International Union for Housing Finance

IUHF - A global organisation meeting your interests in housing finance

NEWSLETTER *August 2005*

Mark your Calendars and join us in Vancouver, Canada for the 26th IUHF World Congress September 19-22, 2006

After enjoying the historical elegance of Brussels, the World Congress of the International Union for Housing Finance will move around the globe to Vancouver, Canada, where it will be hosted by Canada Mortgage and Housing Corporation (CMHC). The 26th IUHF World Congress will take place from September 19-22, 2006, in a city that was recently rated as the third best city in the world in which to live, coming in right behind Zurich and Geneva.

Built on a series of peninsulas surrounded by water and sitting on the edge of the Pacific Ocean, with the Canadian Rocky Mountains as a stunning backdrop, Vancouver boasts one of the most spectacular city settings in the world. It is the largest city in the province of British Columbia.

The World Congress will be hosted by Canada Mortgage and Housing Corporation (CMHC). CMHC is Canada's national housing agency, with its National Office in Ottawa and five regional business centres across Canada, including one in Vancouver. CMHC's mandate includes ensuring the availability of low-cost financing, housing affordability and choice, and promoting the well-being of the housing sector. The Corporation is active in the areas of mortgage insurance and securitisation; research and information transfer; and assisted housing. Established in 1946, CMHC will be celebrating its 60th anniversary next year.

The venue for the World Congress is the Pan Pacific Hotel, with a spectacular waterfront location offering panoramic vistas of the city, harbour, and the Rocky Mountains. Situated atop the magnificent Canada Place complex in downtown Vancouver, the Pan Pacific is just steps away from the city's business district and entertainment centres (visit the hotel website at http://vancouver.panpacific.com).

While the proximity of urban life to sea and mountains makes Vancouver special, its multicultural flavour adds to its uniqueness. Half of the city's total population is of visible minority background, and an almost equal percentage of the population was not born in Canada. The three most numerous groups of recent immigrants are of Chinese, Filipino and Indian origin. On the streets, English, Chinese, Punjabi, Filipino, Vietnamese, French, and Spanish can be heard throughout the city. This rich cultural mix is also reflected in the local cuisine, which offers exotic, traditional and eclectic experiences.

The natural environment around Vancouver offers visitors activities ranging from water and beaches to forests and mountains. Nearby is Stanley Park with its famous seawall, and at more than 1,000 acres it is North America's largest city park with wonderful walking and cycling trails. Just beyond the city is the Resort of Whistler Mountain, which together with Vancouver will be hosting the Winter Olympic Games 2010. The short trip to Whistler will provide unforgettable hiking and sightseeing experiences, and breathtaking views of the Rocky Mountains.

For those who prefer the city life, Vancouver offers an abundance of attractions, tourist sites, shopping and tours. Granville Island, made famous by its public market and art galleries, is owned by the Government of Canada and operated by CMHC. This world-renowned market is located only five minutes from downtown, and takes a full day to explore. The World Congress venue is just three blocks away from the Pacific Shopping Centre, which has over 300 shops. The Pan Pacific Hotel is also just minutes from highly popular Robson Street and within walking distance of historic Gastown. Other attractions include the Vancouver Maritime Museum and the Vancouver Art Gallery. The city boasts an abundance of theatres, ranging from traditional to experimental, and offers nightlife entertainment, with live music everywhere.

We ask you to come to Vancouver not just as a tourist, of course, but primarily as a delegate to what promises to be an outstanding World Congress. Already a team of leading thinkers from the world of housing finance is putting together what we believe will be a compelling programme of discussion, explanation and elucidation which will offer something attractive to senior executives from all over the World.

Mark the World Congress dates on your calendar; IUHF and Canada Mortgage and Housing Corporation invite you to join us there for a truly rich experience.

Look for more details as they become available on our website at www.housingfinance.org. Also find out more about CMHC at www.cmhc.ca.

The Pan Pacific Hotel, Vancouver.

Housing Direct Finance through Domestic Direct Investment (DDI)

By Christopher Bennett and Brian Emmott, Co-Founders, TERRE Initiative Limited

Introduction

It is accepted that most developed economies have a fully functioning real estate market that is well regulated and is able to attract investment and to underpin the wider economy. These countries also have a culture of domestic savings and investments. A lot of attention is given to developing and transition economies' ability to attract Foreign Direct Investment (FDI), whilst too little attention is given to their own internal ability to generate domestic savings and investment; lets call this Domestic Direct Investment (DDI).

The World Bank states that land and real estate assets comprise 50-70% of the national wealth of the world's economies. In developed countries in general, a person's or small to medium company's greatest asset is their land and property and in most cases their greatest liability is the mortgage or other loans secured against their land and property.

Various commentators are starting to make a very good case for not relying on FDI alone for economic growth. They make the case for in-country strategy options and, whilst the case is perfectly valid, a problem still remains, especially for individuals and SMEs - the difficulty in obtaining funding and liquidity for expansion and development. The following highlights an in-country strategy that could help solve this problem.

Available help

The United Nations Economic Commission for Europe, based in Geneva, has a Real Estate Advisory Group (REAG) that is working with the transition economies of Central and Eastern Europe and the

Commonwealth of Independent States (CEE & CIS) to help them develop their real estate markets. These countries have, since the change from a centralised to a market economy, largely passed the ownership of land to their populations. They therefore have the assets, but without a fully functioning real estate market do not have the capacity to trade these assets or use them as security. They are therefore asset rich but cash poor.

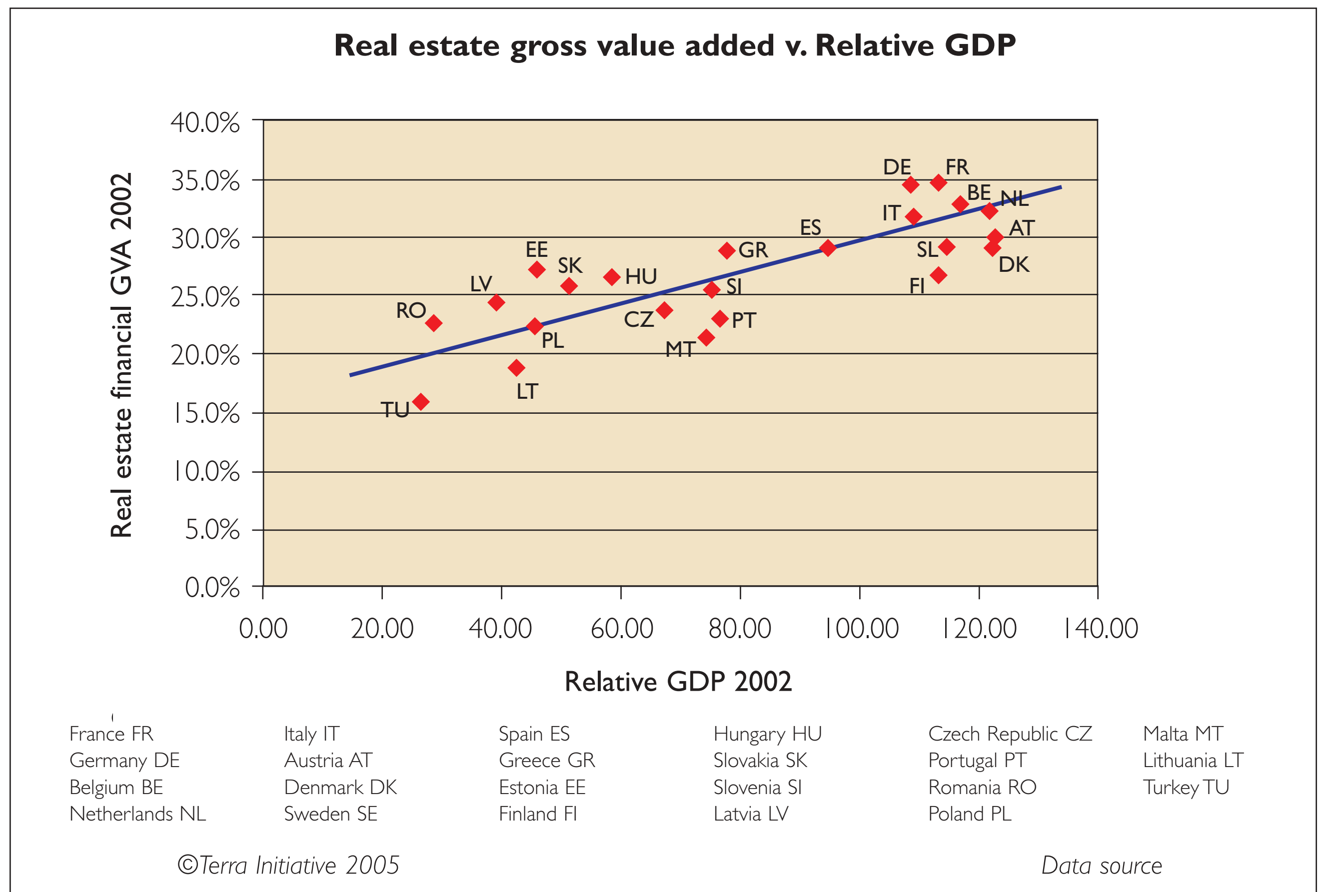
REAG's aim is to help the countries in transition to develop their real estate markets and therefore enhance their economy, estimated to be capable of growing between 20-30% with a fully functioning real estate market. In the majority of the transition economies of CEE & CIS, property ownership has been transferred to the individual over the last 15 years. In many countries it is now as high as 90%, but in general there is no active property or mortgage markets, and where there is, its largely in hard currencies rather than their domestic currency. Therefore there are no significant outstanding liabilities by way of borrowing against these assets that would normally be seen within a fully functioning real estate market in a developed country.

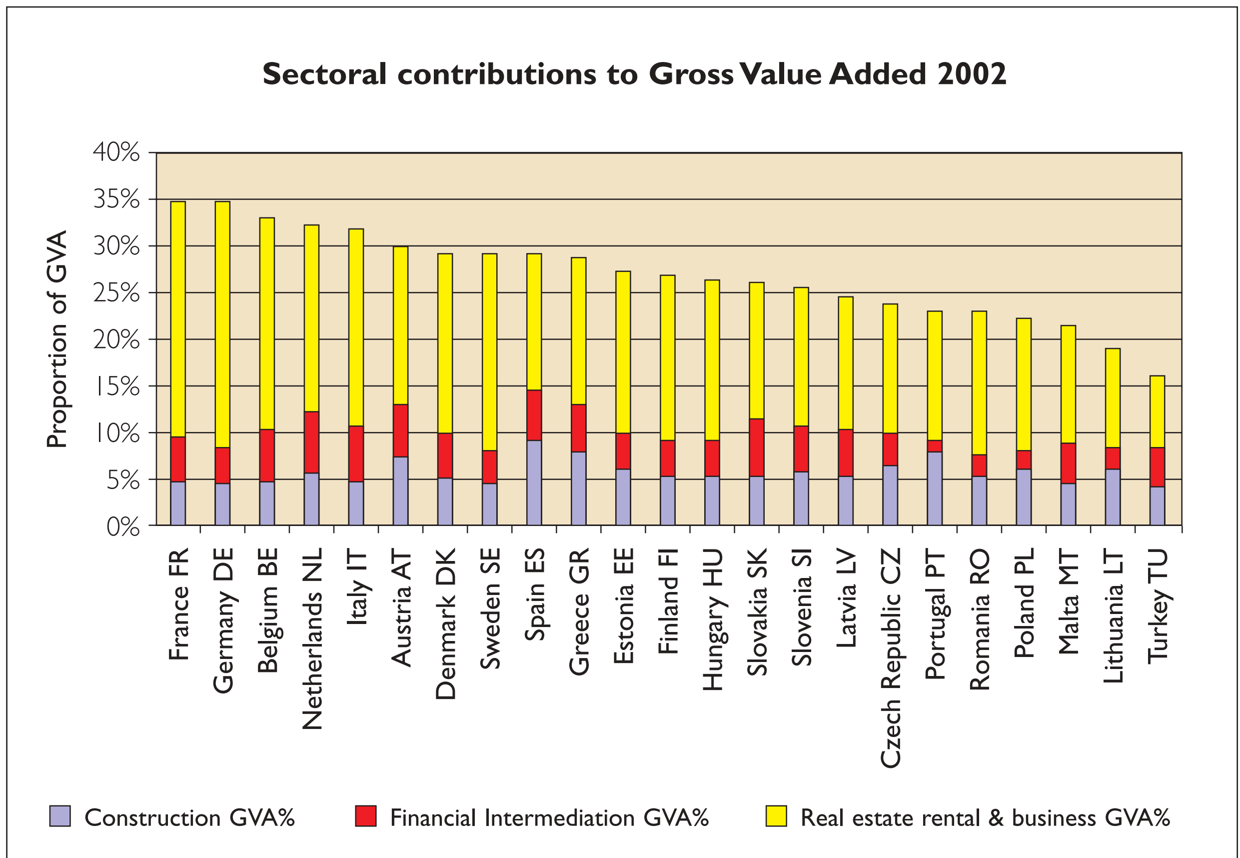
Requirements

To achieve a fully functioning real estate market, a country needs well-regulated institutions that can demonstrate their efficiency to potential investors, whether domestic or foreign. Also, each of the professions in a real estate market needs to understand the interdependency that they have with each other. These include governments, public sector organisations, land registries, lawyers, the judiciary, financial institutions, surveyors, valuers, agents, brokers, etc. who are all essential in their own right but all must be equally capable to enable a real estate market to function. The Terre Initiative (a member of the IUHF) works closely with UNECE REAG in helping developing and transition economies to achieve these aims. The following charts show some of the benefits available to GDP for various countries.

Approach

At Terre we have worked over many years to address this matter. As is shown overleaf a primary cause of the difference between the developed countries and the developing and transitional economies is the presence or





otherwise of a comprehensive, well regulated financial and institutional infrastructure.

It has taken the developed countries hundreds of years to evolve the institutions necessary for the real estate market to function effectively. They are by no means perfect, but they have been economically highly effective.

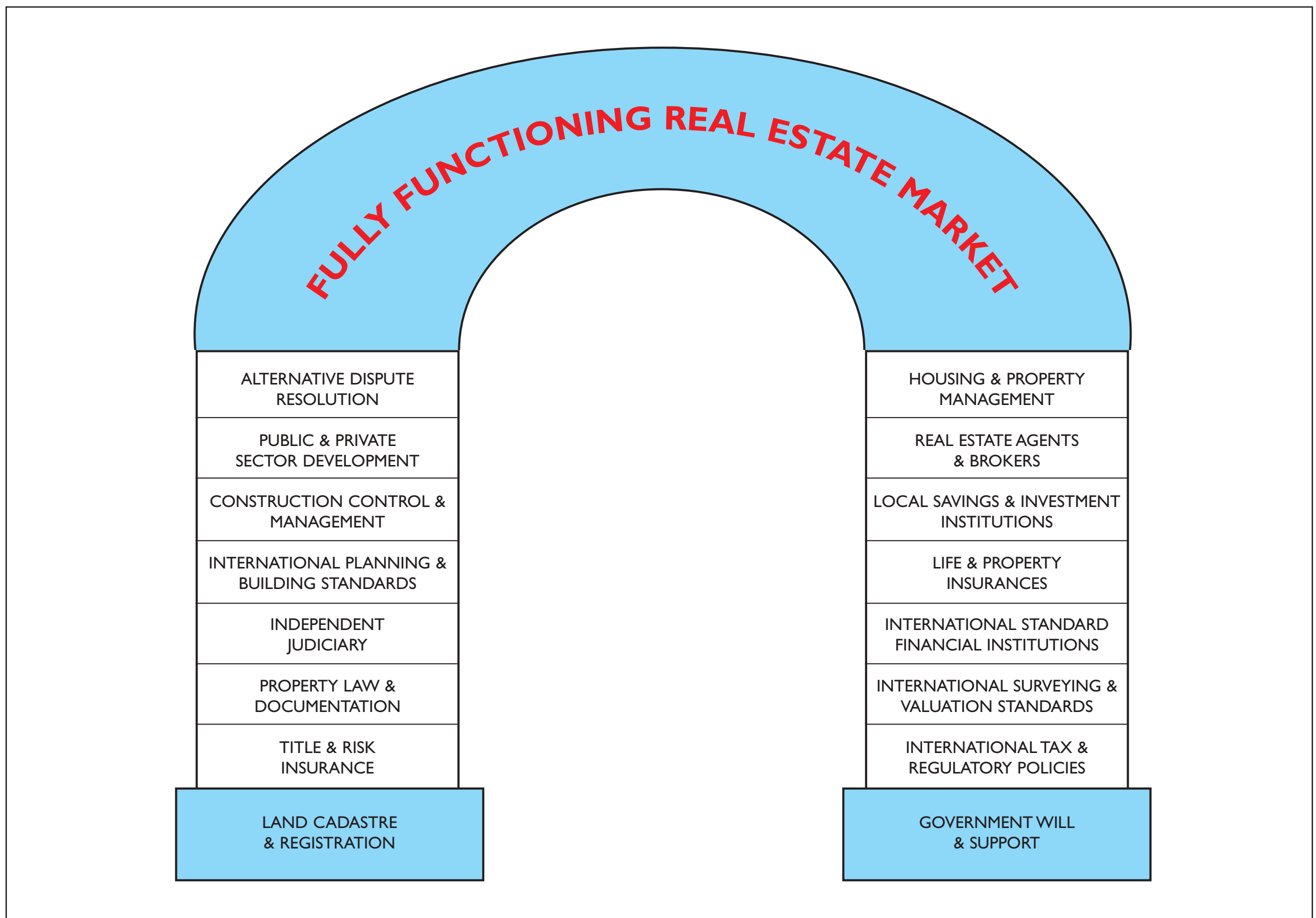
We illustrate this situation with an arch, shown on page 5. The headstone, the dynamic real estate market, is held up by a multitude of other stones that represent the many institutions that go to make up a fully functioning real estate market. If any one stone fails, then the headstone falls. There may be many good parts of the arch already developed – perhaps a good insurance sector, a good banking system, suitable laws, a successful construction industry. However without all the stones firmly in place, the headstone will not be upheld.

Also we learned that there are many individuals and businesses aware of this problem but uncertain how to apply their knowledge and expertise cost effectively. In a market that is partially effective it may take only a few fundamental changes to allow the system to flourish.

Examples of Domestic Direct Investment

For example, in the UK, figures from the Bank of England (March 2005) indicate that the amount of lending outstanding to individuals is £1,081 billion, of which £895 billion is secured on dwellings. The remaining £186 billion is consumer credit, most of which is granted against the knowledge of borrowers' ownership of property and/or permanent employment that contribute to their credit rating. The majority of this borrowing is fed back into the UK economy either by way of savings and investments or consumer spending. There is also the benefit to the country of property related taxes, stamp duty, other financial services, etc.

The borrowing in the UK equates to over £18,000 (US$34,000) for every man, women and child in the country and is above the annual average income on a per person basis. The population of the UK is therefore over 100% borrowed on an annual income basis. Yet not only is the UK economy able to sustain this level of borrowing, it underlines the benefit of spreading the risk and demonstrates the part that land and property play as security in underpinning the UK economy. Estimates show that the value of the UK housing stock is over £3 trillion and the level of borrowing currently accounts for under 30% of this. This is similar in other developed countries and



something we believe that the developing and transition countries need to follow if they are to expand their economies and be able to sustain competition within the European Union or on a global basis.

Approach within Central & Eastern Europe

The emphasis within the CEE economies, during the first decade of their switch to a market economy, would appear to be on the need for FDI. This seems to ignore the internal potential of their land and property stock. If we look at Hungary, now one of the new members of the European Union, their FDI (including privatisations) from 1991-2003 was somewhere around US$36 billion, with record growth in 2002 of US$3 billion. However, the figure dropped to just over US$2 billion in 2003 (The Vienna Institute for International Economic Studies).

It is also estimated that their stock of FDI is now only Euro 38 billion or US$50 billion. With a population of 10 million if only 1% borrowed, say, $5,000 against their property, this would generate the need for half a billion dollars of capital that would almost all be used within the domestic economy. If as many as 5% of the population, consisting of the emerging professional middle-class, borrowed $10,000, then that would generate $5 billion for internal investment, far in excess of any potential FDI available in the short-term. Also, a country like Hungary would not have to "sell" any more of their state or major company assets to achieve this, of which there are now fewer left.

This could be funded by external lines of credit, ie a form of FDI given by developed countries for on-lending by local financial institutions. The Economic Bank for Reconstruction & Development (EBRD) are now actively starting to provide these lines of credit to various banks in many of the transition economy countries.

For a country like Romania, scheduled for European Union accession in 2007/08 with a population of just over 22 million and estimated FDI in 2004 of US$2.6 billion, and with estimated stock of US$13 billion, there would be a large benefit from DDI. With 1% of the population borrowing only US$5,000 this would generate the need for over US$1 billion and with only 5% borrowing US$10,000 would need over US$11 billion. With only a small proportion of the population being able to utilise their property assets for the benefit and themselves and the economy in general, this would nevertheless still almost double Romania's available stock values.

Conclusion

Firstly, any country has to have the political will to want to have an active real estate market and be prepared to back this up with the necessary laws, regulations and institutions. Consumer credit, if firmly underpinned by actual assets like fully registered land and property, is the basis for the development of economies and trade. It would open up the ability for their population to move for employment within a country and help to reverse the "brain drain" or help stem the economic migration that many of these countries are experiencing. In the meantime, they would achieve additional benefits to their GDP, which as stated above, has been estimated to be between 20-30% and they will also have a more settled and contented population. This would all be achieved without having to "sell" their state assets to obtain FDI and would help secure more domestic stability.

Finally, the following chart shows the various levels within countries of mortgages in relation to GDP. Terre Initiative are compiling statistics on levels of savings and mortgages within the transition economies of CEE & CIS. If any the Members of IUHF are able to help in providing information or statistics we would be very grateful to receive them. Please contact us as below.

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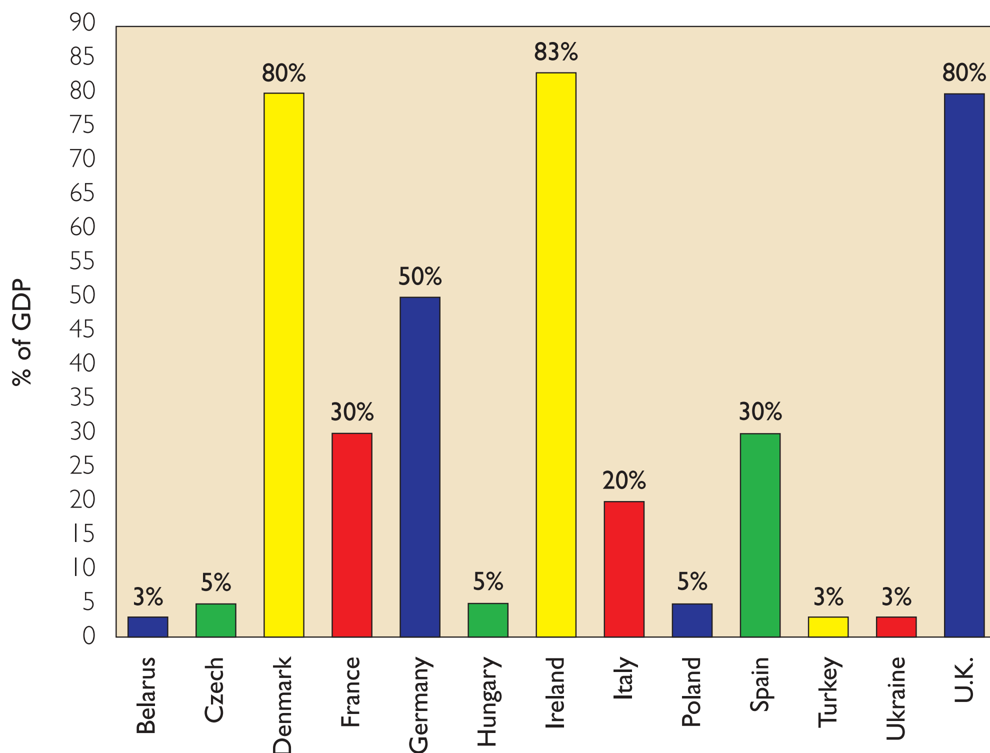

Source: UNECE Economic Analysis Division

Advantage Offshore

By Mike Lazenby, Chief Executive, Kent Reliance Building Society (UK)

The UK financial services industry has a problem. Actually it has two.

The first is that it does not know it has a problem.

The second is easy – it operates in a highly competitive, over supplied market where margins are reducing and costs are rising. Put simply there is not enough of the profit cake to share around, so there have been – and will continue to be – contractions in the market until the industry gives birth to a new wave of more efficiently run businesses.

Efficiency is a funny word. Companies that were efficient ten years ago do not necessarily become less efficient – they just get overtaken. Like in a relay race sometimes it is just time to hand over the baton and the time approaches where that may be true for a number of financial services companies that cannot generate the profitable business that justifies their very existence.

The problem with complacency is that most businesses are unconsciously unaware that they suffer from it - ie they do not know what they do not know. Complacency comes in many guises – be it political, structural, incompetent or arrogant. Hindsight is a perfect science and many may look back and wish they had stepped back and taken a bigger view.

In the same way that the manufacturing industries of the UK were decimated over time by foreign competition with a better work ethic, greater commitment, higher skill set – and oh yes lower costs – so too will financial services. It is only a matter of time – and for some it will come quicker than others. We do of course have a free choice – whether to run with the changes or run for cover with the crowd. The trouble with running for cover is that the world is not going to stop. If I, with my tiny little insignificant building society hat on, can offer a service at a lower cost and higher value in a more efficient way than anyone else in the market then I can bear the margin atrophy and indeed advance the business.

Off shore outsourcing is not a new phenomenon. In the UK we did it with car manufacture in the sense we ceased to be good at it. We have no problem buying clothes made in the far east – as long as they have the right branded labels. We would struggle to buy white goods made in the UK so what is the problem having service delivered from another country? Some off shore call centres use poorly designed workflows, inadequate technologies and second rate training. Looking at the staff, however, their sentence construction, their articulation and their understanding is first rate – it is not their fault that they are given the wrong scripts and the wrong tasks. They will get it right – it is only a matter of time.

Mike Lazenby, Chief Executive, Kent Reliance Building Society, UK.

But the biggest opportunity is for those businesses that recognise that any back office function that can be done from a desk in an office in the UK - or anywhere in Europe or North America – can be done by someone sitting at a desk in another country. And numbers of jobs outsourced do not have to be high to make it pay. With an arbitrage on salary costs between the developed and developing countries, no efficiency savings in processing have to be made – in fact a business can quite literally throw people at a problem. My experience however in India is that the workforce will not allow inefficient service – continual improvement is embraced like national pride, a desire to please and to do well.

For me it is simple. I am now delivering a service partly from the UK and partly from India – and if I did not tell you then you would never know. The difference for me is that my costs will be 20% lower in real terms this year – which I can either

plough back into the business through profit or use it to absorb margin reduction. No other financial institution will be making a similar reduction on real costs this year. Furthermore we aspire to continue our programme of diversification and growth – having been the fastest growing UK building society over the last three years. Life is never that simple but in an over populated financial world we have created for ourselves some space. I know that there are arguments about exporting UK jobs – but I am comfortable that we have got the right balance between UK and offshore resources – and because we are growing where others are not, we have a need to increase headcount, not reduce it.

There will always be doubters and critics but the logic and the economics will be prevail and ultimately the customer will decide.

Kent Reliance Building Society has been the fastest growing society in the UK for the last three years and has utilised offshoring in a manner unique in the sector. More information from www.krbs.co.uk

European Union, Internal Market for Mortgage Credit: European Commission wants to establish an internal market by harmonising national consumer protection rules

By Christian König, European Federation of Building Societies,[1] Brussels

Overview

According to its mandate assigned by the Treaty of the European Community, it is the task of the European Commission to abolish obstacles to the completion of the EU internal market, which now encompasses 25 Member States. After several years of internal debates the European Commission now concentrates its attention onto the area of mortgage credit. This is a huge market - outstanding residential mortgage loans are estimated to be together equivalent to 40 % of the EU GDP. The European Commission assumes that legislative measures are needed to create a true internal market for housing finance. As a first step a consultation paper, the so called Green Paper on Mortgage Credit in the EU, was published in July this year[2]. Although it is still just a consultation paper, it is easy to guess the aim of the European Commission by reading between the lines. Thus it seems that the existing different 25 national legal systems are now challenged by the approach of the European Commission to establish an internal market by harmonising consumer protection rules.

The European Commission: shining a light on the mortgage sector, or warning of rocks ahead?

Background

Establishing an internal market for goods, capital and services is one of the main goals of the European Community. The European Commission's task is to abolish all obstacles which hinder the practice of these freedoms in daily life. Therefore directives and guidelines have been issued to regulate this freedom giving financial institutions the opportunity to go cross border to other Member States and offer their

[1] http://www.efbs.org

[2] Green Paper on Mortgage Credit in the EU published on 19th July 2005 on http://www.europa.eu.int/comm/internal_market/finservices-retail/docs/home-loans/greenpaper_en.pdf

products there, if they meet certain conditions on the home country level. Recently the European Commission found out that less than 1 % of all European consumers ever purchased a home loan in another Member State of the European Union[3], compared to the average amount of consumers which concluded a credit card contract or opened a bank account cross border, which is between 4 and 5 %. In order to detect the reason for the low level of cross border business in mortgage credit compared to other fields of retail financial services, an expert group on mortgage credit was established in 2003[4]. These experts, coming from the banking industry and consumer organisations, evaluated the different existing legislations on mortgage credit within the Member States and prepared a list of obstacles which could be tackled by the European Commission. Apart from the most obvious obstacle, namely the 20 existing languages within the European Union, it was suggested that mortgage credit business is usually a local business due to its strong link to the real estate. It was also mentioned that cross border activity depends pretty much on local distribution channels. The internet has not been seen so far as a tool to conclude contracts. From the credit institutions' point of view, it was mentioned that although, according to European legislation, they are allowed to go cross border and offer their products abroad, they are restricted by the local contract law. Accordingly, any contract offered cross border needs to be adapted to the law applicable at the consumer's residence. Thus the freedom to provide financial services in the EU goes only so far as the product is adapted to local applicable law.

What does the European Commission have in mind?

The recently published consultation paper of the European Commission shows clearly a focus on future legislative measures. Instead of considering opening the markets and allowing credit institutions to offer their national products unchanged in other EU Member States and thereby enhancing product variety and a better choice for consumers, which are characteristics of a true internal market, the European Commission makes clear that harmonising consumer protection rules is the leading path to establish an internal market for mortgage products. The European Commission seems to believe that by establishing caps on variable interest rates, by introducing a right for consumers to repay the long term fixed rate mortgage credit at any time and by limiting the early repayment fee to a certain amount, an internal market could be put into practice!

If these ideas become reality, the variety of products and offers in the home loan sector would be diminished. Restricting the contractual rights of one party only is rather unbalanced. So far the European markets are quite competitive; the current interest rates for housing finance are the lowest for many years. Limiting and standardising products by consumer protection rules would have unhelpful effects.

From the point of view of the European Commission it would be ideal if a Swedish consumer could finance his home in Sweden with a Greek mortgage credit despite the distance, different languages, the necessary real estate evaluation, different existing financing techniques or possibly missing trust to a foreign provider. Other financial products, such as credit cards, might be easier to offer and sell cross border. Financing the usually biggest investment in life has a different dimension. Even if consumer protection law could be harmonised in all Member States of the European Union, this would not automatically lead to the same conditions, bearing in mind the differences in notary law, and in prosecution and foreclosure procedures. The diverging efficiency of legal systems of the 25 Member States is certainly an obstacle to a cross border demand and offer of home loans, too.

A new European credit security

In this context the concept of creating a new system of European credit securities, the so called Euromortgage, has been brought forward to the European Commission as a concrete proposal, helping to create an internal market for mortgage credits. This security is designed as a land charge which should not be by law accessory to the secured obligation.

Financing real estate cross border also involves the necessity to apply the local property law of the country in which the real estate is located. This implies also the application of the local hypothecary rights. In some Member States these hypothecary rights offer only strictly accessory mortgages. In countries where market players had the choice between non accessory and strictly accessory land charges the latter normally has not been applied in practice to secure the loan. Having the choice to opt for a non accessory security, which is in fact more flexible, easier to transfer for refinance and cheaper, leads to neglect of the strictly accessory mortgage. By its very nature this non accessory security is linked with the secured loan by the contractual relationship between the

[3] p. 5 of the Qualitative Study among cross border buyers of financial services in the European Union, dec. 2003 at http://www.europa.eu.int/comm/consumers/cons_int/fina_serv/cons_experiences/cross_border_final_report_en.pdf

[4] see the final report of the so called Forum Group on Mortage Credit at http://www.europa.eu.int/comm/internal_market/finservices-retail/docs/home-loans/exsum_en.pdf

creditor and the debtor and therefore has the same effect. The benefits of this model arise when the land charge can be used to secure another obligation without changing the land register. Rights in the secured property can be transferred more easily to third parties, which would facilitate liquidity.

This concept could be implemented by introducing a unified standard on the European level which would not interfere with existing national legislations. Market participants could opt to use either their national security law or the European set of rules. The possible interference with national laws, causing diverse application of this European standard on a national level, could diminish the success of such an optional regime. Therefore it is necessary to keep the national discretion in applying these standards to a minimum. Moreover, the implementation of the Euromortgage concept could serve as an indicator to what extent cross border demand for home loans within the European Union exists.

Benefits of European measures

Comparing the European market with other markets in the world, the approach of the European Commission to establish an internal market only by harmonising consumer protection rules seems to be a very special and unique approach. Member States in the European Union all have a sufficient level of consumer protection. Therefore the basic principle of the freedom to provide services should be applied with the consequence of mutual recognition of cross border offered financial products. Accordingly, the international private law (Rome I Convention) needs to be adopted.

The expert group[5] which elaborated on behalf of the European Commission the list of existing obstacles in the EU internal market had a special subgroup called "Consumer Confidence". Let's hope that the European Commission will also consider industry confidence in its further measures, as it did in the 1970s and 80s.

[5] see footnote 4

Risk and Funding in European Residential Mortgages – responding to changes in mortgage demand

The Mortgage Insurance Trade Association and Mercer Oliver Wyman (both IUHF members) have recently published an analysis of the likely areas of growth in European mortgage markets.

This comprehensive study covers the UK, France, Germany, Spain, Italy, Holland, Switzerland, Denmark, Sweden, Hungary, the Czech Republic and Poland and analyses the current state of the market across various risk segments, assesses how demand, supply and regulation may evolve, and how this may have an impact on risk and funding, and reviews how future business models might best exploit market opportunities, particularly in terms of risk and funding.

The following paragraphs are drawn from the executive summary of the report.

The European mortgage industry is at a turning point. The past decade has for most lenders been characterised by excellent asset growth rates, driven by rising house prices and falling interest rates, low credit losses, good profitability and generally a relatively benign economic environment. Future demand growth is likely to be in higher risk segments of the market and will require more innovative funding and risk management approaches.

Many mortgage markets still appear to be credit constrained, with a large population of under-served borrowers. We have identified a 15% market expansion opportunity, equivalent to around euro 500 billion of lending, which will require a combination of greater risk taking by lenders and some modest regulatory changes to facilitate the taking of greater risks. We have identified growth opportunities across all types of lending, but over 80% of the total opportunity lies in three risk segments:

- **Low equity**, defined as borrowers who typically have equity of around 10%;
- **Stretched**, defined as borrowers with a high debt service coverage ratio; and
- **Risky**, defined as borrowers with a previous credit problem, or an unconventional history (e.g. recent immigrants): effectively the sub-prime market.

www.housingfinance.org

These opportunities offer the highest margins for lenders, often up to double those of traditional mortgage lending. The largest opportunities are in bigger markets that either have less developed specialist sectors (such as Germany) or less developed mortgage markets (such as Italy). The transition countries in our study (Poland, Hungary and the Czech Republic) represent medium to long term opportunities – they are currently too small to represent big lending opportunities in the near term (although the same could have been said of Spain and Portugal on entry into the EU in 1986). Countries such as Denmark and the UK, with relatively deep, mature markets, have relatively limited opportunities for additional lending growth.

Mortgage lenders currently have some key issues to address around risk appetite and management and the use of efficient funding mechanisms. We expect the winners to include universal banks with strong debt ratings pushing up into the growing higher-risk sectors, and lower-rated specialists. Where broad and deep capital markets exist, the benefits of a strong lender rating decline since capital market funding can be effectively used to manage lender funding costs. In fact, the market for higher risk lending in established markets such as the US and the UK has become dominated by players using the capital markets with lower ratings. Given that the capital markets are growing and deepening across Europe, this suggests that there will be limited natural advantage for the existing universal bank lenders in the higher risk segments. Correspondingly we expect these markets to be fiercely contested, with the possibility of cross-border or non-bank entry. We see the winners as having three key characteristics:

- **Superior underwriting management**;
- **Superior risk management** once the risks are acquired, including use of risk mitigation and risk transfer mechanisms; and
- **Superior funding approaches**, including a deep understanding of how different funding mechanisms and techniques can be used to lower the overall costof funding.

From a regulatory perspective, the growth of these markets poses new challenges. At present, regulations tend to impede access to certain borrower segments (eg low equity) and as a result, changes will be needed to foster prudent growth. Lenders will be taking on high risk levels with potentially unfamiliar client bases and regulators may prefer to see risks isolated with other market participants who are better able to mitigate and manage them. This may mean loosening some regulations (e.g. interest rate risk may provide a natural hedge to credit risk) and tightening others (e.g. they may wish to see cyclical risk concentrated on international balance sheets that are best able to handle the volatility); or it may mean encouraging the shift of risk to the capital markets or third-party specialists such as mortgage insurers.

More information at
http://www.mitaeurope.com/news/default.aspx

Conferencing in Europe

Two outstanding international conferences are being held in Europe during the northern hemisphere's autumn period - the annual EuroCatalyst event being held in Rome in September, followed by the European Mortgage Federation's annual conference in Brussels in November. The organisers of the two events provided the following text.

EuroCatalyst 2005:Live From Rome
26-28 September 2005

Now in its fourth year, *EuroCatalyst 2005: Live from Rome* is Europe's premiere event that brings together top players throughout the value chain in European mortgage markets to accelerate business development and cross-border expansion. This year EuroCatalyst combines two events, opening with an entire day exploring the Italian market presented exclusively by the Italian Banking Association. Italy is one the top two fastest growing markets in Europe.

EuroCatalyst's signature event focuses on the commercial realities of mortgage markets in the context of globalisation. This the only event that brings together the most innovative leaders who are driving positive change in the markets, attracting the most senior executives to debate and exchange new ideas to improve the profile, products, processes and practices of each national market. A unique, dynamic and unparalleled forum created by and for industry insiders, EuroCatalyst comprises the "Who's

Who" of European mortgage markets including lenders, intermediaries and brokers, servicers, issuers of European RMBS and covered bonds, investors, investment banks, rating agencies, regulators, law firms, consultants, trade organizations, journalists, economists and select service providers. Previously sold out as an invitation-only event, this year EuroCatalyst is opening its forum to all interested in moving markets forward.

This year's theme is "Risk, Relationship and Reward" which directly targets current and future growth sectors for European mortgage markets. Featured topics are sub-prime and non-conforming lending, maximizing distribution, risk management, special servicing and whole loan sales and trades. As always, we'll feature in-depth discussion of the top national European markets and discuss highlights of capital market trends as they impact the overall value chain. This year's hosts are CML Director General Michael Coogan, GMAC-RFC Ltd. Chairman Stephen Knight, ABN Amro's Tim Skeet and Infinity Mortgages CEO Matt Gilmour.

Further details can be found as follows:

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EuroCatalyst is a member of the IUHF.

European Mortgage Federation – Brussels 23-24 November 2005

The EMF will be holding its third annual conference in the Brussels Hilton on 23-24 November 2005. The conference is the only event in the European calendar organised by the industry, for the industry. The conference gives lenders the opportunity to put Europe's mortgage markets into perspective, and unique networking opportunities with industry representatives, investors, market-makers, mortgage providers, government officials and European Union officials. The conference will be focussed on helping delegates understand and assess the latest market developments both at national and European level, and establishing a constructive dialogue with Europe's decision makers and regulators.

The theme for the conference will be "Integration of European Mortgage" markets. The EMF aims to cover all the big issues affecting the industry from growth in house prices, implementing the new capital requirements rules, the commercial lending market, the creation of a European Secondary Mortgage Market, the costs and benefits of a single market for mortgage credit and, of course, the Green Paper on Mortgage Credit.

There is an impressive list of speakers this year including Professor Ottmar Issing, Chief Economist of the European Central Bank, Charlie McCreevy, European Union Commissioner for the Internal Market, Philip Williamson, President of the EMF and Chief Executive of Nationwide Building Society, Bernd Knobloch, Chief Executive of Eurohypo, Francisco Gómez Roldán, Managing Director of Abbey National, and Professor David Miles of Morgan Stanley.

Further information at www.emfconference.org, emfinfo@hypo.org or on +32 2 285 40 30.

A special supplement describing a range of European mortgage issues and published by the UK magazine, the *Mortgage Finance Gazette*, was sent to all members of the International Union with the June issue of *Housing Finance International*.

The European Mortgage Federation is a member of the IUHF.

New members

A warm welcome to five new members of the International Union:

Developpement International Des Jardins, Canada – www.did.qc.ca

Guild of National Co-operative Societies of Russia – www.vmeste.ru

Bankakademie International, Germany – www.international.bankakademie.de

International Finance Corporation, USA – www.ifc.org/gfm

Norwich and Peterborough Building Society, UK – www.npbs.co.uk