



Mortgage Credit Directive 2014/17/EU

These slides accompany the explanation of the acquis to Albania and North Macedonia and can only be used for that purpose. Their content is subject to further development of the acquis and interpretation by the Court of Justice of the European Union

The Mortgage Credit Directive (MCD)

It aims to

- *Ensure responsible lending and borrowing behaviour*
- *Increase the level of consumer protection through pre-contractual information*
- *Take first steps towards creating a single market via the EU passport for credit intermediaries*

Key elements of the Directive

- Scope
- Creditworthiness assessment
- Information to consumers (e.g. ESIS)
- Principles and quality standards for performance of services (e.g. conduct, competences, advise)
- 'Tying ban'
- Early repayment
- Arrears & foreclosure
- Competent authorities + Credit intermediaries

Scope

- **Credits secured by a mortgage or a comparable security**
- **Property rights in land or in an existing or projected building**
- **Exclusions**
- **Member States' options under certain conditions**

Responsible lending

- **Creditworthiness assessment (Art. 18, 20)**
 - Obligation prior to granting the credit
 - 'Relevant factors'
 - The creditor only makes the credit available where...
- **Property valuation (Art. 19)**
 - 'Reliable standards'
 - High- level principles on appraisers

Information to consumers

- **Advertising (Art. 10)**
 - Standard information
- **Pre-contractual information (Art. 14)**
 - European Standardised Information Sheet
 - Credit intermediaries
- **Adequate explanations (Art. 16)**

Principles and quality standards

- **Principles for contacts with consumers (Art. 7)**
 - Fairness, honesty, professionalism
 - Remuneration
- **Quality standards for performance of services (Art.9, 22)**
 - Competence and knowledge requirements
 - Advisory services

Individual rights for consumers

- **Tying practices (Art. 12)**
 - Prohibition as a principle, with exceptions
- **Early repayment (Art. 25)**
 - Right to repay early
 - Possible conditions for exercising the right (MS)
 - Possible compensation for the creditors (MS)

Individual rights for consumers

- **Foreign currency loans (Art. 23)**
 - Information in advertising and in the ESIS
 - Specific rules to limit risks linked to the currency
- **Arrears and foreclosures (Art. 28)**
 - Reasonable forbearance by creditors
 - Caps on charges in the event of default
 - Best effort price
 - Return or transfer of the property can be sufficient to repay the credit if both parties agree so

EU passport for intermediaries

- **Credit intermediaries (Art. 29, 32, 33, 34)**
 - Minimum criteria to get admitted by the home MS
 - Registration
 - No further admission needed to operate in other MS
- **Competent authorities of different MS (Art. 36, 37)**
 - Obligation to cooperate
 - EBA's possible assistance



Thank You!