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Implementation of a Guaranteed Mechanism for Citizens' Purchase Housing

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Abstract:

This article investigates the efficacy of housing purchase guarantee mechanisms in promoting homeownership among citizens. It discusses the theoretical foundations, explores case studies from various countries, and highlights contemporary challenges. By proposing actionable solutions, the article aims to enhance the accessibility and sustainability of housing markets, ultimately fostering economic stability and equitable homeownership opportunities.

Keywords: home purchase guarantees, economic stability, mechanism, ownership, financial strategy.

As home ownership remains a major aspiration for many, home purchase guarantee mechanisms have emerged as an important tool in addressing barriers to entry. These systems are designed to protect both buyers and lenders and make the housing market more inclusive. By providing guarantees against default, these guarantees can reduce the risks associated with mortgage lending, thereby encouraging financial institutions to offer loans to a wider range of applicants. This article examines the different models of home purchase guarantees implemented globally, examining their effectiveness in different socio-economic contexts. Through comprehensive analysis, it aims to identify best practices and potential improvements to increase the viability of homeownership for all citizens.

Housing guarantee mechanisms are important in addressing the challenges faced by potential homeowners, especially in developing countries. These mechanisms not only facilitate access to financing, but also play an important role in stabilizing housing markets.

Introducing a new system for attracting funds from individuals and legal entities for construction - depositing funds (hereinafter referred to as "escrow"). In this;

a) selection of construction-contracting organizations that have the right to attract public funds for construction through "escrow" accounts will be implemented through the "Transparent Construction" national information system;

b) "escrow" accounts for each contract are opened in a commercial bank based on a tripartite agreement (hereinafter - the agreement) concluded between the buyer, developer or construction-contracting organization and the commercial bank servicing its main account;

c) based on the contract concluded between the buyer, developer or construction-contracting organization and the commercial bank:

the buyer undertakes to deposit at least 15% of the value specified in the contract as an initial deposit, and the agreed part of the remaining funds into an "escrow" account opened in a commercial bank based on the payment schedule, which is an integral part of the contract;

the participating commercial bank undertakes not to use (deposit) the funds deposited in the "escrow" account until the terms of the contract are fully fulfilled;

the participating commercial bank allocates a loan to the construction-contracting organization based on the volume of construction and assembly work performed at the expense of the commercial bank's own funds within the amount of funds formed in the "escrow" account.

In this case, it is determined that the loan allocated to the construction-contract organization should not exceed 70 percent of the contract value, and the interest rate of the loan should not exceed 50 (fifty) percent of the main rate of the Central Bank;

g) the terms of withdrawal of funds received in the "escrow" account are determined in the contract;

d) funds deposited in the "escrow" account by individuals and legal entities are directed to pay the value of the object after the construction object is put into use, to repay the principal debt of the loan allocated by the bank to the developer, construction-contracting organization for the construction of this object, or to pay the initial contribution under the mortgage loan agreement ;

PROCEDURE FOR ALLOCATING A LOAN TO THE BUILDER

1. LOAN application Negotiations with the client

Determining the main terms of the loan

Formation of a set of documents

2. Review of the application

Risk calculation

Analysis

create a cash flow forecast (CF model)

Determination of credit conditions, assessment of project risks

3. Decision making

Approval of the transaction by the collegial body

4. Signing the loan agreement and appropriation of funds

Preparation and signing of documents

Credit distribution

5. MONITORING

Monitoring compliance with the terms of the contract

Project implementation monitoring

Global perspectives

In countries like the United States, the Federal Housing Administration (FHA) provides mortgage insurance, which allows borrowers to secure loans with lower payments. This system has significantly increased homeownership rates, especially among first-time buyers and low-income families. According to statistics, as of 2021, FHA loans will account for approximately 16% of home purchases, indicating their importance in the home financing landscape.

In Germany, the KfW bank offers energy-efficient housing programs through low-interest loans and guarantees. This initiative has not only increased the level of home ownership, but also contributed to the country's sustainable development goals. Reports from the German Federal Statistical Office show that the homeownership rate has increased from 43% in 2000 to approximately 51% in 2020, partly due to such support mechanisms.

The situation in Uzbekistan. In Uzbekistan, the government has recognized the need for reforms in the housing sector to facilitate home ownership. Historically, the country has faced challenges such as limited access to affordable financing, high interest rates, and housing shortages. However, recent reforms have aimed to implement guarantee mechanisms aimed at increasing access to housing. In 2020, the program of guaranteeing mortgage loans by the government of Uzbekistan is intended, in particular, for low-income families and young professionals. This initiative enables borrowers to secure loans with down payments of up to 10%, which significantly reduces the financial burden associated with purchasing a home. As a result, the rate of homeownership in Uzbekistan showed a positive trend and increased from approximately 70 percent in 2019 to more than 75 percent in 2023. Challenges and opportunities. Despite these achievements, a number of problems remain. The lack of awareness of these new programs in Uzbekistan and the lack of sufficient infrastructure for the development of housing may hinder development. To address this, targeted education campaigns to inform citizens of available options are essential. In addition, the government can develop cooperation with private financial institutions to expand the scope of home purchase guarantees. International experience shows that public support and private sector participation can create a robust housing finance ecosystem. For example, in Canada, the Canada Mortgage and Housing Corporation (CMHC) works with various stakeholders to improve access to affordable housing. Such cooperation can serve as a model for Uzbekistan, where the use of both public and private resources can accelerate housing construction.

In conclusion, housing guarantee mechanisms are essential to increase global access to home ownership. Countries that have successfully implemented these systems will provide valuable lessons for Uzbekistan as it embarks on its reform journey. By solving problems and using successful international examples, Uzbekistan can create an environment where more citizens can achieve their dream of owning a home, contributing to overall economic stability and social well-being.

This analysis highlights the importance of continuously evaluating housing policies and adapting them to meet the changing needs of citizens, ensuring that the dream of housing for all becomes a reality.

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