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EXECUTIVE BOARD MEETING

SM/23/160
Correction 1

July 11, 2023

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Germany—Selected Issues**

Board Action:	The attached corrections to SM/23/160 (6/29/23) have been provided by the staff:
Evident Ambiguity	**Page 22 (Table 1, row 4)**
Factual Errors Not Affecting the Presentation of Staff's Analysis or Views	**Page 22 (Table 1, row 1)**
Questions:	Mr. Fletcher, EUR (ext. 36824) Ms. Mineshima, EUR (ext. 36156) Mr. Sher, EUR (ext. 37070) Ms. Zhou, EUR (ext. 39669) Ms. Lan, EUR (ext. 36072)

Table 1.Germany: Active Macroprudential Instruments for Residential Mortgage Loans in G7 and Selected European Countries, as of February 2023

	Austria	Belgium	Canada	Cyprus	Czechia	Denmark	Estonia	Finland	France	Iceland	Ireland	Latvia	Lithuania	Netherlands	Norway	Poland	Portugal	Slovakia	Slovenia	Sweden	Switzerland	United Kingdom	United States
Borrower-based measures																							
LTV	90% (20% speed limit)	80% for BTL (with 10% allowed up to 90%); 90% for FTB (with 35% allowed up to 100% and 5% allowed over 100%); 90% for SSB (with 20% allowed up to 100%);	95% for owner-occupied with government guarantee up to CAD 500,000 (90% above CAD 500,000); 80% for others	80% for FTB; 50% for construction of luxury properties; 70% for others	90% for those under age 36; 80% for others	95% /1	90% if guaranteed by KredEx (15% speed limit); 85% for others (15% speed limit)	95% for FTB; 85% for others	-	85% for FTB; 80% for others	90% for FTB (15% speed limit); 70% for BTL (10% speed limit); 80% for others	95% for mortgages under state guarantee; 70% for BTL; 90% for others	70% for indebted SSB; 85% for others /2	100%	60% for second homes in Oslo; 85% for others	90% for insured or overcollateralized mortgages; 80% for others	90% for own and permanent residence; 80% for others	80% (with 20% allowed up to 90%)	80% for FTB; 70% for others	85%	25% for investment properties; 90% for others	-	96.5% for FHA loans; 70-95% for FNMA-conforming loans; guidelines require insurance for mortgages above 90% LTV
DSTI or stressed DSTI	40% (10% speed limit)		39% stressed GDS and 44% stressed TDS for loans with government guarantee; 50%		50% for those under age 36; 45% for others 80%	-	50% stressed DSTI	-	35%	40% stressed DSTI for FTB; 35% for others (5% speed limit)	none	40% (10% speed limit)	40% unstressed; 50% stressed DSTI (with 5% allowed up to 60%)	13-36%, depending on income and interest rate	-	-	50% (with 10% allowed up to 60%)	60% (with 5% allowed up to 70%)	-	-	-	-	31-45% for FHA loans; 36-50% for FNMA eligibility
LTI	-	-	-	-	-	LTIs above 4 require stress testing	-	-	-	-	3.5 for FTBs (20% speed limit); 3.5 for SSBs (20% speed limit)	-	-	-	-	-	-	-	-	-	-	4.5 times (with 15% speed limit)	-
Capital-based measures																							
CCyB	0%	0%	none	0% /3	0.5% /3	2.5%	1% /3	0%	0% /3	2%	0.5% /3	0%	0% /3	0% /3	2%	0%	0%	1% /3	0% /3	1% /3	0%	1% /3	0%

Source: ESRB Macroprudential Measures Database; IMF Macroprudential Policy Survey; Bank for International Settlements; Swiss Financial Market Supervisory Authority; Bank of England; US Federal National Mortgage Association; US Code of Federal Regulations Title 12 Part 208 (Regulation H) Appendix C; US Department of Housing and Urban Development.

Notes:

1/ Furthermore, since 2018, Denmark has had a supervisory benchmark where less than 25% of lending with an interest rate fixation period of up to two years may exceed an LTV of 75%.

2/ An indebted SSB is one who has a previous mortgage loan with a current LTV of at least 50%.

3/ Set to tighten in 2023.

Some of these measures are not legally binding. BTL = buy-to-let; FTB = first-time homebuyer; SSB = second-and-subsequent-time homebuyer; GDS = gross debt service ratio; TDS = total debt service ratio. Australia, Greece, Italy, Japan and Spain had few active measures and are therefore not shown to save space.