

## **The Banco de Portugal publishes regulation on the new arrears regime**

Decree-law no. 227/2012, of 25 October, establishes the rules and principles which credit institutions must comply with in order to prevent and overcome arrears on credit contracts entered into by individual bank customers.

With the powers assigned to it, the Banco de Portugal has prepared the regulatory framework which will make it possible to apply the rules established by the new regime, to come into force on 1 January 2013.

The Banco de Portugal published Notice no. 17/2012, which regulates Decree-Law no. 227/2012, and Instruction no. 44/2012, which establishes the information reporting requirements on credit contracts governed by this Decree-Law, as well as by the special regime protecting mortgage credit debtors in particularly financial difficult situations, approved by Law no. 58/2012, of 9 November.

At the same time, the Banco de Portugal decided to revise the information disclosure requirements applicable to the negotiation and conclusion of a mortgage credit contract, as well as during the life of the contract, considering that, under Decree-Law no. 226/2012, of 18 October, as of 16 January 2013, the rules on home loans will apply to all credit contracts entered into by individual bank customers, which are guaranteed by a mortgage or by other ownership rights.

In this context, the Banco de Portugal approved changes to Notice no. 2/2010, thereby extending its scope to all contracts entered into by individual bank customers, which are guaranteed by a mortgage or by other ownership rights.

The Banco de Portugal also approved Instruction no. 45/2012, which changes the standard information sheet to be provided ahead of the conclusion of all types of credit contracts guaranteed by a mortgage or other ownership rights, thereby adapting it to the extended scope of Notice no. 2/2010.