

PREQUALIFYING THE PURCHASER, EARLY DISBURSEMENT OF MORTGAGE PROCEEDS

**Prepared for presentation to Jamaica Mortgage Bank
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The National Housing Trust was established in 1976 to provide mortgage and interim financing to facilitate home ownership on affordable terms.

One of the NHT's main target groups is the low-income earner who finds it difficult to afford a house.

Strategy for affordability, a major focus.

STRATEGIES FOR AFFORDABILITY

- Five-percent service charge included as part of borrower's loan.
- Periodic reduction of interest rates - now 2% to 9%.
- Periodic increase in loan ceiling.
- Alliances with housing developers for increased housing options.

ALLIANCES WITH HOUSING DEVELOPERS

- Interim finance for construction.
- Early disbursement/Loan Without Title facility.

NHT LOAN PROGRAMMES

- Non-Home Owner's get up to \$1 Million.
- Home Owner's get up to \$400,000.

CO-APPLICANT FACILITY

Opportunity to combine two individual loan amounts for purchase of same property.

eg. Open Market - \$2 Million (2 persons)

House Lot - \$700,000 (2 persons)

Additional funds available under Joint Mortgage Financing or Pari Passu Programme

EARLY DISBURSEMENT

This refers to the disbursement of funds before the registration of the mortgage is complete.

1. Before the title is available (Loan Without Title) or

2. Where the title is available but the mortgage has not yet been endorsed on the title.

WHAT FACTORS INFLUENCE NEED FOR EARLY DISBURSEMENT?

- The Contract or Sales Agreement – time is of essence due to interest penalty clauses.
- The Market – defined by low income earners and high volume of mortgages.
- The Registration Process – characterised by lengthy delays (approx. 2 mths).

WHAT MEASURES HAVE THE NHT IMPLEMENTED TO AID THE EFFECTIVE EXECUTION OF ITS EARLY DISBURSEMENT FACILITY?

LOAN WITHOUT TITLE

Developer must make application for approval of early disbursement before title is issued.

DOCUMENTS REQUIRED

- The Name of the Developer
- Deposited Pre-checked Plan/Deposited Plan Number
- Copy of Parent Title -Volume and Folio Numbers
- Subdivision Approval/Declaration under the Housing Act
- Letter of Undertaking from Attorney giving time-frame for the delivery of the individual titles
- Number of lots in the development
- Cost per lot/unit type
- The status of the project implementation and the practical completion time
- The status of completion and handover of utilities to the relevant agencies - Parish Council, National Water Commission, Jamaica Public Service Company Limited
(re: roads, drains, street lights)

EARLY DISBURSEMENT PARI PASSU LOANS

- NHT disburses upon being advised that the Building Society or other mortgagee has disbursed
 - usually done after the mortgagee has sent the documents for registration.
 - NHT requires letter from the purchaser, authorizing the NHT to do early disbursement.

EARLY DISBURSEMENT SUBSEQUENT TO LODGEMENT AT OFFICE OF TITLES

Done where NHT Senior Manager of Legal Conveyancing exercises discretion in approving early disbursement

- usually where delays are due to an action or omission by the NHT.

EARLY DISBURSEMENT PRIOR TO COMPLETION OF REGISTRATION

Done where arrangements have been made with the developers for mortgage proceeds to be paid out after documents are lodged at the Office of Titles.

STRATEGIES TO REDUCE DELAYS

- The NHT is currently funding a unit in the Office of Titles, which it established in partnership with the Office, to handle the processing of all NHT matters.
- The NHT is also finalizing arrangements with the Stamp Office to have the mortgage pre-stamped