



The Rt Hon George Osborne MP  
HM Treasury  
Horse Guards Road  
London  
SW1A 2HQ

15 November 2010

Dear Minister

As the representatives of the UK's housing sector we want to express our deep concerns about the potentially significant impact of the FSA's proposed changes to mortgage regulation.

Lenders should of course be required to lend responsibly. But the onerous and overly prescriptive proposals will restrict access to home ownership and have far reaching implications.

Reduced home ownership would see additional pressure put on the private and social rented sectors, and would decrease the supply of new homes - both private and social – at a time when we already have an acute housing shortage.

Independent research by Policis shows that of the current 11 million current mortgage holders, if the FSA's proposals had been in place, 5.6 million may not have got their current level of borrowing; with 2.2 million of them potentially allowed no borrowing at all.

Looking forward, 153,000 house purchases each year would not take place. Lower income buyers in particular would be hit hard and up to 57,000 first-time buyers – already at historically low levels- would be refused mortgages each year.

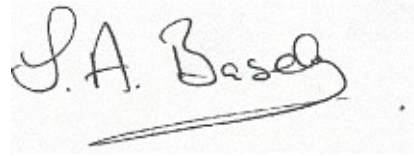
The FSA also needs to change its assumption that lending for shared ownership properties should be treated as sub-prime as this restricts access to affordable housing for lower income households and key workers priced out of the open market.

The role and remit of the FSA is to regulate financial markets and protect consumers. These proposals would have impacts far beyond this on all aspects of the housing market, along with significant social and economic implications.

We call on the Government and FSA to take into account the broader impacts of its proposals and to make proportionate changes to regulation that reflect the importance of the housing sector to the UK economy and more importantly the families that live in them.

Yours sincerely

Stewart Baseley  
Executive Chairman  
Home Builders Federation

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David Orr  
CEO, National Housing Federation

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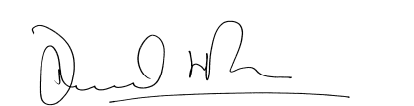
Imtiaz Farookhi  
CEO, NHBC

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Jonathan Fair  
CEO, Homes For Scotland

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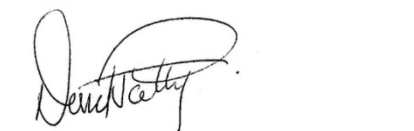
Des Hudson  
CEO, The Law Society

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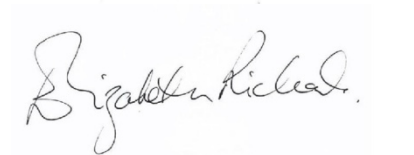
Sarah Webb  
CEO, Chartered Institute of Housing

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David Pretty  
Chairman, New Homes Marketing Board

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Elizabeth Richards  
Head of Legal and Policy  
National Federation of Property  
Professionals

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