

Brief on NMRC's Activities for the Months of February and March 2018

The months of February and March 2018 witnessed significant developments in NMRC's efforts to develop the mortgage market and deliver on its mandate of providing affordable housing to Nigerians. Key highpoints are as follows:

Launch of Uniform Underwriting Standards for the Informal Sector

In a historic move to deepen mortgage penetration and widen access to affordable housing, the Nigeria Mortgage Refinance Company (NMRC) in conjunction with the Central Bank of Nigeria (CBN), the Mortgage Banking Association of Nigeria (MBAN), Federal Mortgage Bank of Nigeria (FMBN) and the Nigeria Deposit Insurance Corporation (NDIC) in February launched Uniform Mortgage Underwriting Standards for the informal sector.

The underwriting standards are designed to enable economically active Nigerians without structured salaries access long-term mortgage loans to own their homes. They cover loans of up to N50million with payback periods of up to 20 years for purchase of single-family homes or apartments in a multi-unit building.

Potential beneficiaries include self-employed persons and business owners operating in the Micro, Small and Medium Enterprises (MSME) sector. The standards provide a new window of inclusion for the large and important MSME sector, which contributes over 58 percent to the country's GDP but until now was not properly captured in the formal mortgage provisioning process.

To lessen the burden of securing mortgages stringent conditions such as provision of Certificate of Occupancy were removed from the list of requirements.

Some of the key innovative conditions in the standards include twelve months payment receipts, utility payments, reference letters from suppliers or associates, trade association, Notarized statement of adequate net worth for the loan program, and satisfactory school fees payment record for children/dependents amongst others.

NMRC and Modern Shelter Partner to Deepen Access to Affordable Housing

In a related development, NMRC signed a Memorandum of Understanding with Modern Shelter Systems and Services Limited as part of efforts to remove systemic barriers to home ownership for off takers.

Modern Shelter is a leading mortgage brokerage and real estate marketing firm with working partnership with reputable developers such as Nigeria's Brains & Hammers Limited, Earthpoint Development Services. Its partners target large scale development of affordable housing stock for low and medium income earners.

Key areas of focus for the partnership include resolving equity contribution constraints, improving access to mortgage loans and enhancing delivery of quality and affordable housing.

The partnership aims to facilitate access to alternative finance investors and improve Modern Shelter's ongoing engagement with Sterling Bank and Jaiz Bank using non-interest mortgage banking structures. It will support Modern Shelter's plans to deliver over 5,000 housing units over a 5-year period across key states in Nigeria.

Advanced Development of OPIC Affordable Housing Project, MTR Gardens, Isheri, New Makun City

NMRC also led four mortgage banks that last year signed an affordable housing development partnership with the Ogun State Property and Investment Corporation (OPIC) on an inspection visit to one of their construction sites, MTR Gardens, Isheri, New Makun City. The banks include Gateway Mortgage Bank, Trust Bond, The Imperial and Home-Based Mortgage Bank.

The team noted with excitement the progress at the OPIC construction site. About 180 units of 2 and 3-bedroom apartments were at an advanced level of completion.

The participating mortgage banks who had committed N1.5bn each to providing mortgages for OPIC housing projects were encouraged by the pace of work and have begun plans to conduct marketing campaigns to get subscribers for the project. The mortgage loans have a payback period of 15 years with a 20% equity payment.