

Security rights over immovable property: An international comparison of legal provisions at a glance

↳ By Andreas Luckow

1. An expert committee for international comparative law

Banks offering real estate financing outside their home country have to become acquainted with the legal systems and particular forms of legal structuring in those target countries.

The most important loan collateral giving equity capital relief for banks is the security right over real property (Grundpfandrecht). Security rights over real property are even more important for Pfandbrief banks since they ultimately form the basis for the issuance of mortgage Pfandbriefe.¹ Ever since specialised Pfandbrief issuing banks (“Hypothekenbanken”, mortgage banks, as they were formerly known), received permission to conduct business outside Germany, the vdp has examined the adequacy of security rights over real property in other countries and the special features that should be noted in this respect.

A bank’s managers and its supervisory board members are required to monitor and manage the bank’s lending-related operational risks by means of appropriate procedures. The Capital Requirements Regulation (Art. 194 in conjunction with Art. 208 CRR) stipulates that banks headquartered in the European Union must ensure that security rights over real property, in order to be considered as eligible credit risk mitigation techniques, are enforceable and legally flawless and that the bank can ultimately liquidate them. This must be documented through written legal opinions which confirm, as part of the enforceability opinion, that the collateral can be promptly liquidated or retained in the event of insolvency. All lending involves risk, which has to be assessed and priced. In order to do so, the risks have

to be estimated and evaluated in each of the jurisdictions. However, the bank must also be aware of what it is capable of offering its customer. Security rights over immovable property have different levels of flexibility in each of the jurisdictions. For example, in some countries they may be used for new disbursements at the same creditor ranking, while in others they cannot, or only can be in certain instances. It is also important to know what steps are necessary in order to obtain a security right over real property, how verification of the existing legal circumstances for the property is conducted, and how long all of this can be expected to take.

The Association of German Pfandbrief Banks (vdp) brings together credit institutions that issue Pfandbriefe, the German version of covered bonds, which are subject to particularly strict regulation. These banks grant real estate loans and use the loan claims and security rights over real property for the cover pools of the mortgage Pfandbriefe. For this reason, they have always been subject to stricter requirements, so that the new requirements of banking supervisory law under the CRR are not really anything new for them.

In 1988 German law began allowing Pfandbrief-issuing banks to offer real estate financing in the countries of the European Community and to use this real estate financing as cover assets for Pfandbriefe, although at that time within narrow limits. For this reason, it became important to understand and systematically analyse the law of these jurisdictions. The vdp (at that time under its former name, VDH) took up this task as a think tank for the industry. Since 1989 the vdp has been engaged in a systematic analysis of the law of real estate loan security rights in Europe, initially in the West but from the 1990s also increasingly

in Central and Eastern European countries. Shortly thereafter analysis began of particular topics in various countries.

Through its contacts with experts in many European countries, the vdp accumulated expertise on a number of individual issues. Rather than tackling these issues on a case-by-case basis, it was decided to integrate them into a system, and in 1994 specific areas of the law were studied in a number of countries, based on questions that were standardised as far as possible.

However, as the number of countries studied by vdp members rose, so, too, did the need to be able to compare the information on security rights over real property in various jurisdictions and to make direct comparisons. This can only be accomplished with the requisite quality if experts from the relevant jurisdictions collaborate and provide the answers applicable to their own country. For this reason, in 2005 the vdp began to invite experts from 12 countries initially to exchange views and define the issues and individual questions in such a way that all questions could have a meaningful answer and also be understood in the same way. In 2010, when Otmar Stoecker reported on the project in Housing Finance International of autumn 2010, 24 jurisdictions were already involved.

Since 2005, experts from 37 jurisdictions have participated in two workshops each year, resulting in the development of 152, geographical overviews or charts showing the different countries, each containing one question. They have also developed standardised answers for all the jurisdictions, enabling a comparison to be drawn between the key features of real estate security rights in each case. In addition, there are almost 70 overviews/charts on specific issues relating to rights equivalent to real property,

¹ Pfandbriefe are the traditional German covered bond issued by Pfandbrief banks collateralized by mortgages kept on-balance by Pfandbrief banks.

where special attention needs to be paid to the relationship between the owner and the holder of the right (in the case of building rights) and between joint owners (in the case of apartment property). Further overviews on the features of using special-purpose vehicles (SPVs) and on protection against enforcement in the case of owner-occupied dwellings are under development. So far, the Round Table has produced more than 250 overviews and updated them on a regular basis.

For each topic, one question is developed with up to eight response options. This is then discussed extensively among all the participants, thereby enabling all the experts from each jurisdiction to select one of these answers. The result (questions and answers) is therefore relatively short and, by design, clear, although this can be achieved only if extremely high standards are set for the discussion. The method usually consists of posing questions about particular legal functions, and generally avoids registering doctrinal differences in the participating jurisdictions. Having questions emerge in a discussion involving all the jurisdictions covered is also designed to reveal the participants' patterns of thought and balance them out, leading to a neutral position as required for comparative law purposes.

Round Table experts meet high standards. In their own country, they have to be thoroughly familiar with the legal issues raised by security rights over real property, as well as with the latest case-law and academic discussion. They have to be willing to meet for workshops at least twice a year, to keep their answers up to date between meetings by exchanging information with colleagues, and to report to these colleagues on legal developments. Because the experts have so much to gain from these discussions, the vdp has been able to bring together leading minds from nearly all European countries and, in addition, from Japan, two U.S. states, and one Canadian province.

The Round Table has also had particularly good experience in getting a wide mix of participant perspectives from the various jurisdictions. As indicated above, many work as lawyers in real estate firms or in real estate financing, others as bank lawyers, notaries or academics.

Most jurisdictions recognise several forms of security rights over real property through statutory provisions or in legal practice. In all cases, the answers relate to only one form of security rights over real property for each jurisdiction. This is the form that is most flexible in practice in each case, not necessarily the one that is

encountered most often. It should nevertheless be one that is used in practice with some representative frequency. It is not possible here to break down the answers for each of the jurisdictions. This is also true where a country has special regional features, as in Switzerland. Although only one answer can be given, the IT-supported system does provide for commentary in order to offer any relevant distinctions.

2. Some results

The following examples are intended to demonstrate a cross-section of the study, while also demonstrating the practical relevance of the questions posed.

2.1. Questions relating to land register entries

Of special importance for all participants is that legal relationships can at all times be established, verified, and guaranteed by consulting land registers. In Europe this is assured almost universally through public registers, although with significant differences between jurisdictions. While the Round Table naturally enquires

into these matters, it also poses some questions that are important in practical terms. Since property transactions are often complex, involve a number of parties, and can be lengthy, it is important in practice to enable applications for registration to be made public at an early stage and obtain legal force and effect. These issues are analysed in the chart displayed (figure 1).

The chart shows different methods for obtaining preliminary effects, as well as the countries that have no provision for this. In some of these countries, entries in the land register can be made particularly quickly (see below, exhibit 3 – chart II.16). Consequently, there is less need to ensure priority at an early stage. However, quick entry in a given case does not solve the problem associated with the step-by-step processing of complex transactions.

One of the core questions in the transaction systems of the various jurisdictions is how to verify that the grantor of a right has consented to its registration. In some cases, the main factor here is reliability, with verification limited to notarial documents, while in others, it is simplification of the procedure (figure 2).

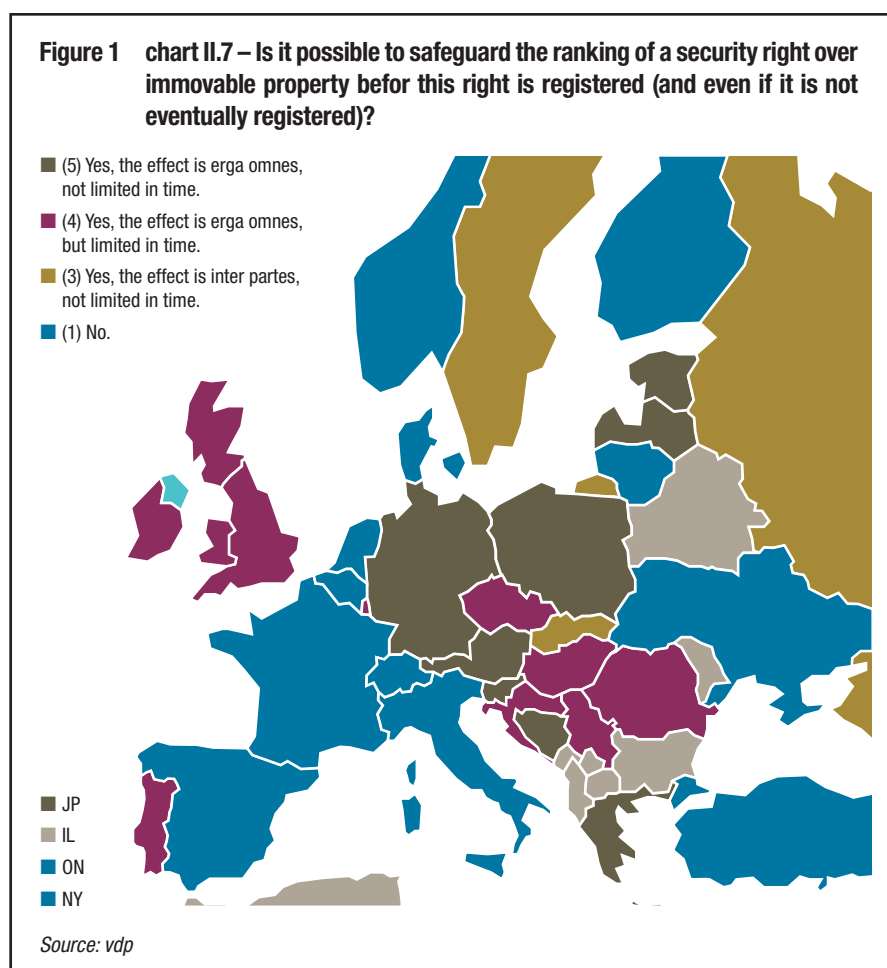
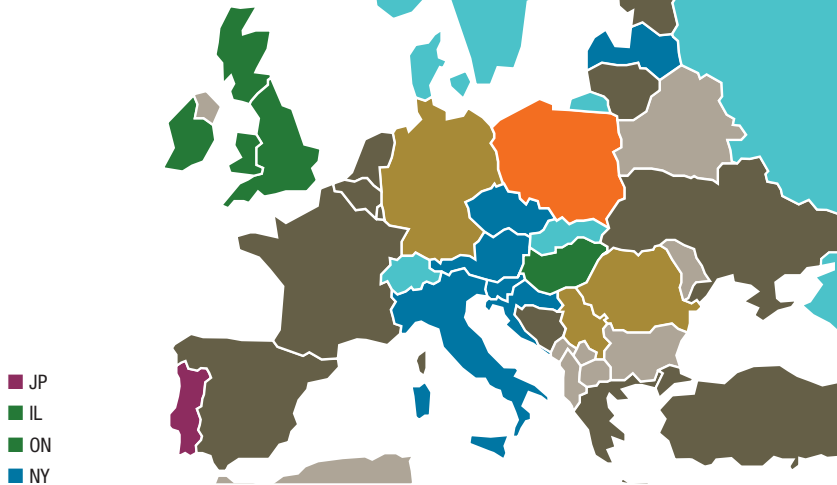


Figure 2 chart II.8 – How is the grantor’s consent to registration verified?

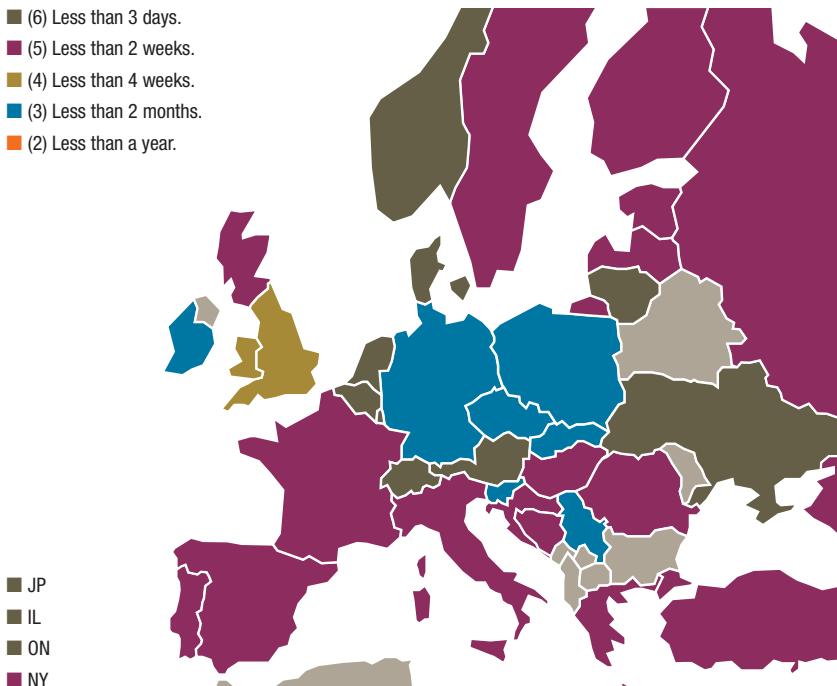
- (7) Exclusively by documents authenticated by a notary.
- (6) By documents taken down by a civil law notary or a publicly licensed agency.
- (5) A notarial certification of the signature is enough, however, documents authenticated by a notary are commonly used in practice.
- (4) By a signature certified by a notary or use of bank documents.
- (3) By the assistance of a notary, court or lawyer.
- (2) Not before notaries but usually with the assistance of specialised lawyers or professional third parties.
- (1) By documents in writing.



Source: vdp

Figure 3 chart II.16 – If registration of a security right over immovable property is applied for with all necessary documentation, how long does registration usually take?

- (6) Less than 3 days.
- (5) Less than 2 weeks.
- (4) Less than 4 weeks.
- (3) Less than 2 months.
- (2) Less than a year.



Source: vdp

Some charts depart from the field of legal questions when looking into practical effects and enquire instead about the duration of specific procedures. An argument against these types of question is that it is nearly impossible to determine this precisely using statistics, as they usually do not reflect the special aspects of any particular case. The answers can only reproduce the estimate made by the experts.

Because the question about the duration of the procedure is so important for the overall perception of a land registration system, however, it cannot be simply overlooked. The best regulations are of no use if they cannot be implemented within acceptable time limits. Moreover, it can be agreed that the question should refer only to the period required for registration where applications are made correctly and in full. These sorts of qualifications are not made in the few statistics available in this regard. Therefore, estimates by experts can be recorded for this purpose, based on practical experience and enquiries.

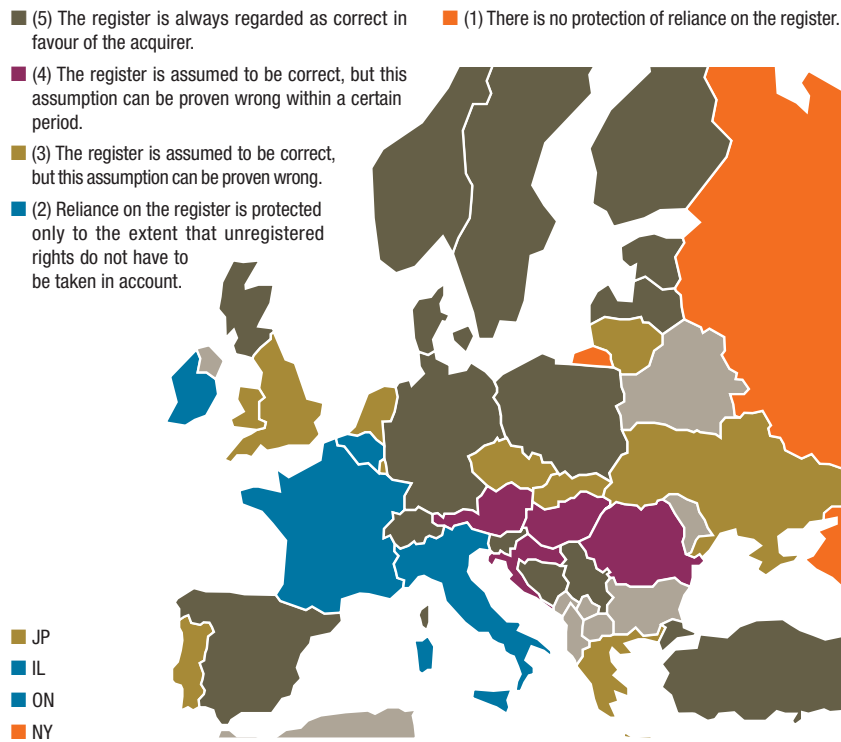
2.2. Reliance in connection with legal relations

With regard to registration systems, the Round Table’s questions also deal with an issue that is important for practical purposes, namely the extent to which reliance on entries in the land register is legally protected. This is what determines the risk to which the parties are exposed and the effort and cost associated with establishing the facts. The extent to which reliance is protected for the holder of a security right over real property is recorded for three situations. These cover the cases where:

- the existence of the security right over real property does not correspond to the contents of the register, i.e. for unknown reasons it does not exist at all (figure 4).
- the owner and creator of the security right was not entitled to create the security right because he was not the owner, but such ownership was relied upon when creating the security right over real property (figure 5).
- the security right over real property already existed and was acquired through assignment, but the transferring party did not in fact have any right to do so, despite being entered in the land register as the holder (figure 6).

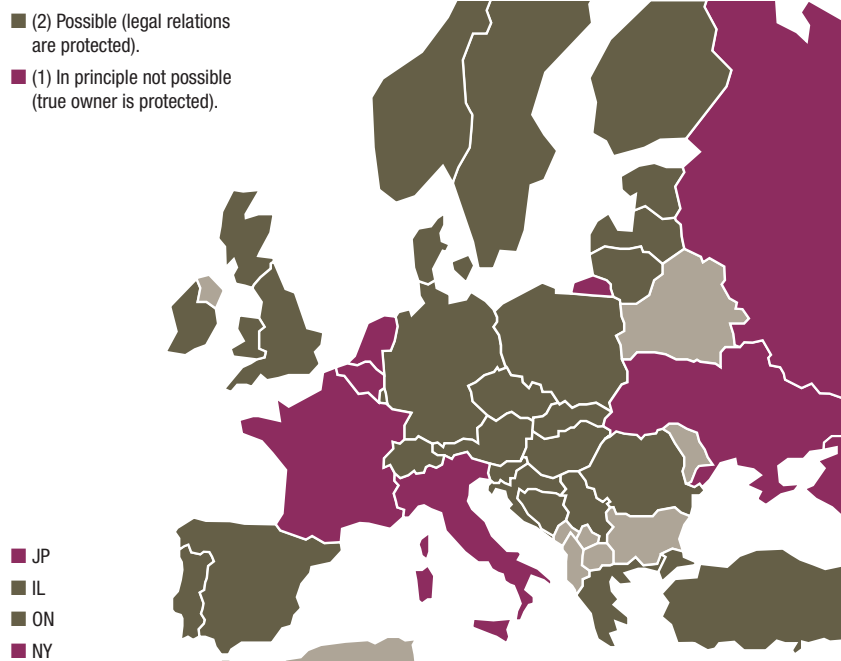
Other cases are conceivable in which reliance may be protected differently (e.g. reliance on the power of representation). However, the Round Table records the material relating to these questions in categorical terms. A comparison shows that it is not possible to make a clear distinction between countries that do and do not protect reliance on the register. What

Figure 4 chart II.19 – Is the reliance of the transferee of a security right over immovable property on the contents of the register legally protected?



Source: vdp

Figure 5 chart II.20 – Is the creation of a security right over immovable property effective if done by a mortgagor who is registered as owner but is not the true owner?



Source: vdp

is apparent is that several countries offer no protection whatsoever for such reliance and that others, primarily in Central Europe, afford high priority to the protection of legal relations. In yet other countries, reliance on the acquisition of title often enjoys stronger protection than the acquisition of a security right over real property, and this reliance on information about the owner enjoys stronger protection than that about the holder of the security right over real property.

2.3. Security framework and flexibility

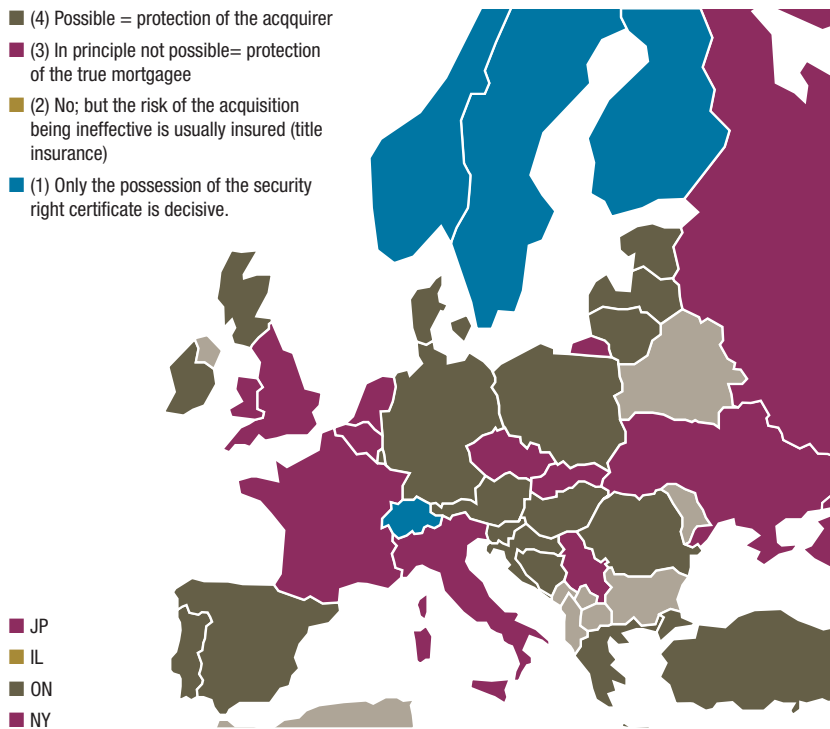
The question about the flexibility of security rights over real property was the point of departure for the Round Table and is dealt with extensively. It is worth noting here a comparison of a question of doctrinal nature, one which has a considerable influence on the practical aspects of dealing with security rights over real property. In Germany it is usually assumed that the security agreement (Sicherungsvertrag) is a feature specific to German law, which has been developed over decades by case-law and practice and has only recently been addressed by statute. It arose from use of the land charge (Grundschild). A comparison shows, however, that at least half of the countries studied use an agreement to allocate the security right over real property to associated claims. However, this does not apply with regard to each and every security right over real property but with regard to the flexible forms with relaxed accessoriness² that Round Table experts examined, such as the “maximum amount hypothec”, a type of security right over immovable property where the allocation of claims is fixed in principle but made free for all claims up to the face amount of the security right (figure 7).

The question of how linking the security right over real property with the claim works in practice and how it can also be structured flexibly is a major theme of the Round Table. In this article, this will be shown using an illustrative-only situation: the secured claims have been amortized, but now the owner and the creditor of the security right over real property wish to use it again for other claims.

Some countries do not allow this re-use at all; others do, in cases where the legal relationship was structured such that it did not extinguish when the previously secured claim was satisfied. Quite a number of countries achieve it by dispensing with accessoriness or in other doctrinal ways so as to enable re-use of the security right over real property (figure 8).

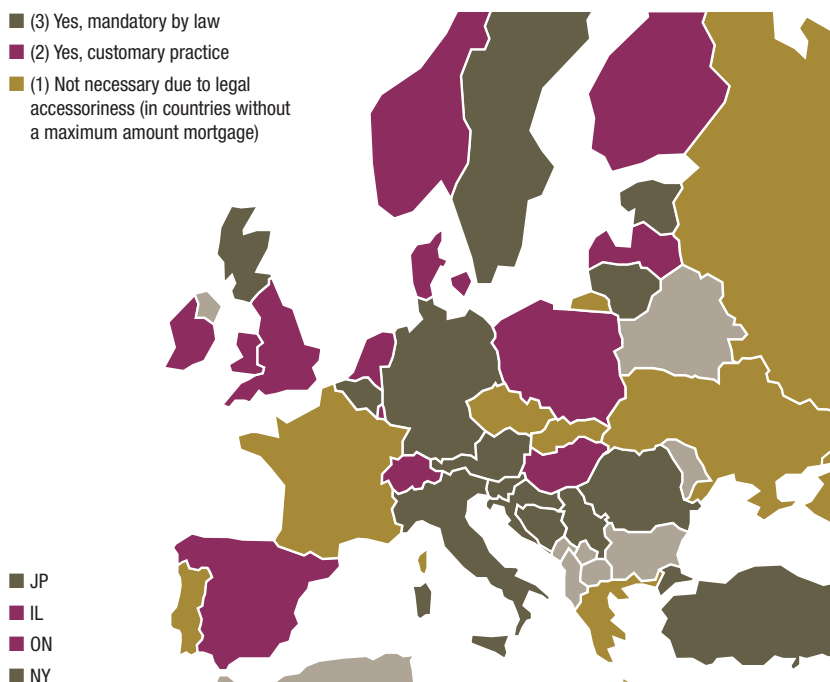
² Accessoriness means the fixed and exclusive allocation of a security right over real property to an associated claim.

Figure 6 chart II.2 – Is the transfer of a security right over immovable property substantively effective if done by a registered mortgagee who is not the true mortgagee?



Source: vdp

Figure 7 chart III.6 – Is the security right over immovable property tied to the secured claim by a security agreement on the scope of the secured claims?



Source: vdp

2.4. Enforcement and insolvency

In the vast majority of cases, security rights over immovable property in all of the countries participating in the Round Table are handled by agreement between the parties, with the secured claims being satisfied and the security rights over real property then being extinguished without any dispute arising. Nonetheless, the question of whether a security right over real property has an economic value depends on whether it can be realised through enforcement by the holder in the event that they need the collateral to satisfy their claim. Likewise, the collateral should be able to be liquidated if the owner becomes insolvent. The details in each country are governed by different procedures. For this reason, it comes as no surprise that the Round Table has to devote a particularly high number of charts to enforcement and insolvency.

It is apparent that the various jurisdictions have developed very different methods in their legislation and, even more so, in practical application. This begins with questioning the very basis for enforcement. For German practitioners, such basis is generally an executory title created through a notarial deed. In many countries, however, a title is not required, while in others there are various ways of obtaining one (figure 9).

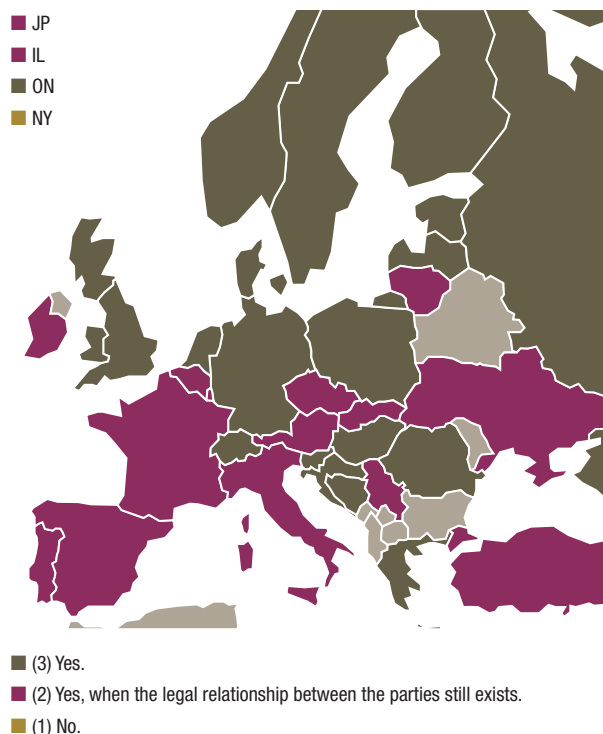
As regards ways of liquidating a property encumbered by a security right, these consist of two fundamentally different methods: auction through a publicly commissioned authority and private sale, which can also be accomplished through an auction. Some countries permit both options. The question of who has the right to decide this matter is regulated differently (figure 10).

The studies also address the status of third parties. A creditor with access to the security right over real property generally has little interest in subordinate creditors or third parties with claims against the owner also seeking to attach the property. For third parties, however, the property itself, along with its economic value, is often crucial to any realistic chance of enforcing their claim. As a result, the Round Table also has to consider the status of third parties.

It is evident that, almost everywhere, lower-ranking creditors can initiate enforcement proceedings separately (figure 11).

There are major differences, however, concerning the question as to whether it is possible to obtain a senior position in the proceedings by discharging the claims of higher-ranking creditors (figure 12).

Figure 8 chart VI.3 – Is it possible to replace the existing secured claim with another claim against the current debtor – without affecting or changing the security right over immovable property? (the new claim immediately replacing the old one – e.g. novation, subrogation)



Source: vdp

Figure 9 chart IV.1 – How is the right to enforce the mortgage obtained?



Source: vdp

The final problem to be addressed is currently being discussed in some countries, namely selling properties below their value during liquidation. This topic has its own geographical chart (figure 13).

A program was developed to create these charts. This enables users to view at any time all of the questions and answers, the explanatory notes to the questions, and the often detailed commentaries to the answers. The experts can keep their answers and commentaries up to date at all times. Third parties obtain access by paying a fee. In this way, users can gain a quick comparative overview of security rights over real property in a particular jurisdiction.

3. Assessment of the questions and answers

By pooling all the information from participating jurisdictions, an overview can be provided for one specific question on each issue.

The information is then further refined for this purpose. In an assessment system, a score is awarded to each question according to its importance and to each answer for its quality. By combining these scores into a total figure, a comparison can be made as to how various security rights over real property are structured at a national level. The system is easily comprehensible and verifiable.

The nature of arrangements is assessed differently depending on the perspective adopted for a particular question. For example, the best situation from a bank's viewpoint may be one where it can conduct enforcement as quickly and efficiently as possible. For a consumer or an owner of commercial real estate, it is likely to be more important for him to be protected against any all-too-quick or even unjustified enforcement and to have legal remedies against the loss of his property.

For this reason, all questions and answers are weighted not just once, but from four perspectives:

1. Enforcement of the security right over real property
2. Protection of the owner
3. Flexible use of the security right over real property
4. Viewpoint of the legislator

In the workshops of the Round Table "Security Rights over Real Property", a score was allocated for each question, each answer, and all four perspectives. If the Round Table changes a question or answer, the scores are then reviewed.

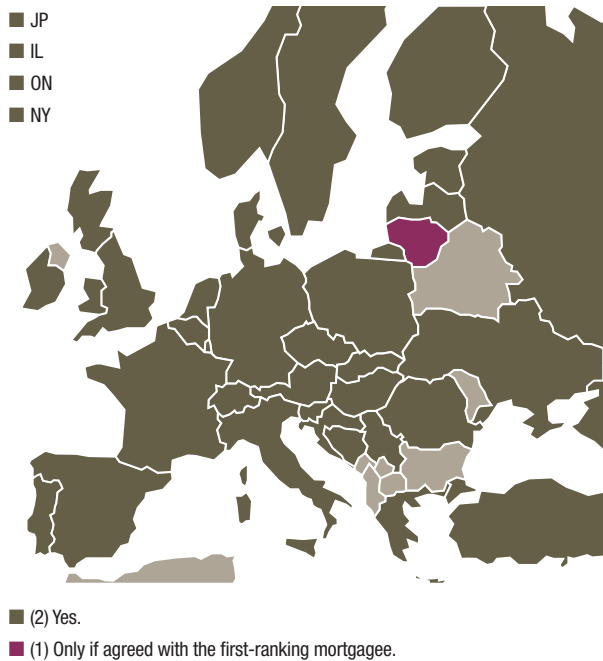
Care is taken to ensure that the definition of the content and its assessment are carried out separately. It is also ensured that the weighting of the questions is kept separate from that of the quality of the answers. The importance of a question is expressed in a score from 0 to 5. If a question receives a score of 0, this may be because it has no impact on the given perspective, but it could still be highly important from

Figure 10 chart IV.8 – Which other options for enforcement are provided by law?



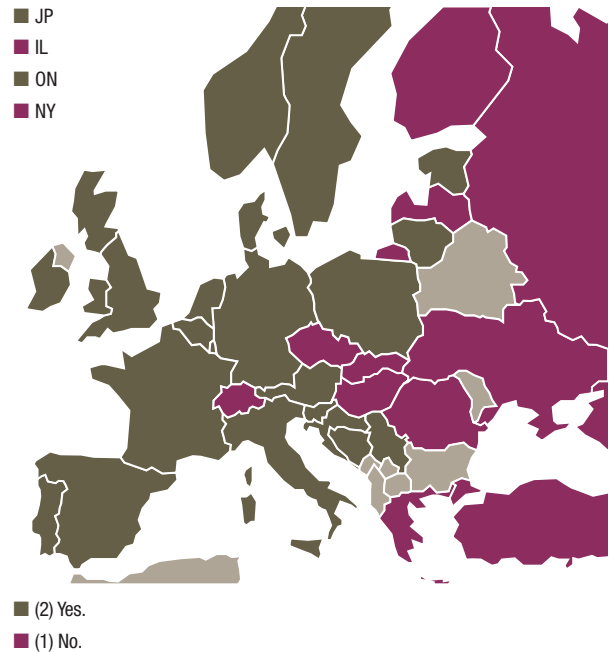
Source: vdp

Figure 11 chart II.6 – Can lower ranking (junior) mortgagees separately initiate enforcement of the mortgage?



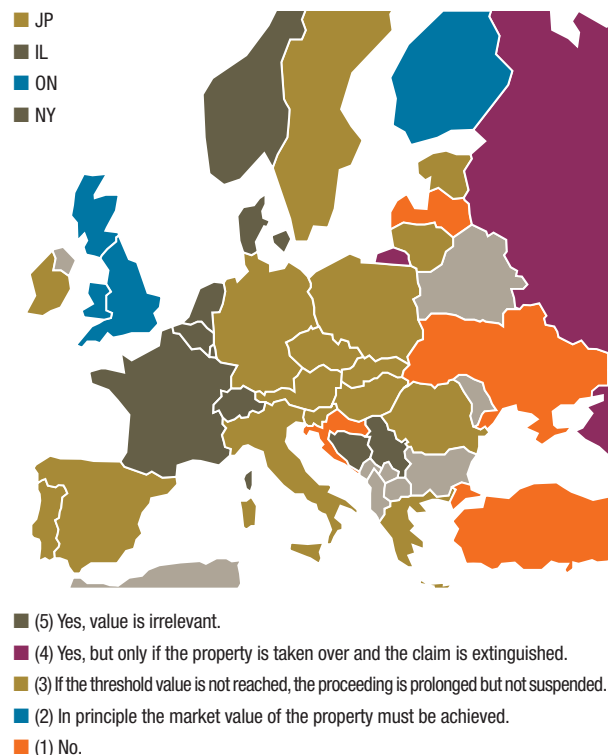
Source: vdp

Figure 12 chart II.7 – During enforcement proceedings, can lower ranking (junior) mortgagees obtain the position of the first-ranking mortgagee without his consent or the consent of the owner by paying him out? (and get ahead of intermediate secured creditors)



Source: vdp

Figure 13 chart IV.18 – May a forced sale be concluded even if the price achieved for the property is below a certain threshold value?



Source: vdp

another perspective. It may also be of high systematic interest for an overall understanding but have only minimal impact on its own.

When the score for the importance of each question (from 0 to 5) is multiplied by the assessment of the answer (from 0 to 10) and the figures relating to a country are added for all questions, this produces four figures that permit an appraisal of the quality of the legal provisions for the assessed type of security right over real property.

In so doing, it is also ensured that the weighting of the various sets of questions addressed by the Round Table is stable. For example, the charts on the rather basic questions of legal character (5 charts) are given a weighting of 1%, while the chapters are weighted as follows:

- “Public disclosure requirements” (land registry) with 26 charts is given a weighting of 25%,
- “Enforcement” with 46 charts is given a weighting of 25%
- “Insolvency” (status of the security right over real property in insolvency proceedings) with 23 charts is given a weighting of 25% and
- the two chapters “Effects of accessoriness” with 21 charts and “Utilisation in practice” with 15 charts, both looking at the question of flexibility from two viewpoints (legal effect and cases of practical utilisation), are each given a weighting of 12%, i.e. for a total of 24%.

This subdivision was introduced and established when the system was developed further in November 2015.

What are the results for each of the countries?

3.1. Perspective of bank/liquidation

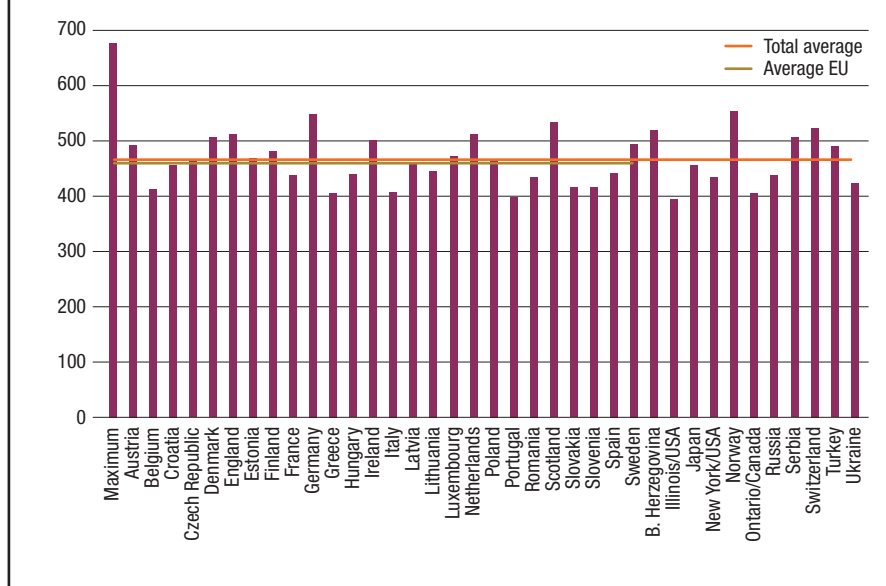
This perspective indicates what a banking supervisory body assessing the solidity of the bank or its risk management may consider to be the most important issue.

In what way does the relevant legal solution help to ensure that the holder of a security right over real property can realise his right quickly through liquidation of the property collateral and receive the proceeds in accordance with his ranking? (figure 14)

As in all of the following overviews, a maximum value (the total of all available points) is assumed. In reality this is not achievable, since it would require contradictory answers to be given in some cases. Each legal system also takes other interests into account, as recorded in the following charts. The jurisdictions are listed in alphabetical order, divided into EU Member States and other countries. The average score is marked with a

Figure 14 Perspective of enforcement

Results of Security Rights over Real Property in Europe at vdp
- Complete findings - perspective of enforcement -



red line, thus enabling an evaluation to be made. A green line indicates the average for EU Member States, which is of course of particular interest for considerations about regulations at the EU level. This is relevant since the only EU Member States that are not yet represented at the Round Table “Security Rights over Real Property” are Bulgaria, Malta and Cyprus.

The comparison makes it clear that the German arrangements facilitate effective enforcement. Only the Norwegian legal system achieves higher scores, although they come at the price of a strong concentration of legal remedies. Other Scandinavian countries, such as Denmark and Sweden, are also in the top group, as are Scotland, England and Switzerland. Bosnia-Herzegovina recently opted for many legal solutions that are quite similar to Central European solutions, and it now also achieves a very high score. This is naturally of great interest to the German Foundation for International Legal Cooperation [IRZ], which, on behalf of the German Federal Ministry of Justice, has been continuously supporting the development of the legal system there, demonstrating the success of such international cooperation in legal matters.

The perspective of bank/enforcement is also of particular significance because these results are used for LGD grading (determination of the loss given default for foreign security rights over real property for the advanced ratings approach) by vdp Expertise GmbH. Together with several other factors, these results determine the extent to which banks participating in LGD grading must use equity capital for financing that is

secured by means of security rights over real property in these countries.

3.2. Perspective of the owner

The perspective of the owner exhibits an almost opposite viewpoint. The owner is not interested in rapid liquidation. He necessarily wants his rights to remain protected at all times and for enforcement and insolvency proceedings to offer him the opportunity to exercise those rights. Shouldn't this perspective produce opposite results?

The aggregated perspective indicates otherwise. Legal systems that produced good results in terms of liquidation are in some cases also at the top end of the spectrum when considering the interests of the owner of a property encumbered with a land charge, e.g. Estonia and Germany. How can this be? On the one hand, the Round Table “Security Rights over Real Property” invariably takes into account only the exercise of justified interests. In relation to the perspective of the owner, this means the enforceability of his legal position but not the opportunities for obstruction. As shown above, the interests of the owner in the legal certainty of the land register are also a factor, as well as the options afforded to him by flexible use of the security right over real property (figure 15).

Above all, however, it is apparent that a successful reconciliation of interests is possible and that appropriate solutions can be found that offer all sides a certain degree of predictability. Questions remain in some jurisdictions, where it is simply difficult to foresee whether

Figure 15 Perspective of the owner

Results of Round Table Security Rights over Real Property in Europe at vdp
- Complete findings - perspective of the owner -

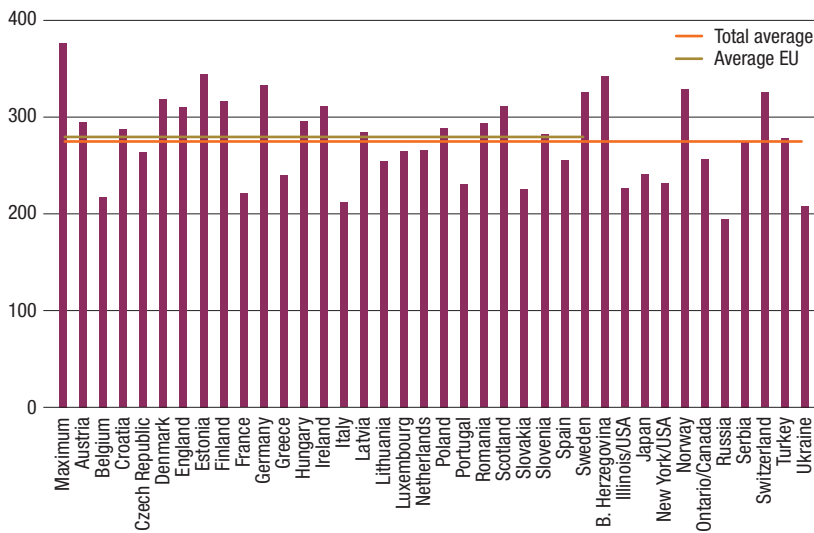
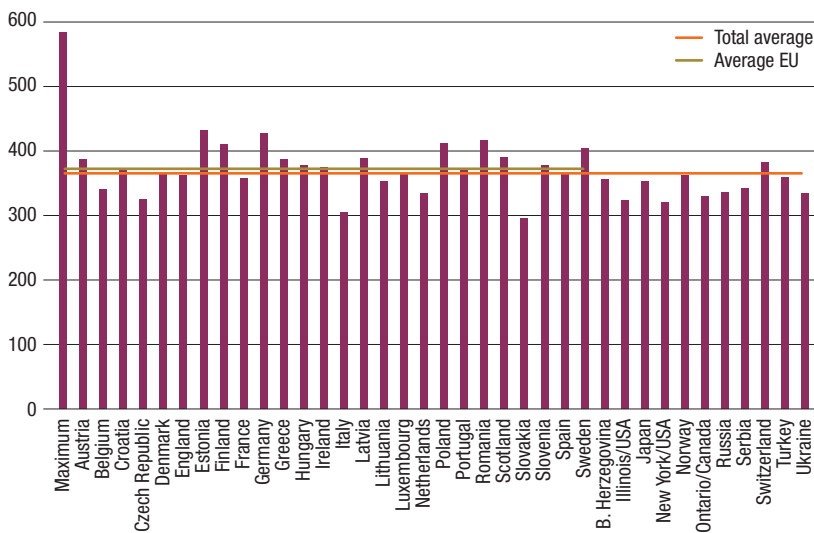


Figure 16 Perspective of usability

Results of Round Table Security Rights over Real Property in Europe at vdp
- Complete findings - perspective of the owner -



the interests of both sides are safeguarded. This cannot lead to good scores from any perspective.

It is also interesting that, from the owner's perspective, the average of the EU countries is further above that of all participating jurisdictions than is the case from the other perspectives. Perhaps this indicates a somewhat higher quality of legal provisions overall.

3.3. Perspective of bank/usability

The issue here is the extent to which the respective solutions enable a security right over real property to be used flexibly for a variety of claims. This can save considerable time and cost for the bank and the owner, as well as facilitate the development of new financing methods. It is also of great importance for the owner, on whose consent any flexible use is normally

dependent. However, this perspective covers only the importance of flexibility from the viewpoint of the lender (figure 16).

The chart demonstrates that there are advantages to "non-accessory" security rights over real property. These rights provide for the separation of the loan claim from the security right over real property and link these two legal relationships through a modifiable collateral agreement drawn up by the bank and the owner. Estonia and Bosnia-Herzegovina rank even higher than Germany, both countries having adopted the concept of the land charge. The Swiss mortgage certificate (Schuldbrief) is also in the top tier, as are the security right over real property used for commercial financing in Norway and the Danish *ejerpantebrev*. All of these methods recognise accessoriness that is modifiable by contract. The need for these kinds of solutions is demonstrated by developments in France, where a reusable and partially transferable form of mortgage was introduced in 2006, the *hypothèque rechargeable*. Although it was abolished temporarily in 2013, it was re-introduced in 2015 for the commercial sector. However, this form is disregarded in the charts of the Round Table "Security Rights over Real Property" as it is still fairly uncommon. The various models of security rights over real property with contractual accessoriness nevertheless show that the objective of flexibility is achieved in several different doctrinal ways (in Germany, Estonia, and Bosnia-Herzegovina, a non-accessory security right over real property with an *in-rem* claim, linked through a collateral agreement with the contractual claim; in Switzerland, Denmark and Norway, a securities claim, linked contractually with the loan claim; in France, a formally accessory mortgage with a special right to swap the claim), without the assessment system of the Round Table "Security Rights over Real Property" preferring any particular method.

3.4. Perspective of the legislator

The legislator is not permitted to give preference to the interests of any one of the parties involved. It must also take into consideration that lower-ranking and unsecured creditors may also have an interest in satisfaction from the property, which must be protected as appropriate. The interests of the bank and the owner are therefore included in the perspective of the legislator, together with the interests of these third parties. The perspective provides an assessment as to whether the legal solution offers an appropriate reconciliation of interests (figure 17).

Figure 17 Perspective of the legislator

Results of Round Table Security Rights over Real Property in Europe at vdp
- Complete findings - perspective of the legislator -

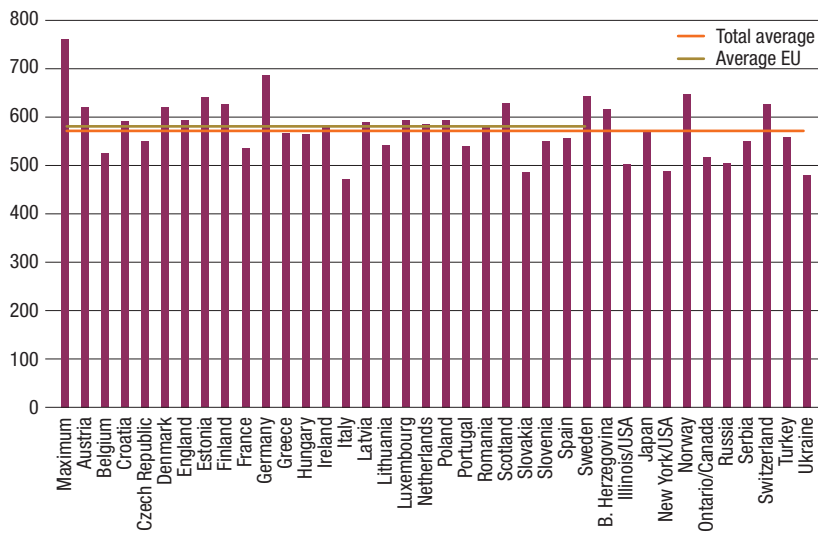
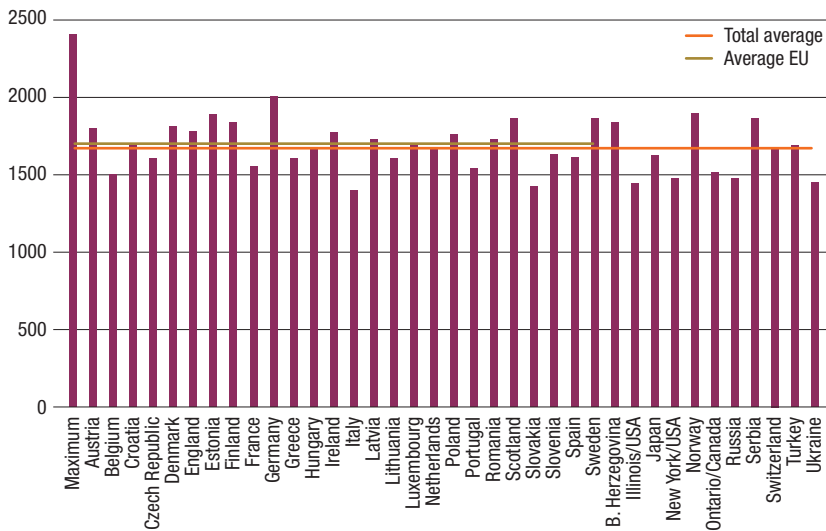


Figure 18 Total scores

Results of Round Table Security Rights over Real Property in Europe at vdp
- Complete findings - total addition of all scores -



3.5. Total scores

If four figures for one jurisdiction are found to be excessive, then the bar chart with the summation of all scores from the other four charts may be preferable. This presents an overall figure for each jurisdiction. The land charge in the German legal system is at the top in this case. It offers advantages in many respects (figure 18).

The charts summarise the extensive results of the Round Table “Security Rights over Real Property” in clear overviews, offering quick and comprehensible results. With regard to the quantification of legal issues, there are only a few other systems that achieve a similar level in terms of substantive depth and a simple presentation in summary form. For this reason, the Round Table’s bar charts are always given special attention during discussions. They are available to the experts in the Round Table “Security Rights over Real Property”, and they use them in their scholarship and in their home countries. They are also a useful tool for the international business conducted by credit institutions. The results have not only been used by the member banks of the vdp for real estate financing purposes but also by government ministries in a number of countries and by the EU Commission. The results relating to capability of liquidation and usability are used for LGD grading. For example, vdp Expertise GmbH, a subsidiary of the vdp, calculates the loss given default [LGD] for those countries in which adequate historical figures on default rates for mortgage loans are not available. The LGD is used for the capital backing of the security rights over real property.

Since the autumn of 2014, the regular reports of the Round Table experts on legal developments in their countries are also made available twice a year to banks requesting them. The reports are used for the legal monitoring of mortgage collateral in those countries required under the CRR (Arts. 198 and 204, see above). In this way, too, the information flows directly into banking practice.

As a result, the findings from a large group of leading experts are made directly usable. vdp Expertise GmbH, a subsidiary of vdp, is ready to give access to the system for a small fee.