

The Jamaica Mortgage Bank

Thirty years of contribution to the Housing Sector

In an effort to assist in addressing Jamaica's housing needs, the Jamaica Mortgage Bank (JMB) was established in 1971.

The board of objectives of the JMB are:

- To foster the development of housing island wide;
- To assist directly or indirectly in the development of co-operative housing; and
- To develop an active secondary mortgage market

To achieve its objectives, the JMB's functions to:

- Mobilize loan funds for on-lending to public and private sector housing developers and to other lending institutions;
- Operate a secondary mortgage market facility;
- Provide Mortgage Insurance services as set out in the Mortgage Insurance Law No. 26 of 1970, whereby, inter alia, loans which are made to purchasers of residential dwellings are insured.

The following is a summary of the activities of the JMB over the last thirty years:

1970's

The JMB, during its formative years in the 1970s played a major role in the provision of interim and long term financing with respect to the construction of houses throughout Jamaica. During this period in particular, thousands of Jamaicans were able to acquire their own homes as a result of the Bank's financial involvement. Examples of interim and construction financing and long term mortgage financing would be Cooreville Gardens in St. Andrew, Garveymeade and Westport in St. Catherine.

Further, from 1972 - 1977 the JMB was actively engaged in the secondary mortgage market operations, with the transactions relating to such purchases being undertaken on the basis of an auction system. This system involved periodic invitations for bids to approved seller/servicers (i.e.) financial institutions that were approved to sell mortgage loans to the JMB) announcing that specific sums of money would be available for the purchase of eligible home mortgage.

The JMB also administered the Government of Jamaica Mortgage Insurance Fund (MIF), since 1973 and to date has issued policies with a total face value in excess of \$130 Million. The MIF currently stands over \$350 Million. Under the provision of the Mortgage Insurance Act, the Bank can insure loans that are made by approved financial institutions to the purchasers of residential dwelling, residential lots, commercial buildings and agricultural properties, It is fair to say that the Mortgage Insurance Programme has benefited both lenders and borrowers.

1980's

During its second decade the JMB changed its focus and concentrated on the promotion and funding of:

1) Squatter Settlements Upgrading (provision of roads, water, electricity and sewer facilities)

The main purpose of the Squatter Settlements Upgrading Programme was to provide the residents with reasonable modern amenities and legal ownership of the land.

All lots (government and privately owned) were sold on credit to the occupants and monthly payments were made to the Ministry of Construction

2)Core/Start-a-Home

Under this programme one and two bedroom houses were constructed by the Ministry of Construction (Housing) and sold to individuals. In the majority of cases the Ministry sold the houses to the National Housing Trust for re-sale to its contributors.

3) Rural Home Improvement and Mortgage Loans

During the period 1980 - 1987 the JMB made loans totaling \$8 Million to the Jamaica Co-operative Credit Union Members island wide to be used to finance the cost of physical improvement to existing dwellings and also to provide mortgage loan assistance with respect to the purchase of houses.

These programmes were financed by loans from U.S. Investors totaling about US\$40 Million, which were guaranteed by the United States Agency for International Development (USAID) and the Government of Jamaica.

1990's

At the commencement of the 1990's the JMB undertook comprehensive financial restructuring which placed it in an even more favorable position to implement and expedite its lending process. As a consequence of this the JMB began to place more emphasis on the granting of interim construction loans to be used for financing the construction of houses and the financing with respect to serviced lots.

The reactivation of the Secondary Mortgage Market Operations in the early part of 1996 has enabled the JMB to enhance and stimulate much activity in Jamaica's Real Estate Market.

During this period the Bank continued its involvement in the funding of housing infrastructure and housing development projects. The JMB remained committed and firm in its determination to assist with the provision of affordable housing for the Jamaican people.

At the end of the 1990's the Jamaica Mortgage Bank, the National Housing Trust and the National Housing Development Corporation accounted for 69 percent of the Housing starts in Jamaica, with the private sector accounting for the remainder.

The New Millennium

Beginning with the fiscal year ending March 2000, the JMB commenced a number of programmes which were aimed at assisting the Bank achieve its goal of financing environmentally friendly housing projects throughout Jamaica. During this period assets grew by 19 percent to \$2.3 Billion, while disbursements of \$857 Million were made.



For the future the JMB will strive to be more visible and aggressive in the market place, as it makes every effort to be a better facilitator of home ownership by Jamaicans.