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**C O N S U L T A T I O N  
M E M O R A N D U M**

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**General guidelines on exemption from amortisation requirements on special grounds****Summary**

Finansinspektionen is proposing new general guidelines to clarify when a mortgage firm may grant exemption from the amortisation requirements set out in Finansinspektionen's regulations (FFFS 2016:16) regarding amortisation of loans collateralised by residential property (the amortisation regulations).

In order to protect the individual borrower, it is already possible today for mortgage firms to grant amortisation exemption during a limited period of time if there are special grounds. In Finansinspektionen's proposal, the general guidelines clarify that an extraordinary circumstance in the form of a severe downturn in the Swedish economy constitutes "special grounds" in the meaning this phrase is used in the amortisation regulations. This in turn clarifies that a mortgage firm can grant a time-limited exemption from the amortisation requirements set out in the regulations given the economic crisis that is following in the wake of the coronavirus. The general guidelines also clarify that a crisis of this nature allows exemption from the amortisation requirement at the point in time when the mortgage is being issued.

The objective of the proposal is to enable mortgage firms to grant exemptions from the amortisation requirement following a severe downturn in the Swedish economy of the type now being experienced as a result of the spread of the coronavirus and efforts to combat it. In Sweden, the economic forecast is rapidly deteriorating. Due to the uncertainty about the future, many households are becoming concerned about their personal finances. Finansinspektionen's proposal clarifies that the current situation allows a mortgage firm to grant amortisation exemption even without the personal finances of an individual borrower having been directly impacted. This provides mortgagors with greater manoeuvrability for managing their personal finances. It continues, however, to be the responsibility of the mortgage firms to decide if an individual borrower may be granted amortisation exemption. However, mortgage firms must also still consider other relevant regulations, such as rules on credit assessment and the Consumer Credit Act, which requires, among other things, a firm to consider consumers' interests with due care.

The general guidelines are proposed to enter into force on 14 April 2020. It is difficult to assess the scope of this crisis. According to Finansinspektionen's assessment, amortisation exemption due to the coronavirus pandemic should potentially apply to amortisation payments through 30 June 2021.