publishes a monthly "Confedilizia notizie" (circulated to all individual members through the local associations) as well as interesting industry publications through its subsidiary Confedilizia Edizioni.

Confedilizia's institutional duty is the representation of property owners and investors in their dealings with Parliament and Government on real estate matters.

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MONACO: Association des Propriétaires de Monaco (APM)

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President
Simone Commandeur
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NORWAY: Huseiernes Landsforbund (HL)

Huseiernes Landsforbund, the Norwegian House Owners Association, promotes the interests of house owners in Norway. The majority of members are private home owners. Commercial real estate companies, landlords, condominiums and multifamily houses with collective ownership are also represented in the organisation. Housing in Norway is predominantly private. 80% of the housing stock is self-owned and 20% is rented dwellings. Altogether there are two million homes in Norway.

Our Organisation:

The organisation was established in the Norwegian capital, Oslo, in 1894. Today, it consists of more than 200.000 individual paying members spread over 24 local departments. The headquarters are still located in Oslo, with 30 central employees.

In addition, there are local representatives in every county as well as centrally based legal consultants who offer telephone based services. The highest body is the biennial congress, which elects the Executive Committee and lays out the main policies for the coming years. The President of the organisation is Mr Andreas S. Christensen. His main spokesperson in the day-to-day business is the Managing Director, Mr Peter Batta.

Our Goals and Activities:

The most important goal of Huseiernes Landsforbund is to protect the interests of house owners and strengthen their position politically.

The three main pillars of the organisations activities and offers are:

Active political lobbying and extensive use of the media;

Advanced advisory services;

A number of discount agreements and other member benefits.

Members have free access to legal, technical and economic advisory services and a large menu of benefits and discounts. Six times a year they receive the membership magazine Hus & Bolig.

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POLAND: Polska Unia Wlascieli Nieruchomosci (PUWN)

Polska Unia Wlascieli Nieruchomosci (PUWN), the Polish Union of Property Owners, was established in November 1991. It continues the traditions of the Association of Polish Cities, which had been established in 1923.

Our Organisation:

Pursuant to its articles of association, the Polish Union of Property Owners "is a national representative organisation of property owners' associations and other organisations whose objectives are similar to its purpose".

Membership of individual organisations in the Union is voluntary and after they become members, they retain their previous management structure and autonomy.

The Union is comprised of municipal organisations in all large Polish cities as well as branch offices in smaller towns.

The majority of the organisations, which are members of PUWN, manage private and local government properties in their areas and many members directly manage their own properties.

Our Goals and Activities:

The Polish Union of Property Owners is the largest non-governmental organisation in the country which represents the interests of the owners of land, properties and buildings. The representatives of the Union participate in the work of Sejm's Commissions and Sub-Commissions by filing petitions and expressing opinions.

The Union publishes the periodical magazine entitled "MIASTO POLSKIE" (Polish City).

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PORTUGAL: Assosiacao Lisbonense de Proprietarios (ALP)

Founded in 1888 under the name "Portuguese Association of Owners", ALP is a nationwide organisation with more than 10,000 members. ALP's mission is to represent and serve the owners of urban properties in Portugal, whether they have vertically or horizontally owned property.

Our Organisation:

The President of ALP is Prof. Dr. Luís de Menezes Leitão.

Our Goals and Activities:

First and foremost, ALP is a representative body. It represents the interests of Portuguese urban property owners – including landlords, homeowners and co-owners in condominium to the authorities and the key public opinion makers. ALP aims to defend its members' interests on a number of issues, such as tax, rent policy as well as urban regeneration.

ALP also provides a number of services for its members. These include:

Legal Advice,

Property Management: dedicated to property management in vertical ownership,

Condominium Management,

Technical Services (including budgeting and monitoring conservation works).

Since 1914, ALP has published a bimonthly newsletter "The Urban Property". In 2001, ALP was also at the forefront of the creation of the "Centre for Voluntary Arbitration" – an independent entity that provides both owners and tenants an advantageous alternative to ordinary courts in its area of competence.

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ROMANIA: Asociatia Pentru Proprietatea Privata (APP)

Asociatia pentru Proprietatea Privata, the Romanian Association for Private Property is a not for profit association of expropriated real estate owners in Romania; dispossessed by the former communist regime between 1944 and 1989.

Our Organisation:

APP members reside in several European Union countries; especially in Romania and Germany but also in France and Switzerland. The main offices of APP are in Bucharest, with subsidiary branches in several other towns (Ploiesti, Cluj, Craiova), and in Munich (Germany). APP members are either active contributors or supporters.

Our Goals and Activities:

APP activity focuses mainly on the legal protection of property rights for its members and on restitution in kind or in the form of fair compensation for properties confiscated by the communist regime. This includes representing the interests of its members before the Romanian and European competent authorities (e.g. the Petition Commission of the European Parliament, the European Commission, the European Court of Human Rights and the Council of Europe). APP was one of the signatories to the petition presented by the UIPI to the Petition Committee of the European Parliament. APP was one of the pilot applicants to the European Court on Human Rights' procedures on property restitution in Romania.

APP has strong links with the media. It regularly organises meetings, seminars and congresses to raise public awareness and political interest in the concerns and problems facing property owners in Romania.

The main services offered by APP consist of consultation in legal affairs, information concerning the evolution of the legal framework in national and international jurisprudence; PR and media information, the lodging of reports, observations and proposals and even protests to the competent forums of national and international organizations.

APP intends to further enlarge its activities to cover other aspects of property matters, such as taxation policies, environmental measures and energy saving.

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SERBIA: League for Protection of Property Rights and Human Rights (LPHR)

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SERBIA: Property Restitution Network of Serbia – Citizens Association for the Restitution of Confiscated Properties and Human Rights (PRN)

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SLOVENIA: Association of Property Owners in Slovenia (ZLAN)

The *Združenje lastnikov nepremiĐnin v Sloveniji* (ZLAN) is the Association of Property Owners of Slovenia. It is a non-governmental and non-partisan organisation that was created in 1995 to represent the common interests of owners of individual flats and houses, dwellings in condominium, rental housing, commercial premises, agricultural land and forests.

Our Goals and Activities:

ZLAN has built a system of communication with its members in order to inform them about the current topics affecting real estate property and listen to their needs and initiatives. ZLAN aims to deepen cooperation with Government and Parliament, as well as administrative and municipal authorities in drafting and implementing regulations that affect property owners. We also participate as an interlocutor with other organisations working in this field.

Our Organisation:

The highest authority of ZLAN is the General Assembly Network, which consists of all members. The Management Committee includes the Chairman of the Board, his deputy and seven members. The Management Board is responsible for organisational, professional, technical and administrative work, in accordance with the guidelines and decisions of the General Assembly. The president of ZLAN is Mr. Urh BAHOVEC.

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SLOVAKIA: The Slovakian Property Owners Association (RN)

ObĐianske združenie vlastníkov nehnuteĐností s regulovaným nájomným - *RN*, the Slovakian Property Owners Association, was formed in 2007 as a not for profit organisation representing owners of the properties subject to rent control regulation.

Our Goals and Activities:

The Slovakian Property Owners Association ensures the protection of the fundamental right to property; as guaranteed by the Slovakian Constitution. Our Association undertakes political lobbying; promoting liberal real property acquisition and rental market. Our main priority is to put an end to rent control in Slovakia and ensure compensation is paid to the owners of those properties.

Members benefit from receiving free advice and regular information about developments in the Slovakian real estate market.

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SPAIN: Confederación de Cámaras de la Propiedad Urbana y Asociaciones de Propietarios de Fincas Urbanas (CCPU)

The *Confederación de Cámaras de la Propiedad Urbana y Asociaciones de Propietarios de Fincas Urbanas*, the Confederation of Urban Property Chambers and Urban Property Owners' Association, is a national not for profit association, independent from the Government, workers' organisations and political parties. It was set up under the law regulating the right to associate as a trade union, with full legal status and capacity to act.

Our Organisation:

The Confederation was created in 1996 and is located at Calle Commandante Zorita nº 6, 1º 8 Madrid (Spain). It consists of 21 organisations from the different Autonomous Communities and represents approximately 160,000 owners.

Its governing bodies are:

The Assembly, with representatives from each of the Confederation's member organisations;

The Board of Directors;

The Executive Committee;

The Presidency.

The President of the Confederation is Mr Ángel Merino Berthaud. Mr Lluis Terradas i Soler is now the Honorary President.

Our Goals and Activities:

The essential functions of the Confederation are:

Promoting and defending urban property rights;

Proposing policies and initiatives to the Government that will benefit urban property;

Promoting the unity and defence of the Confederation's member Chambers and Associations;

Presenting the Confederation's Member Chambers and Associations to public institutions;

Establishing any services of common or specific interest that may be of use to the Confederation's member Chambers and Associations;

Establishing relations with national and international organisations involved in real estate matters.

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SWEDEN: Villaägarnas Riksförbund (VR)

Villaägarnas Riksförbund, the Swedish Homeowners' Association, is a national organisation working to promote and protect the interests of homeowners both today and in the future – thereby making life easier for homeowners. 300.000 households throughout Sweden are members. Sweden has approximately 2 million detached and semi-detached houses that are used as permanent homes and approximately 400.000 holiday homes.

Our Organisation:

The main office of Villaägarnas Riksförbund is located in Stockholm. The national organisation comprises seven regional organisations. Each geographical region has their own regional office. The association was founded in 1952 and has approximately 60 employees. Most of the members are affiliated with one of our 250 local societies.

The Congress is the highest decision making body of Villaägarnas Riksförbund and meets every four years. The Congress elects the executive committee that bears the overall responsibility for Villaägarnas' activities. Each region has a regional committee that is elected by the regions' local societies.

Our Goals and Activities:

The Association does public relations work and also communicates the key interests and needs of homeowners to the heads of various government bodies as well as to other influential opinion formers. The Association offers various member benefits and discounts as well as free professional advice. In addition, members also receive the Association's magazine, Villaägaren, five times per year.

The purpose of the campaigning work is to get political decisions that protect the interests of homeowners and that strengthen their position as consumers.

The objective of our expert panel is to offer members the benefit of free professional advice in all areas relating to home ownership.

The goal of our member benefits is to offer a wide selection of products useful to homeowners, services that meet members' demands and enable members to save both time and money.

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SWITZERLAND: Hauseigentümerverband Schweiz (HEV)

The *Hauseigentümerverband Schweiz - HEV Schweiz*, the Swiss Homeowner Association, is committed to the promotion and the protection of proprietary ownership in Switzerland. More than 320.000 people are members of the Swiss Homeowner Association. The members are owners of single family homes, apartment buildings, flats and landlords.

Our Organisation:

The main office of the Swiss Homeowner Association is located in Zürich. The Association is organised in 122 sections. The umbrella association was founded in 1915 and now has 19 employees. The president of HEV is the politician Hans Egloff (National Council).

Our Goals and Activities:

The HEV Schweiz represents the interests of Swiss homeowners. Our Association undertakes political lobbying with the aim of preserving and promoting proprietary ownership in Switzerland.

Considering that only 37% of people are homeowners in Switzerland, it is obvious that the Swiss Homeowner Association has an important task to fulfil.

The Association publishes 317.418 copies of the newspaper "Der Schweizerische Hauseigentümer" which has over 606.000 readers. The bi-weekly newspaper is the most important publication for homeowners in Switzerland.

Members benefit from numerous services: for example professional legal advices by phone for free, the newspaper, preferred rates for the guidebooks of HEV Schweiz as well as many more benefits.

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SWITZERLAND: Fédération Romande Immobilière (FRI)

The *Fédération Romande immobilière* (FRI) was created in 1925 to represent real estate property owners in French-speaking Switzerland at the national and local level.

Our Organisation:

The association brings together the property owners' associations in French-speaking Switzerland, which are:

Chambre vaudoise immobilière;

Chambre immobilière du Valais;

Chambre immobilière neuchâteloise;

Chambre fribourgeoise de l'immobilier;

Association jurassienne des propriétaires fonciers.

The FRI is managed by a Committee composed of the President, Mr Christian Blandenier, a Vice-President, Mr Franco del Pero and a maximum of four members per cantonal chamber (according to the following rule: 1 Committee member for 500 members).

The General Secretariat is organised by the Chambre Vaudoise Immobilière in Lausanne. It develops propositions that are then submitted to the Committee and then implements the decision of the Committee. The General Secretary is Mr Olivier Feller.

Our Goals and Activities:

The FRI was created to:

Defend private property and the concerns of private and institutional property owners;

Improve the economic conditions that govern real estate property;

Protect real estate property in all French-speaking Switzerland.

Therefore the role of the FRI is to:

Take positions on all federal issues that concern property owners ;

Participate in federal expert commissions in charge of real estate matters;

Participate in coalitions and initiatives in favour of property or against risks that endanger property.

Keep contact with othere regional associations of property owners (HEV Schweiz/Camera Ticinese dell'Economia Fondiaria), real estate professionnals (Union suisse des professionnels de l'immobilier/Schweizerischer Verband des Immobilien-Treuhänder) as well as institutional property owners (Association des investisseurs et administrateurs immobiliers/Verband der Immobilien-Investoren und Verwaltungen);

Is the voice of property owners in the media.

Its field of action include:

- Accession to property and purchase of real estate by foreigners;
- Territorial planning;
- Framework contracts and lease contracts;
- Energy and environment;
- Fiscal rights;
- Mortgage market;
- Property funding;
- Vertical property.

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UNITED KINGDOM: National Landlords Association (NLA)

Founded as the Small Landlords Association in 1973 and based close to the Houses of Parliament in London, the *National Landlords Association* (NLA) is a not-for-profit membership organisation that represents the interests of private residential landlords in the UK.

The NLA provides a range of benefits and services to both our individual landlord members and our Local Authority Associates. The NLA seeks to safeguard landlords' legitimate interests by making their collective voice heard by local, regional and central Government as well as the media.

Our Association:

The NLA is the leading independent organisation for private residential landlords in the UK, representing over 20,000 members and over 100 local authorities. Our membership stems from all over the UK and range from those with just one rental property to those with substantial portfolios.

Our Goals and Objectives:

According to recent statistics the private rented sector comprises just under 20% of all households in England. It is expected that by 2016 the private renting market will surpass the social sector and by 2020 will account for well in excess of 20% of all households. In light of this increase, the NLA seeks a fair legislative and regulatory environment within which the private rented sector can continue to make an essential contribution to the nation's housing stock and economy.

With growth comes responsibility and the NLA is committed to ensuring, through professional development and NLA Accreditation, that all landlords are aware of both their statutory rights and obligations to their tenants.

The NLA also seeks to raise standards in the sector through the extension and growth of our regional and local branch network of meetings as well as the provision of a wide range of services and support designed to improve the professionalism of landlords at a local level.

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Notes

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