



FURTHER IMPROVEMENT OF MORTGAGE LOANS OFFERED TO THE POPULATION

Nurmukhamedov Bobir Botirovich

Independent researcher of the department "Corporate Finance and Securities" of the Tashkent Institute Of Finance

Article history:	Abstract:
Received: 20 th August 2022	In this article, in recent years, in order to raise the standard of living of the population in our country, to create sufficient conditions for a peaceful and prosperous life, in particular, to provide long-term mortgage loans in order to further improve the system of providing the population with affordable and high-quality housing. the ongoing reforms are discussed.
Accepted: 20 th September 2022	
Published: 26 th October 2022	

Keywords: Mortgage loan, subsidy, diversification, "Baushparkassa" system, "targeted mortgage deposit" service, social rent system.

In recent years, a lot of work has been done to provide the population with housing in Uzbekistan. In particular, over 200,000 families were allocated mortgage loans for the purchase of housing by commercial banks during 2017-2021.

The remaining amount of mortgage loans allocated to the population by commercial banks was 7.6 trillion soums as of January 1, 2017, and 40.5 trillion soums as of July 1, 2022, or increased 5.3 times over the previous period, and the mortgage market in Uzbekistan has made great strides can be seen to be developing with.

At that time, a separate commercial bank and fund were established to support the mortgage sector, but the mortgage market was only slightly revived due to the fact that the sources of financing were not clear and continuous. Between 1996 and 2010, an average of 500 to 1,800 new apartments were built and allocated to the population through mortgage loans.

By 2009, in accordance with the decision of the President of the Republic of Uzbekistan No. 1167, for the first time within the framework of the state program, housing construction began to be implemented in order to improve the living conditions of the population in rural areas. long-term mortgage loans on preferential terms began to be allocated to the population. The largest housing construction after independence also corresponds to this period.

Mortgage portfolio in commercial banks as of January 1, 2017 73 percent of 5.5 trillion soums corresponded to the rural construction housing program.

In this place, the rate of population growth has also increased sharply, that is, in 1991, the population of the Republic was 20.6 million people, and in 2016, this indicator was 32.1 million people. The annual number of newly built families is 250-270 thousand, and

the needs and requirements of the population for housing are also increasing.

Resolutions of the President of the Republic of Uzbekistan No. PQ-2660 on the construction of housing in urban areas and No. PQ-2639 on the construction of housing in rural areas were adopted in order to solve the housing issue of the population, which has accumulated over the years. Through the state program, over 120,000 housing units were allocated to families in need of social protection through preferential mortgage loans in 2017 and 2021.

As a continuation of the ongoing work, in order to further develop the mortgage market, the decrees of the President of the Republic of Uzbekistan No. PF-5886, PF-6186, PF-6274, PF-33 were adopted. began to be allocated to all strata, and in this, subsidies for contributions and interest payments were allocated to families in need of improvement of housing conditions.

The adoption of these decrees further revitalized the housing market and the activities of construction enterprises in it, i.e., previously housing construction was carried out by certain construction enterprises or mortgage loans were allocated for housing of certain construction enterprises, now mortgage loans are granted to all houses built in the primary market. began to be allocated for places.

In its place, in order to provide the mortgage market with the necessary resource funds for the financial support of this system, the Ministry of Finance allocates long-term resource funds to commercial banks, and to people in need of social protection, a system of subsidies from the state budget for contributions and loan interest payments of 32 million soums has been launched was placed.

If we look at the loading (burden) of the subsidies given to the population to the state budget:

Housing price is 400 million soums;



The subsidy for the initial contribution is 32 million sums;

Loan repayment subsidy for 5 years is 125.9 million sums;

The total subsidy paid from the state budget is 157.9 million sums or 39.5% of the house price.

Today, commercial banks mainly allocate mortgage loans only to the population with official income, using the funds attracted from foreign financial institutions under the guarantee of the state. In short, the mortgage market is almost unilaterally dependent on government funding and there is no diversification of funding sources.

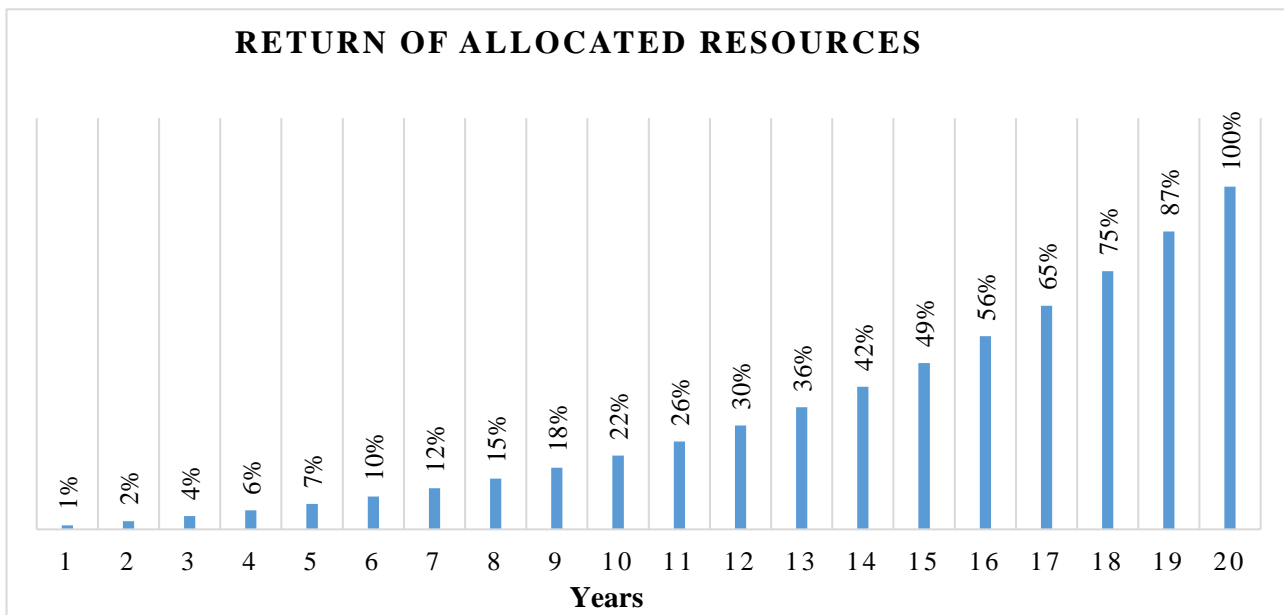
The mortgage market cannot be continuously developed at the expense of the funds allocated by the government, on the contrary, in addition to this, it is desirable to attract free funds of the population and thereby introduce additional new self-financing mechanisms.

At this point, we believe that the following issues should be given special attention in the future development of the mortgage market and provision of housing to the population:

1. Mortgage resources are formed only at the expense of government funds or funds obtained with a government guarantee, and it is necessary to consider how effective the speed of circulation of resources is;
2. Today, mortgage loans are allocated only to the population with official income. The stratum of the population that does not have an official income has the opportunity to get a mortgage loan either on the basis of a subsidy or on commercial terms;
3. The liberalization of the housing market and the fact that housing built under the state program suddenly gives way to private builders in the market, and large-scale mortgage loans and subsidies are directed to housing in the private sector, leading to an increase in the price of housing in the market;
4. Introduction of the social rent system in providing housing to people with extremely low income and disabilities.

Let's focus on the solution of the above-mentioned issues in general:

The dynamics of the return graph of resource funds allocated by the Ministry of Finance (mortgage loan) for 20 years



It can be seen from the data that the rate of return of loans given to the population is extremely slow, that is, the allocated resource returns 22% - in 10 years, 51% - in 15 years. The return of resource funds in this order is likely to cause a shortage of resources tomorrow. And the balance of the mortgage portfolio in banks will

continue to increase, but the opportunities to increase the volume of lending to the level of the population's demand will be limited.

It is one of the most necessary issues to think about the solution of this issue and to introduce additional sources of financing. Because the



effectiveness of the investments made in the construction industry in our country today, the future and prospects of the construction enterprises and the manufacturers of construction materials and the enterprises providing services to them are inextricably dependent on the provision of resources to the mortgage market.

In connection with this issue, the President of the Republic of Uzbekistan, in the decree "On additional measures to provide the population with housing through mortgage loans based on market principles", taking into account the world experience, the task of introducing the "targeted mortgage deposit" has been set.

It is appropriate to study the experience of foreign countries in introducing a new financing mechanism.

"Baushparkassa System"

This system is a German model, which was created in Germany in the 18th century and is a widespread mechanism for providing housing to the population in European countries. In addition, this

system is used in neighboring Kazakhstan, Kyrgyzstan, and the Russian Federation. At this point, the state of Kazakhstan has introduced this system since 2005, financing up to 80 percent of the housing market through this system. (In 2020, 60 percent of the mortgage market will be accounted for by this system).

This system ensures that a community seeking housing can take turns achieving its goal by supporting each other.

To make this system work:

At least 5, 10-year housing construction program must be clear (construction area, housing project);

Housing prices should be accurate for at least a 5-year period and

the price change should not be more than 8-10 percent.

Over the years, the state has been providing financial assistance to the population in collecting their contributions. In order for the population to collect their contributions, there should be confidence and financial incentive (stimulus) for tomorrow

Calculations for the proposed system can be seen below:

(The price of 1 sq.m) 6 000 000 6 600 000 7 260 000

T/P	Term of mortgage deposit	3 year	4 year	5 year
1	Housing price (70 sq.m.)	<u>420 000 000</u>	<u>462 000 000</u>	<u>508 200 000</u>
2	Contribution amount to be collected	210 000 000	<u>231 000 000</u>	254 100 000
3	Interest rate on the deposit	26% (20% budget)	28% (22% budget)	30% (24% budget)
	Contribution collected by the citizen	150 000 000	<u>147 000 000</u>	<u>144 170 000</u>
4	The amount due on the deposit account	60 000 000	<u>84 000 000</u>	109 930 000
4,1	<i>Part of it is paid from the budget</i>	<u>46 153 846</u>	<u>66 027 500</u>	<u>87 943 700</u>
4,2	<u>Subsidy paid from the budget to the savings account, in relation to the cost of housing</u>	<u>11,0%</u>	<u>14,3%</u>	<u>17,3%</u>
5	<u>Citizen's monthly savings</u>	<u>4 166 700</u>	<u>3 062 500</u>	<u>2 402 800</u>
	Term of the mortgage loan	6 year	7 year	8 year



6	Mortgage loan amount	210 000 000	231 000 000	254 100 000
<i>Z</i>	<i>monthly payment</i>	<i>4 666 700</i>	<i>4 675 000</i>	<i>4 764 375</i>
8	Total loan repayment	<u>273 875 000</u>	<u>312 812 500</u>	<u>356 798 750</u>
9	Total payment	483 875 000	543 812 500	610 898 750
10	Overpayment	<u>115%</u>	<u>118%</u>	<u>120%</u>

From the information in the table, it can be seen that a citizen who wants to get a house will have to collect monthly contributions 3-4 years in advance. In this process, the increase in the price of housing (at most - 10% per year) should not affect the contributions of citizens. For this, it is necessary to pay subsidies and interest from the bank to the contribution funds collected from the state budget.

In this system, the expenditure from the state budget is on average 14-15%, the resource demand is 50% of the housing price, and the resource payback period is 6-8 years. In the current system, the amount of subsidy allocated to people in need of social protection is 31% of the housing value, the demand for resources is 85% of the housing value, and the resource return period is 20 years.

It is true that it may be difficult to start this system at once and to introduce the system of collecting the population's contributions for 3-4 years. First of all, it would be appropriate to start this system from the class of the population who have good financial opportunities but do not have official income, with the condition of collecting the contributions in a shorter period (12-18 months). Because today, commercial banks do not provide any loans to the population that does not have official income, and as a result, the term payment system is increasingly being formed in the housing construction market, and in most cases, these funds are not in bank accounts, but in the hands of construction enterprises, and these funds are used by construction enterprises. the probability of not being reflected in tax payments is also high.

This situation will not fail to show its negative impact on the increase of non-bank turnover and tax revenues. However, there are opportunities for effective and rational use of funds in the hands of people who do not have official income, and for further expansion and development of the mortgage market and housing construction. For this, it is necessary to introduce a mechanism for calculating the solvency of people without official income in commercial banks.

As a solution to this problem, introducing a "targeted mortgage deposit" in commercial banks, introducing a system of collecting monthly contributions from citizens for periods of at least 12 months, 24 months, 36 months, and more, and this process is a citizen's payment discipline and ability to pay. It is considered appropriate to allocate a mortgage loan through the introduction of this system.

For example, an artisan family accumulates 8.3 million soums per month for 18 months in the bank's "consolidated mortgage deposit" to buy a house worth 300 million soums, and at the end of the period, the bank evaluates the citizen's solvency through the 18-month savings process. , the mortgage loan allocates the remaining 50% of the housing value. (This situation is estimated as 35% according to the level of risk in banks).

Implementation of this system:

- As the system expands, it will gradually move to a self-financing scheme;
 - Due to the rapid circulation of resource funds in the short term, it leads to providing more people with housing, reducing loan interest rates, increasing the volume of construction, opening new jobs and increasing the GDP in the economy;
 - It leads to the sale of informally sold apartments on the basis of term payment in the construction market through bank credit. This situation causes an increase in tax revenues;
- It leads to the financing of housing construction;
- It is possible to allocate quick mortgage loans to the population in a simple manner.

This system can be implemented by commercial banks on their own initiative without requiring spending from the state budget, and after this system has proven itself in practical terms, the state will introduce a subsidy payment mechanism for bank deposits in order to further expand the participants of this system and increase the interest of the population in accumulating their contributions for a longer period of time. implementation will be appropriate.



In short, this is a self-financing system, in which only the state has to control housing prices and provide incentives (subsidies) for the collection of contributions from the population. That's the only way the residents will deposit the funds for housing in the bank with confidence for tomorrow.

Social rent system

Today's situation of some stratum of the population in the society that needs social protection does not have the ability to collect the initial contribution for the purchase of housing and to pay the loan payments. (Persons with disabilities, women in critical situations, and people in critical situations who have no other options)

Support for people belonging to this class is based on the experience of foreign countries with mature qualifications in order to provide them with asylum, at the expense of the State budget.

it is considered appropriate to build houses and introduce the system of providing them for social use.

Construction of social rental housing for the population shows the real demand of the population for housing in the society. That is, a real needy person wants to have shelter even if he lives on rent. Currently, not all families that receive housing on the basis of subsidies paid from the state budget are families in difficulty.

For example, when subsidized housing is allocated in the regions:

- housing price 300 million soums;
- citizen contribution 15 million soums (5%)
- monthly loan payment is 2,678,000 soums.

Not all families can afford the indicated fees. Payment of 2.7 million soums per month should make this family's monthly income at least 4.5-5 million soums.

Monthly payments for social rent should be around 300-500 thousand soums. This also regulates the situation in today's rental market. It is necessary to build at least 2,000 social rental housing units per year from the state budget. As soon as this mechanism is activated, the real situation begins to appear gradually, such houses are inhabited by those who really need shelter. In the following years, the size of the houses to be built will be determined according to the demand of the population.

People with a monthly income will be able to accumulate contributions for years and get a home through mortgage loans.

In conclusion, I would like to say that today our country is using all opportunities to solve the housing problem of our people, and a lot of work has been done and is still going on. It is appropriate to introduce new

types of mortgage lending mechanisms in order to organize the started work more effectively and efficiently.

REFERENCES

1. The Law of the Republic of Uzbekistan "On Mortgage" of October 4, 2006 No. ORQ-58.
2. Кучкаров, Ш., & Шеров, А. Б. (2022). СЕМЕЙНОЕ ПРЕДПРИНИМАТЕЛЬСТВО И ЕГО ЭФФЕКТИВНОСТЬ. Барқарорлик ва Етакчи Тадқиқотлар онлайн илмий журнали, 2(1), 154-157.
3. Decision No. PQ-3350 of the President of the Republic of Uzbekistan dated October 23, 2017 "On additional measures to effectively implement the program of construction and reconstruction of affordable multi-apartment houses in cities in 2017-2020";
4. Bakberganovich, S. A. (2021). Ways to Increase the Efficiency of Financing Higher Education Institutions. *Journal of Marketing and Emerging Economics*, 1(7), 49–56.
5. Sherov, A. B., & Ruzmetova, G. N. A. (2022). O 'zbekistonda oliy ta'lim tizimi borasida amalga oshirilayotgan islohotlar va uni moliyalashtirishning dolzarb masalalari. *Oriental renaissance: Innovative, educational, natural and social sciences*, 2(2), 264-270.
6. Axrorovich, I. A. (2022). Theoretical aspects of the state treasury control mechanism development. so 'ngi ilmiy tadqiqotlar nazariyasi, 1(1), 391-394.
7. Sherov, A. B. (2022). Current issues of financing higher education institutions in the condition of an innovative economy. *Gospodarka i Innowacje.*, 21, 127-130.
8. Abdullaev M.A., Orlov A.A., Rimsky A.A., Bu Hassan Hossam. Mortgage. Organization of mortgage lending. Tutorial. M.: MIIT.2003. 244 p.
9. Шеров, А. Б. (2021). ОЛИЙ ТАЪЛИМ МУАССАСАЛАРИНИ МОЛИЯЛАШТИРИШНИНГ АҚШ ТАЖРИБАСИ. *Scientific progress*, 1(6), 972-978.
10. Annual report of the Central Bank of the Republic of Uzbekistan. 2021 year. Sharifjanova G. "Ipotechnoe kreditovanie: istoki, opyt, perspective" T.: Finance 2001
11. Bakberganovich, S. A. (2022). FOREIGN EXPERIENCE OF INCREASING LOCAL BUDGET INCOME. *Web of Scientist: International Scientific Research Journal*, 3(10), 436-438.



12. Akhrorzhonovich, I. A. (2022). The Role and Importance of Monetary Policy in the Country's Economy. *Academic Journal of Digital Economics and Stability*, 17, 109-115.
13. Шеров, А. Б., & Каримов, Т. Ш. Ў. (2022). ЗАРУБЕЖНЫЙ ОПЫТ ФОРМИРОВАНИЯ ДОХОДОВ РЕГИОНАЛЬНОГО БЮДЖЕТА. *Scientific progress*, 3(3), 682-685.
14. Ibodullaev, A. (2021). Development trends, problems and solutions of the organized securities market. *International Finance and Accounting*, 2021(1), 21.
15. Шеров, А. Б., & Юнусов, С. Ю. Ў. (2022). ПЕРСПЕКТИВЫ РАЗВИТИЯ ЦИФРОВОЙ ЭКОНОМИКИ В УЗБЕКИСТАНЕ. *Scientific progress*, 3(3), 667-671.
16. Ibodullaev A. "Development Trends, Problems And Solutions Of The Organized Securities Market"
<https://uzjournals.edu.uz/interfinance/vol2021/iss1/21/>
17. http://rusipoteka.ru/istoria_ipoteki/ipoteka_istoriya
18. Bakberganovich, S. A. (2022). WAYS OF DEVELOPMENT OF DIGITAL ECONOMY IN THE COUNTRY. *Web of Scientist: International Scientific Research Journal*, 3(10), 439-442.
19. Minakov I.V. Problems of development of mortgage lending in the Russian Federation. Moscow: Book Laboratory. 2011. 121 p.
20. Шеров, А. Б., & Пулатов, К. (2022). ОСНОВЫ ФИНАНСОВОГО УПРАВЛЕНИЯ ИНВЕСТИЦИОННОЙ ДЕЯТЕЛЬНОСТЬЮ. *European Journal of Interdisciplinary Research and Development*, 8, 67-71.
21. Ibodullaev A. Analysis of indicators of the republican exchange" TASHKENT"
<https://uzjournals.edu.uz/interfinance/vol2020/iss1/12/>
22. Sherov, A. B., & Polvonova, S. M. (2022). INVESTITSIYA FAOLIYATINI MOLIYAVIY BOSHQARISHNING ZAMONAVIY ASOSLARI. *Scientific progress*, 3(3), 672-676.