

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (Text with EEA relevance)

CHAPTER 1

**SUBJECT MATTER, SCOPE, DEFINITIONS AND COMPETENT AUTHORITIES**

*Article 3*

**Scope**

- 1 This Directive shall apply to:
  - a credit agreements which are secured either by a mortgage or by another comparable security commonly used in a Member State on residential immovable property or secured by a right related to residential immovable property; and
  - b credit agreements the purpose of which is to acquire or retain property rights in land or in an existing or projected building.
- 2 This Directive shall not apply to:
  - a Equity release credit agreements where the creditor:
    - (i) contributes a lump sum, periodic payments or other forms of credit disbursement in return for a sum deriving from the future sale of a residential immovable property or a right relating to residential immovable property; and
    - (ii) will not seek repayment of the credit until the occurrence of one or more specified life events of the consumer, as defined by Member States, unless the consumer breaches his contractual obligations which allows the creditor to terminate the credit agreement;
  - b credit agreements where the credit is granted by an employer to his employees as a secondary activity where such a credit agreement is offered free of interest or at an APRC lower than those prevailing on the market and not offered to the public generally;
  - c credit agreements where the credit is granted free of interest and without any other charges except those that recover costs directly related to the securing of the credit;
  - d credit agreements in the form of an overdraft facility and where the credit has to be repaid within one month;
  - e credit agreements which are the outcome of a settlement reached in court or before another statutory authority;
  - f credit agreements which relate to the deferred payment, free of charge, of an existing debt and which do not fall within the scope of point (a) of paragraph 1.
- 3 Member States may decide not to apply:
  - a Articles 11 and 14 and Annex II to credit agreements for consumers, secured by a mortgage or by another comparable security commonly used in a Member State on residential immovable property or secured by a right related to residential immovable property, the purpose of which is not to acquire or retain the right to residential

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- immovable property, provided that the Member States apply to such credit agreements Articles 4 and 5 of and Annexes II and III to Directive 2008/48/EC;
- b this Directive to credit agreements which relate to an immovable property where the credit agreement provides that the immovable property cannot at any time be occupied as a house, apartment or another place of residence by the consumer or a family member of the consumer and is to be occupied as a house, apartment or another place of residence on the basis of a rental agreement;
  - c this Directive to credit agreements which relate to credits granted to a restricted public under a statutory provision with a general interest purpose, free of interest or at lower borrowing rates than those prevailing on the market or on other terms which are more favourable to the consumer than those prevailing on the market and at borrowing rates not higher than those prevailing on the market;
  - d this Directive to bridging loans;
  - e this Directive to credit agreements where the creditor is an organisation within the scope of Article 2(5) of Directive 2008/48/EC.
- 4 Member States which use the option referred to in point (b) of paragraph 3 shall ensure the application of an appropriate framework at a national level for this type of credit.
- 5 Member States which use the option referred to in point (c) or (e) of paragraph 3 shall ensure the application of adequate alternative arrangements to ensure consumers receive timely information on the main features, risks and costs of such credit agreements at the pre-contractual stage and that advertising of such credit agreements is fair, clear and not misleading.