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COMMISSION STAFF WORKING PAPER

National measures and practices to avoid foreclosure procedures for residential mortgage loans

Accompanying document to the

Proposal for a
DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on credit agreements relating to residential property
(Text with EEA relevance)

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1. INTRODUCTION

Defaults on mortgage payments can have severe consequences for individual homeowners, who could lose their homes in a foreclosure procedure, but also for society as a whole, through their impact on financial and social stability.

The Commission announced in its Communication for the 2009 Spring European Council[1] that it would examine ways to ensure that foreclosures are avoided wherever possible and identify national practices in this area.

Over the last two years, the Commission services have collected information on measures already taken or about to be taken at national level as well as information on the evolution of defaults and foreclosures. The results are outlined in this report, the purpose of which is to provide examples and guidance for national public authorities and creditors on how rising default rates have been addressed across the EU[2] with measures to avoid foreclosure procedures. The report does not cover initiatives aimed at creating or reviewing rules on individual insolvency. The Commission is, in parallel, coming forward with a proposal for a Directive that aims to promote responsible lending and borrowing and ensure that borrowers are offered affordable loans, thus reducing the need for recourse to foreclosure of properties.

2. EVOLUTION OF DEFAULT RATES AND FORECLOSURE PROCEDURES

While the data[3] needs to be analysed very carefully, several broad trends can be identified.

All Member States that provided information regarding the years 2008 and 2009 experienced an increase in default rates over that period. However, when looking at the various default rates more closely, Member States appear to have experienced the impact of the crisis differently, with some having higher absolute default rates than others.

As is the case with default rates, data relating to the number of foreclosure procedures reveals a mixed picture. However, the increase in the number of foreclosures opened in 2008–2009 is generally significantly lower than over the period 2007–2008, during which Member States experienced overall an increase in the opening of foreclosure procedures.

1 COM(2009) 114, Volume 2.

2 National examples were provided to the Commission services by Member States between April 2009 and September 2010. The information contained in this document is only intended to give a picture of the existing national measures at a particular moment in time and does not purport to assess their effectiveness or sustainability.

3 See detailed data in the annex. The situations and figures mentioned in this report could change in the future with the economic and financial situation.

3. NATIONAL MEASURES AND PRACTICES UNDERTAKEN BY CREDITORS

Creditors in some Member States have voluntarily adopted certain internal practices to avoid foreclosures. Certain measures have also been imposed on creditors in some Member States.

3.1. Reconciliation procedures

Reconciliation procedures with the borrower before foreclosure procedures can be started are aimed at promoting individual solutions to overcome payment difficulties. Some examples are provided below.

In Belgium, the law[4] requires that a conciliation attempt has to be made before a judge before the foreclosure procedure can be started. In 2009, creditors committed to immediately contacting any borrower who has missed a payment in order to find appropriate solutions[5].

In the Netherlands, the Code of Conduct on Mortgage Credit (CCMC) states that if a consumer fails to meet his commitments, the lender must enter into consultations with the consumer and examine whether a reasonable, acceptable solution for both can be found.

In the UK, according to the *Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)*, creditors are required to have a written policy and procedures for dealing fairly with customers in arrears. The pre-action protocol for residential mortgage possession cases introduced in 2008 states that courts expect the parties to have taken all reasonable steps to discuss proposals for repayments of the arrears prior to the start of a possession claim.

Under the Irish Code of Conduct on Mortgage Arrears (CCMA)[6], the borrower enters the lender's Mortgage Arrears Resolution Process (MARP) when arrears remain outstanding 31 days from date on which the arrears arose: the lender must explore a number of alternative repayment options to determine which are appropriate to the borrower's circumstances.

In Hungary, the Code of Conduct on the Principles of Fair Conduct by Financial Organisations Engaged in Retail Lending (CCPF) entered into force on 1 January 2010 and states that the signatory institutions would contact the borrower in the event of payment default and try to agree on a reasonable solution.

4 *Loi relative au crédit hypothécaire.*

5 *Principes pour contracter et accorder des crédits hypothécaires et à la consommation de manière responsable*, Union Professionnelle du Crédit, July 2009.

6 Revised version of the Code of 6 December 2010.

3.2. Mediation

Mediators often provide a neutral, non-confrontational setting in which creditors and borrowers can negotiate. Mediators also help the parties to understand and analyse the facts and issues as well as to identify cost-effective solutions. Examples of specialised mediation mechanisms are provided below.

The UK MCOB requires the parties to liaise with a third-party source of advice regarding the shortfall of the borrower and makes arrangements for this.

Under French legislation[7], while it is not obligatory to involve mediators, every bank is required to appoint a mediator who can be called on by both parties.

In accordance with the Irish CCMA, 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.

In Cyprus, pursuant to the Cooperative Societies Law (CSL), cooperative credit institutions (CCIs) may refer the repayment of loans in arrears to an arbitration process.

3.3. Modification of loan terms

The modification of loan terms before foreclosure procedures can be launched[8] is meant to help in bridging temporary economic difficulties. For this, an assessment of the borrower's long-term ability to repay the loan has to be made. Several possibilities exist for modifying the terms of the loan or modifying the way it is executed, as described below.

In France, the courts may suspend a borrower's payment obligations 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[9].

In Cyprus, under the CSL, the Committee of CCIs may extend the loan repayment period for members with arrears if there are reasonable arguments for doing so.

Under the Irish CCMA, alternative repayment options that the lender must explore with the borrower when considering a MARP case must include: an "interest only" arrangement for a specified period, an arrangement to pay interest and part of the nominal capital element for a specified period, deferring payment of the instalment repayment for a period, extending the term of the mortgage, changing the type of mortgage, capitalising the arrears and interest and any voluntary scheme to which the lender has signed up.

The UK MCOB provides a non-exhaustive list of the type of options that the lender must consider, given the individual circumstances of the borrower, e.g. extending the term of the loan, changing the loan type, deferring payment of interest. Also, a lender must consider a reasonable request from a borrower to change the date of regular repayments or the method of payment.

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7 *Code monétaire et financier*.
8 Modifications of the terms of the loan can be also ordered during the foreclosure procedure by the court.
9 *Code de la consommation* and *Code civil*.

In Belgium, the borrower can ask the judge to allow him to pay lower instalments over a longer period of time.

In Romania, the Guidelines for Extra-Judicial Restructuring of Mortgage Loans encourages the parties involved to discuss solutions prior to any measures for mortgage enforcement, e.g. modifying the amount of instalments, delaying payment, reducing the interest rate for a given period of time, changing the type of interest rate, capitalisation of interest or arrears, or refinancing the loan.

In accordance with the Latvian Consumer Rights Protection Law, the lender must examine a request by the borrower regarding extension of the loan or change of the currency of the loan, unless the borrower has been in default for more than 60 days or more than three times a year for more than 30 days each time.

The Finnish Consumer Protection Act gives examples of modifications that the lender may envisage, e.g. consolidation of different loans, a moratorium or changes in the reference rate in order to bring down the borrowing rate.

Under the Hungarian CCPF, signatory creditors undertake 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.

By signing the 'Piano famiglie', members of the Italian Banking Association commit to considering suspensions of mortgage instalments for families in difficulty under certain circumstances[10].

3.4. Minimum length of time before starting foreclosure procedures

A minimum waiting period before starting the foreclosure procedure[11] gives time for the implementation of any of the practices described above. The additional period provided to borrowers may also help them to settle outstanding payments or come up with alternative payment measures.

The Italian Banking Code provides that the borrower's payment has to have been delayed at least seven times and for between one and six months before a foreclosure can be launched.

In the Netherlands, the CCMC provides that a foreclosure cannot start before the consultation with the borrower has taken place and not within two months after the borrower has failed to meet his commitment.

The Irish CCMA provides that the lender must wait for 12 months from the date the borrower is classified as a MARP case[12], before applying to the courts to commence legal action for repossession of a borrower's primary residence.

10 The criteria for benefiting from this plan refer to particular events such as job loss, death or disability, and to mortgages up to EUR 150 000, granted to borrowers with income up to EUR 40 000.

11 Waiting periods normally also apply during the foreclosure process.

12 The 12-month period commences on day 31 but does not include certain time periods, e.g. the period during which the borrower is complying with the terms of an alternative repayment agreement.

In Finland, a mandatory two-month minimum waiting period applies before a lender can sell the shares in Finnish residential housing companies[13].

In the UK, the MCOB requires creditors to give a reasonable period of time to consider any proposals for dealing with the payment difficulties. Further, the UK government has voluntary agreements with the major lenders, who have committed to not initiating proceedings within at least three months of an account going into arrears.

4. NATIONAL MEASURES AND PRACTICES BY PUBLIC AUTHORITIES

4.1. Public rescue schemes

Public rescue schemes have been introduced by several Member States. Such efforts should also be seen in the context of the level of social security provision in different Member States. Furthermore, to the extent that these public rescue schemes confer a competitive advantage on the creditors that may distort competition and affect trade between Member States, e.g. by reducing creditors' provision for non-performing loans, these schemes must be in compliance with state aid rules.

4.1.1. Public loan guarantees

A deferral of at least part of the monthly payments to a point in time when the impact of the financial crisis has ceased is meant to help borrowers to overcome temporary financial difficulties. Public guarantees may provide an additional incentive for creditors to consider the deferral of payments.

Under Spanish legislation[14], unemployed borrowers who had not been late with their payments were able defer up to 50 % or EUR 500 of their monthly instalments between 1 January 2009 and 31 December 2010. The state-guaranteed deferred payments had to be repaid over the remaining loan duration from 1 January 2011.

The UK Homeowner Mortgage Support (HMS) programme, launched in April 2009, provides that borrowers with a temporary loss of income can defer interest payments for a period of up to two years, where this is appropriate to their individual circumstances and subject to suitable independent debt advice. The government can provide a guarantee to creditors covering 80 % of the interest payments deferred if the consumer ultimately defaults on the mortgage within four years.

4.1.2. Possibility to sell the home to a publicly sponsored association or to other funds

Borrowers may overcome temporary difficulties by selling their property wholly or partly to a special entity and buying it back later when their income is high enough to support the full monthly payments.

The UK Mortgage Rescue Scheme, a government scheme launched in January 2009, offers two options to eligible homeowners. First, for householders who have experienced payment shocks, a registered social landlord (RSL) will buy an equity stake in their property, thereby

13 These shares qualify as a mortgage security on residential property.
14 RD 1975/2008 of 28 November 2008.

reducing the homeowner's repayments to a manageable level. Second, for the most vulnerable households on low incomes with little chance of sustaining the mortgage, the RSL will buy their property in full and rent it back to the former homeowner at lower than the market rent.

In Portugal[15], 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.

4.1.3. *Financial relief for unemployed homeowners*

Public financial help to homeowners who experience an income cut due to the impact of the crisis on employment may help to avoid the worst negative impacts of a temporary fall in income[16]. Several examples are described below.

Legislation introduced in March 2009 in Portugal provides for financial assistance to unemployed borrowers. A special credit line allows monthly payments to be reduced by up to 50 % or a maximum of EUR 500 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.

Legislation introduced in October 2009 in Poland allows jobless homeowners to apply for monthly interest-free public support for their mortgage instalments of up to PLN 1 200, paid over one year. Repayment will have to be made over an eight-year period.

In Ireland, the government Mortgage Interest Supplement scheme[17] 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.

In Hungary[18], homeowners who lost their jobs through no fault of their own can apply for more favourable monthly payment obligations. A state-guaranteed bridging loan for a period of up to two years covers the difference between the original instalment due and the more favourable instalment.

In the UK, Support for Mortgage Interest (SMI), an income-based government scheme, helps the out-of-work with their mortgage interest. SMI is time-limited to two years for the jobless and a 39-week waiting period is applied. The amount paid is based on the mortgage loan outstanding (with a cap of GBP 100 000, temporarily raised to GBP 200 000 since January 2009) and a standard interest rate.

In Italy, the 2009 Finance Act established an auxiliary fund for borrowers who cannot pay the mortgage instalments for their primary residence.

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15 Portaria No 1553-A/2008 of 31 December 2008.

16 This does not call into question the role of private-sector payment or income protection insurances which are sold alongside a mortgage in some Member States.

17 This public financial help to homeowners who lose their job or are subject to temporary income cuts was in place in Ireland before the recent crisis.

18 Act IV of 2009 on Absolute Government Guarantees for Housing Loans.

4.1.4. *Temporary tax relief*

While tax incentives for regular mortgage payments can be a means of encouraging home ownership[19], temporary tax relief lightens the financial burden on borrowers in a crisis period and may help homeowners to hold on to their properties. Different forms of such tax relief are described below.

The Spanish government approved an EUR 400 tax deduction in order to relieve homeowners paying mortgages[20]. In addition, a voluntary agreement between the government, the banking industry, the public registry and public notaries facilitated extensions of the duration of mortgage loans by exempting borrowers from fiscal, public notary and public registry charges caused by an extension.

In Cyprus, new provisions[21] were adopted to reduce the extra registration fees to be paid by the mortgagee in case of re-registration of the first mortgage (remortgaging), as a means to support borrowers moving to new creditors offering better terms.

4.2. Providing debt and legal advice

Borrowers in difficulty may turn to free or low-cost independent primary debt or legal advice before foreclosure procedures have started to find out about the available options likely to solve their problems and eventually reach an agreement with the creditor. Different services can be responsible for providing this advice, as described below.

In Estonia, the Financial Supervisory Authority provides independent and neutral advice in any disagreements between creditors and borrowers. Debt counselling for individuals in economic difficulty is also provided by local government social workers[22].

In Ireland, the national Free Legal Advice Centre offers basic, free legal services to the public, including advice on credit and debt issues. The Money Advice and Budgeting Service (MABS), a national, free, confidential and independent service, offers advice to people in debt or in danger of getting into debt. In 2009 it agreed an operational protocol with the Irish Banking Federation, which enables creditors and MABS advisers to work together to formulate wherever possible a mutually acceptable, affordable and sustainable repayment plan.

In Finland, the Money and Debt Adviser, a free municipal service supervised by the Consumer Agency, helps over-indebted people with debt settlements.

In Sweden, the Social Service Act and Debt Relief Act require every municipality to support individuals in need and advise debtors in matters concerning their debts.

In the UK, creditors that operate forbearance under the HMS scheme commit to refer borrowers to money advice agencies before deciding whether to enter the scheme. The

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19 See, for instance, the Czech Republic, Estonia, France, Ireland and the Netherlands.
20 RD 2/2008 of 21 April 2008.
21 Law No 84(I)/2009 of 17 July 2009.
22 In April 2009, an advisory manual for these social workers was blueprinted by the Ministry of Social Affairs together with the FSA.

Mortgage Rescue Scheme also requires that households have received independent money advice.

The Danish government has financially supported the creation of debt advice centres for socially vulnerable people in debt for the period 2009–2012. Debtor advice centres exist also in Germany and Austria.

In Luxembourg, borrowers can contact specialised services for mediation and indebtedness handling in order to negotiate a reimbursement plan with the creditor.

In the Czech Republic, several financially-supported NGOs provide advice.

4.3. Encouraging internal reporting

Internal management reporting can help creditors to detect negative trends in their mortgage loan portfolio at an early stage and analyse the possible reasons.

Under Article 71 of the Financial Business Act and the Guidelines issued on the basis thereof, the Danish Financial Supervisory Authority requires that creditors internally report credit default rates and respond adequately to this information.

In Ireland, the CCMA prescribes that the lender must have in place management information systems to capture information on its handling of arrears, pre-arrears and MARP cases, including all alternative repayment arrangements put in place to assist borrowers.

4.4. Collecting statistics

Not all Member States appear to have reliable statistics on default rates or on the number of foreclosures. The systematic collection of such data facilitates the identification of negative trends on national markets, enabling appropriate responses at an early stage.

In Denmark, mortgage credit institutions are required by law[23] to report default rates to the Financial Supervisory Authority on a quarterly basis. Foreclosure procedures are automatically reported to the Danish Statistical Office, which publishes the figures each quarter.

In Belgium, mortgage creditors are required to report payment arrears to the National Bank of Belgium's Central Individual Credit Register[24].

In the UK, mortgage firms (both creditors and intermediaries) are required to regularly provide data to the Financial Services Authority. The collated information, covering both individual transactions and levels of arrears, is then published by the FSA.

23 Act on Mortgage Credit Loans and Mortgage Credit Institutions and Executive Orders of the Danish Financial Supervisory Authority.

24 *Loi relative à la Centrale des Crédits aux Particuliers* of 10 August 2001.

5. LESSONS TO BE DRAWN

The Commission services consider it essential that Member States continue to monitor the economic situation closely and consider, if appropriate, introducing rules aimed either at preventing foreclosures or, where such procedures are launched, at limiting their social and economic impact. Creditors can also play a crucial role by adapting their current practices to deal with defaulting borrowers. Indeed, they often have an interest in avoiding expensive foreclosure procedures, the proceeds of which are almost always lower than from an unforced sale.

Public authorities and creditors may find this report a source of inspiration. Its purpose is not to draw up a 'league table' of the best national practices. These practices should be considered within their respective national contexts and, in many cases, it is still too early to measure to what extent they have been adequately flexible and responsive to the recent economic crisis as well as to assess their effectiveness.

Nevertheless, some positive trends and common principles can be identified. In particular, foreclosures should constitute a measure of last resort for a lender. As highlighted, there are several steps and initiatives that can be attempted before repossession. Where it is clear that a given borrower is entering into difficulties, a dialogue should take place with the lender either bilaterally or through a mediator. The purpose of the dialogue is to explore alternative repayment measures, i.e. a renegotiation of the loan terms and/or duration. If such a dialogue cannot take place, or if it fails, it may be useful to promote the provision of independent, confidential and, if possible, free debt advice for borrowers.

This report has focused on pre-foreclosure procedures. However, where foreclosures do take place, which cannot be completely ruled out, common sense and humanity should always prevail at all levels (lender, authorities, courts, etc.) and throughout the whole procedure. In particular, the full economic and social situation of the defaulting borrower should be taken into account, and the implications of a given repossession should be carefully assessed, notably when a primary residence is at stake. For example, losing the family home after having lost one's job has intolerable social and human implications for both borrowers and their families. In these critical economic times our society must put the human dimension at its very heart.

6. FOLLOW-UP

The Commission services will closely monitor the development of default rates and foreclosures as well as the measures taken by Member States to prevent foreclosures.

Annex

Evolution of default rates and number of foreclosure procedures 2007–2009

1. INTRODUCTION

Both questionnaires sent in April 2009 and July 2010 asked Member States to provide data on default rates and on the number of foreclosure procedures at national level. Several Member States did not have data on residential mortgage loans alone or statistics on an annual basis and several Member States were unable to provide any data at all. As a result, the data provided in this Annex indicates broad trends, but should not in any way be considered comparable. This data should therefore be assessed with great care.

2. DEFAULT RATES

While the data needs to be analysed very carefully[25], several broad trends can be identified.

All Member States that provided data or information regarding years 2008 and 2009 experienced an increase in default rates between 2008 and 2009. Member States experiencing an increase in default rates faced varying degrees of severity. The increases should be looked at carefully when drawing conclusions as to the extent of the problem. For instance, between end-2007 and end-2009 while default rates in Portugal and the UK rose only slightly, default rates in Cyprus, Hungary and Poland more than doubled and in Ireland tripled. Default rates in Denmark, Spain, Estonia, Bulgaria and Latvia all increased more than threefold.

However, Member States have different levels of default rates. The observed increases should therefore be looked at carefully when drawing conclusions as to the extent of the problem. Apart from Bulgaria, Cyprus, Estonia, Greece, Hungary, Ireland, Latvia and Poland, in none of the Member States and Norway do loans over three months in arrears appear to account for more than 3 % of total outstanding mortgage loans in 2009. However, such low country-wide figures should not detract from the social and economic impact and importance of arrears for the individual borrowers concerned. Member States therefore appear to have experienced the impact of the crisis very differently. This is supported by the fact that three of the Member States with the highest increases (Denmark, Estonia and Latvia) exhibit very different default rates. Clearly, those relative increases must be viewed alongside the absolute default rate, which is low in some of these cases.

Table 1 below includes detailed data on default rates in Member States since 2007. For the purpose of this exercise, default rates refer to the percentage of mortgage loans over 90 days in arrears in relation to outstanding mortgage loans in a Member State, unless otherwise indicated. Data relates to the total number of contracts in default to the total number of outstanding contracts, unless otherwise indicated.

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25 For instance, Finnish data have been calculated using available statistics on the number of judgments on payment demands (which relate to bank loans in general, not only loans granted for residential purposes) and the number of Finns having a mortgage loan. UK figures relate to loan accounts, which are slightly higher than figures for individual borrowers.

Table 1: Evolution of default rates

Member States (in protocol order)	**Default rate[1] 31.12.2007 (%)**	**Default rate[1] 31.12.2008 (%)**	**Default rate[1] 31.12.2009 (%)**	**Increase?**
Belgium	1.72	1.65	1.69	Yes[11] in 2008/2009 No[11] in 2007/2008
Bulgaria	1.32	0.53	7.83[6]	Yes
Czech Republic	1.5	1.6	2.5	Yes
Denmark	0.12	0.26	0.55	Yes
Estonia	0.4	1.5	4.0	Yes
Ireland	1.21[2]	1.44[3]	3.6	Yes
Greece	3.6	5.3	6.4[8]	Yes
Spain	0.72	2.38	2.88	Yes
France	0.44	0.40	0.44	Yes[13] in 2008/2009 No in 2007/2008
Italy	1.0*	1.4*	–	Yes
Cyprus	3.24	3.90	6.90	Yes
Latvia	0.71	4.73	15.95[9]	Yes
Lithuania	–	0.87[3]	2.77[7]	Yes
Hungary	2.9	3.47	7.65	Yes[14]
Malta	–	0.53–0.84	2.6[10]	Yes
Norway	0.50	0.7	–	Yes in 2007/2008 N/A in 2008/2009
Poland	1.2	1.0	3.2	Yes
Portugal	1.3*	1.3[4] (1.5*)	1.60[11] (1.7* July 2009)	Yes
Romania	–	0.03[5]	1.67[11]	Yes
Slovakia	2.17	2.27	–	Yes in 2007/2008 N/A in 2008/2009
Finland	0.12	0.17	1.2[7]	Yes[12]
United Kingdom	1.88	2.42	2.45	Yes

Source: Member States (in protocol order) as of September 2010.
* Data provided by industry as of January 2010.
1) Default rates relate to the volume of outstanding residential mortgage loans in default to the total volume of outstanding mortgage loans in Cyprus, Denmark (mortgages issued by specialised mortgage credit institutions) and Estonia.
2) 31.12.2006.
3) 30.6.2008/1.7.2008.
4) February 2008.
5) April 2008.
6) 30.6.2010.
7) 30.3.2009/1.7.2009.
8) 31.3.2009.
9) 30.9.2009.
10) March 2009.
11) Data calculated using statistics provided in the annual report of the National Bank of Belgium for 2009 — cf. *Statistiques, Centrale des credits aux particuliers*, February 2010.
12) Data calculated using statistics on number of judgments on payment demands.
13) Data refers to the volume of default instalments over 12 months to the volume of outstanding household loans at the end of those 12 months.
14) Data includes both consumer and mortgage loans.

3. NUMBER OF FORECLOSURE PROCEDURES

Eighteen Member States provided figures or qualitative information on the evolution of the number of foreclosure procedures in recent years. As with default rates, the data should be analysed with care[26] and reveals a mixed picture. While five Member States have not experienced a noticeable increase or have even experienced a decrease in the number of foreclosure procedures, most of the Member States that provided information have seen an increase in the opening of foreclosure procedures over the period 2007–2008. The rate of increase in the number of foreclosures opened in 2008–2009 is, however, generally significantly lower than the 2007–2008 figures.

Again, the rising numbers need to be interpreted with caution. First, while, for instance, an increase of more than 63 % in Finland seems high, the total number of foreclosure procedures is still below 1 000 (and includes more than residential mortgage loans). At least some Member States, such as Latvia, have therefore started their increase from a very low base. Second, the total volume of foreclosure procedures and their increase should be looked at in relation to the total number of outstanding residential mortgage loans. This would provide an idea of the extent of the problem in a market. For instance, while the sheer number of 46 825 foreclosures in 2008 in the United Kingdom seems to be very high, compared to the total number of outstanding mortgages the number of foreclosures is still relatively low (0.30 %)[27].

Table 2 below provides information on the number of foreclosure procedures in Member States since 2007.

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26 For instance, Finnish data reflecting the number of forced sales also include loans other than residential mortgages and loans to legal persons. Slovak data reflect all foreclosures, of which residential mortgage loans account for approximately 90 %. Spanish data apply to all mortgages, not only for housing.

27 Data were provided by the UK Financial Services Authority in reply to the Commission’s questionnaire.

Table 2: Evolution of the number of foreclosure procedures[1)]

Member States (in protocol order)	**Number of foreclosures in 2007**	**Number of foreclosures in 2008**	**Number of foreclosures in 2009**	**% change 2007–2008**	**% change 2008–2009**	**Increase?**
Bulgaria	449 (45[2)])	886 (98[2)])	1 570[3)] (67[2)3)])	97.33	77.20	Yes
Denmark	1 015	1 942	2 860	91.33	47.27	Yes
Germany	91 788	88 379	86 617	-3.71	-1.99	No
Estonia	–	843 (766[2)])	1 329 (869[2)])	N/A	N/A	N/A
Ireland	–	–	714[4)]	N/A	N/A	N/A
Spain	25 943 (17 402[2)])	58 686 (20 549[2)])	93 319 (37 677[2)])	126.21	59.01	Yes[8)]
France	–	–	9 422	N/A	N/A	Not aware of any noticeable increase in foreclosure procedures[6)]
Cyprus	596 (27[2)])	636 (14[2)])	358 (24[2)])	6.71	-43.71	Yes in 2007/2008 No in 2008/2009
Latvia	–	558[2)]	1 702[2)]	N/A	205.02	Yes in 2008/2009
Hungary	225 663 (2 557[2)])	245 597 (2 588[2)])	71 683 (663[2)])	8.83	-70.81	Yes in 2007/2008 No in 2008/2009
Malta	–	–	–	N/A	N/A	Not aware of any noticeable increase in foreclosure procedures[6)]
Netherlands	1 811	1 961	2 256	8.28	15.04	Yes
Austria	7 908	8 186	7 920	3.52	N/A	Yes in 2007/2008 No in 2008/2009
Poland	1 841	1 618	–	-12.11		No in 2007/2008
Slovakia	1 070	1 865	–	74.30		Yes[7)] in 2007/2008
Finland	506	825	1 036	63.04	25.58	Yes [5)]
Sweden	1 904	3 157	3 499	65.81	10.83	Yes
United Kingdom	27 869[2)]	46 984[2)] (0.30 % of all mortgages)	54 014[2)] (0.35 % of all mortgages)	68.59	14.96	Yes

Source: Member States as of September 2010.
1) Data refers to opening of foreclosure procedures, which does not necessarily correspond to the number of concluded foreclosure procedures in a given year, unless otherwise indicated.
2) Data refers to forced sales. In Spain this figure refers to concluded foreclosure procedures, i.e. procedures resolved by the judge, whether in favour of the lender or not. In Estonia, the figures refer to terminated procedures. In Latvia, the figures refer to the process completed in court with a decision on the transfer of the property after a forced auction. In Hungary, the figure refers to the number of properties sold.
3) 30.6.2009.
4) Number of court applications to commence proceedings to enforce debt/security in Q3 and Q4 2009.
5) Data also includes loans other than residential mortgages and loans to legal persons.
6) Qualitative information provided in 2009.
7) Data reflects all foreclosures, of which residential mortgage loans account for approximately 90 %.
8) Data applies to all mortgages, not only for housing.