

Proposition for urgent actions because of the economical crisis

The following proposed actions are based on The Icelandic Homes Coalition's ideas of:

- General actions regarding corrections to inflation linked and currency linked loans
- The abolishment of the use of inflation indexing
- That risk should be divided between borrowers and lenders
- Mortgage should be limited to the pledged property
- The social responsibility of the lenders

Action #1: Immediate temporary postponement of distraints and foreclosures

Description: An Act will be set that temporarily prevents the dstraint and foreclosure of residential housing until November 1, 2009 while solutions are formulated for further actions to assist the homeowners in the country.

Action #2: Correction to foreign currency linked mortgage loans

Description: Foreign currency linked mortgage loans will be converted into inflation linked loans from the issuing date of each loan. (This is optional for the borrowers)

Action #3: Correction to inflation indexed mortgage loans

Description: The inflation indexing part of mortgage loans will be revised from January 1, 2008. The inflation indexing part will be limited to the upper limit of the Central banks inflation goal or 4 per cent annual change. This step will be the first in order to abolish the inflation indexing of loans.

Action #4: Bill of law for payment adjustment and execution of that

Description: That Althingi passes a bill for payment adjustment including that individual that are unable to pay off their loans, despite of actions #2 and #3, have the option of payment adjustment where the payment capability of the individual is assessed and the appropriate measures taken from the standpoint of payment capability and payment schedule.

What can be gained from this?

- Mass bankruptcy of many homes and expatriation is avoided
- Further collapse of the economy is stalled
- Positive influence on the viability of the economy
- Increased likelihood that the wheels of the economy will continue to turn as people will have money available for other expenditures than mortgage payments
- National pact/covenant is established about the difficulties of the homes because of the economical crisis
- Public's trust towards the government and the financial institutions will be reestablished.

Introduced at an open meeting held by The Icelandic Homes Coalition (Hagsmunasamtök heimilanna) on February 12th, 2009