

# **SYSTEM OF MORTGAGE LENDING OF THE REPUBLIC OF KAZAKHSTAN**

- Kazakhstan's transition to a market economy objectively led to a revision of the concept in the housing policy.
- The new policy in solving the housing problem is based on the formation of the housing market, creating the conditions for preferential housing earning population, the cost of achieving a balance of housing and real income of citizens.

- The downturn in investment activity in the construction industry repeatedly increases the importance of the actual launch of new mechanisms to attract extra-budgetary funds in the construction sector, including at the expense of mortgage lending, as it can really help the development of the construction industry, to improve the employment rate, to solve a number of social problems character.

- Kazakhstan has real prerequisites for positive development of the legal framework of implementation of mortgage lending and housing programsThe Republic of Kazakhstan has adopted a number of laws and regulations related to mortgage lending:
- the Civil Code of the Republic of Kazakhstan dated 27 December 1994 (general part) and 1 July 1999 (Special Part); Law of the Republic of Kazakhstan dated 30 June 1998 "On the registration of pledge of movable property"; Decree of the President of the Republic of Kazakhstan having the force of the Law of 31 August 1995 "On Banks and Banking Activity in the Republic of Kazakhstan"

Mortgage  
investment, budgetary  
financing, equity  
investors, both legal  
entities and natural  
persons in construction  
of residential

Housing  
one of the priorities of  
Kazakhstan's  
Development Strategy  
2030. The acquisition of  
own property - primary  
need for

Purpose of course work -  
to assess the current  
state and development of  
mortgage lending in the  
Republic of Kazakhstan

- The term "mortgage" first appeared in Greece in the beginning of the VI. BC (it has entered Archon Solon) and has been associated with providing liability of the debtor to the creditor certain land holdings (originally in Athens served as collateral identity of the debtor, which in the case of default threatened slavery).
- In accordance with the Concept of the National Bank of Kazakhstan has been decided to set up an operator of secondary market of mortgage loans, refinance lenders issuing long-term mortgage loans to the population.
- Company works on the program, the banks were able to issue loans to citizens of the Republic of Kazakhstan in the national currency for long periods.

- In November 2005, the maximum interest rate on mortgage loans issued by market program, the Company is 11.9%, taking into account the maximum margin of banks - 4%. For comparison, in October 2005, the mortgage loans were issued at a rate of 13.2%
- Banks - Partners grant mortgages on the market the company's program of interest rate set by the Company. The interest rate consists of the quoted rate, established by the Company, and the margin of banks - partners, ie allowance covering the costs of the bank - a partner for the issuance and maintenance of a mortgage loan.
- Since October 2003, the state started "Housing Construction Savings Bank of Kazakhstan" (ZHSSBK). Bank working on the scheme of the German savings funds, offers the customer for 3-10 years to save up to 50% of the price, and then outputs the remaining amount of the loan under the 3.5-6.5% per annum. Term of the loan is 15 years old today.

- To sign the agreement on housing construction savings, the following documents:  
identity card, a copy of TIN (at the conclusion of the contract to itself), at the conclusion of the agreement on the child additionally appears on the birth certificate / identity document at the conclusion of the agreement to a third person in addition - notarization power of attorney.

# The main types and forms of mortgage lending

issuance and repayment of the loan in accordance with the principles of lending, defining the nature of the loan due to the process of movement of the circuit of the

In the pre-reform period, the domestic banking practices were developed two methods of lending:

for the balance of inventory costs and production costs;

in terms of turnover.

Loans on the balance: the movement of

the loan (ie the issuance and repayment of it) in accordance with changes in the value  
Lending on turnover: the movement of the

credit determined turnover of wealth, ie, their receipt and expenditure, the

Lending on turnover: the movement of the credit determined turnover of wealth, ie, their receipt and expenditure, the beginning and end of the circuit funds



- The experience of the credit market of the United States says that although over time in the country mortgage bond market has developed tremendously and there are a host of specialized mortgage companies, the state has always been on the market, maintaining its stability.
- Protectionism "Ginnie Mae" allows you to help those sectors of the housing market, for which the conventional methods available credit. Special Programs Association is due to loans from the State Treasury, the commitment fee and interest brought by the association of its own portfolio of loans. Issued on market mortgages are insured against accidental depreciation due to special margin that pay unions issuing bank securities.
- perfect the mechanism of mortgage - a two-tier market, and it shows not only the experience of the United States, but also the choice of our nearest neighbor - Russia.

# Foreign experience of mortgage lending

- In developed countries, the mortgage loan is very widespread and is an essential financial tool to influence the economy by stimulating growth and improving its stability.
- Mortgages in different countries has its place and meaning. Each country has its specific legislation in this area, which is largely dependent on the characteristics of the legal systems and, in particular, the characteristics of the land legislation.
- Due to peculiarities of real estate, is firmly connected with the land, mortgage, on the one hand, is a reliable way to ensure that the commitments on the other hand - does not require a finding of its creditor. Mortgage lending is one of the main segments of the banking business.

- In each country, the institutional structure of the system of mortgage lending institutions significantly differentiated. Referring to international practice, the following distinctive features of modern systems of mortgage credit institutions:
- within systems mortgage institutions presented different forms of ownership (state, public - private), and the role of government mortgage credit institutions gradually reduced;
- There are bank and non-bank mortgage institutions;
- mortgage operations involved both specialized and universal banks (in most countries the role of the latter increases);
- Some mortgage institutions specialize only in one direction of mortgage lending (eg residential mortgages), while others operate on the entire mortgage market;

# The state program "Affordable Housing 2020"

- The program "Affordable Housing 2020" Real Estate Fund provides two options for the implementation of property: direct sale-purchase. The estimated cost of the apartments is as follows:
- 1) If a person has decided to buy an apartment means "direct sales", the price of 1 square meter of housing in the first year of implementation it will cost no more than 180 000 tenge - in the cities of Astana, Almaty, Atyrau, Aktau and suburban areas. Cost per square meter in other regions of the country - no more than 144 000 tenge. In subsequent years, the price of direct sale will be finalized taking into account changes in the cost of construction.
- 2) hire-purchase (Note: the term - 15 years) in the cities of Astana, Almaty, Atyrau, Aktau, and their suburbs will cost from 1600 tenge, in other regions - from 1200 tenge per 1 square meter of the total area of the apartment in the first year implementation. The rent can be changed if the term of the loan provided by the Real Estate Fund will be less.

- Age of the spouses. At the time of application the age of both spouses can not exceed 29 years. If the family is not complete, the age limit applies only to one parent raising a child (children), and also is 29 years.
- The period of marriage. At the time of submission of the application period of wedlock should be at least 2 years. This restriction does not apply to single-parent family.
- The composition of the family. The structure of the family includes spouses themselves, their minor children and parents of disabled spouses. Number of family members will be taken into account in determining the future of squaring the apartments, each person is allocated a minimum of 15 to 18 sq.m. If a family lives 3 people, the size of the apartment shall not be less than 45 sq.m.
- Homelessness. To participate in "Young Family" spouses and family members should not own property in the locality where you want to get an apartment.
- Income. Monthly total net family income less pension contributions, personal income tax and monthly expenses for spouse and child (ren) for the last 6 months before submission of the application shall be within:
  - minimum - for GG Almaty, Astana - 4 times the subsistence level minimum wage (79,864 tenge), for other cities - 3 MW (59 898 tenge);
  - the maximum - no more than 12 MW (239 592 tenge).
- Monthly expenses of spouses make up for one person - 15 monthly calculation indices (MCI) = 27 780 tenge per minor child - 7.5 MCI = 13 890 tenge.

For example, it looks like this

If the loan term advance loan is 8 years, the cost of one square - 142 500 tenge, and the area - 60 meters, the amount of the monthly payment on the loan amount to the preliminary 105,877 tenge (it will be necessary to pay for 8 years). Of these, the repayment of interest on the loan is sent to 60,562 tenge, for the accumulation of - 45 315 tenge. After that, for 15 years you will pay the monthly payment amount on the maturity of the main housing loan already - 29 925 tenge.

The prerequisites are the availability of loan processing at the client savings account, providing proof of solvency and collateral.

the need for  
formation and  
development of  
mortgage lending  
systems

) Of the total  
control, which in  
turn divided into  
methods:

price levels,  
controlling the  
rate of refinancing  
(accounting),  
conduct

borrowers,  
lenders and  
investors in  
mortgage  
securities

special techniques unique to the mortgage market, in particular:

initiate the creation of special organizations - operators of the secondary market with a view to its development (USA, Canada).

promotion of specialized lenders - the creation of special laws regulating the activities of specialized credit institutions, which are the main assets of mortgages (Denmark, Germany, France and others.);

State standardization of conditions of mortgage loans, aimed at increasing confidence in the mortgage-backed securities issued under the provision of loans to the same standards (US, Canada, Germany, Denmark, and others.);



- Thus, we can conclude that the country mortgage lending is gaining momentum, proof of this is the positive dynamics of the increase in mortgage lending and is still an unmet need for public housing. In a message to the President of Kazakhstan in January 2012, "Socio-economic modernization - main direction of development of Kazakhstan" it was said that a new stage of Kazakhstan's way - a new challenge to strengthen the economy, improve people's welfare.
- Kazakh commercial banks at an early stage of its development became widely used when a mortgage loan customer service.
- Over the years, services of banks for mortgage loans have become very popular among the population. Since the establishment of the Kazakhstan mortgage company in the whole country carried out refinance loans worth more than one billion tenge and the total amount of mortgage loans issued by banks, has reached nearly eight billion tenge.

- In 2014 begin to show positive trends in the development of mortgage lending. In 2011, an estimated KMC in Almaty on average per month were issued about 250-300 mortgage loans, ie about 10-13% of the total number of transactions on sale of housing, in 2012 the number of transactions involving mortgages increased sharply, reaching currently about 600-700 transactions per month (i.e, 25-30%).

strongly. Active mortgage  
loans in cities such as  
Aktau, Shymkent, Aktobe,  
Uralsk, Ust-Kamenogorsk,  
Karaganda, Pavlodar.  
Banks have become

cities of Kazakhstan.  
In addition, the successful  
development of  
mortgage lending in  
Kazakhstan has become  
an example for other

2015 and 2016.  
Ukrainian delegation  
headed by Sergei Tigipko  
visited the Republic of  
Kazakhstan to study the  
experience of formation  
and for