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FCH SERVICES, INC.

1001 Fifteenth Street, NW/Washington, D C 20005/(202) 737-3411

PO-APP-735

BN-25513

November 14, 1975

Mr. Thomas Stuckel
LA/DR - Room 2252
Latin American Bureau/AID
State Department
Washington, D.C. 20523

Dear Mr. Stuckel:

Attached herewith is a copy of Bob Ellis' report on the status of the Caribbean Development Bank's Secondary Mortgage Market Project.

Sincerely,



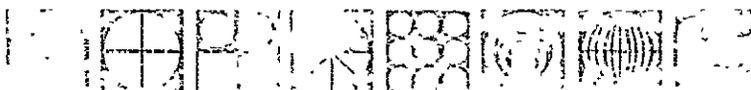
Richard Owens
Director
Latin American Programs

RO:eh

attachments

cc: W. Mann
R. Venezia

RECEIVED



To: Dick Owens

From: Bob Ellis

Date October 27, 1975

Subject: Status Report on Secondary Mortgage Market Project.

Six seller/servicers have been approved by Caribbean Development Bank. They are:

- St. Kitts National Bank
- Dominica Cooperative Banking Company Ltd.
- Roseau Cooperative Credit Union (Dominica)
- St. Lucia Cooperative Bank
- Montserrat Building Society
- Antigua Commercial Bank

St. Kitts National Bank is 60% owned by the Government of St. Kitts and was therefore not eligible to be approved as a seller/servicer without a waiver approved by US-AID. The waiver has been obtained and the institution has been approved.

St. Kitts National Bank has submitted to CDB eight existing mortgages originated to May 1975, aggregating \$165,000 for immediate sale. This submission has been approved by CDB and the purchase is being processed.

Antigua Commercial Bank has submitted one mortgage in the amount of \$25,000 for immediate purchase. CDB has disapproved this submission because it is a mortgage being originated for purchase of an existing house. CDB is limiting its first purchases to mortgages originated prior to May 1975 on existing houses and to forward commitments on houses to be built.

Forward commitments are being prepared for submission to CDB by:

- St. Kitts National Bank
- Antigua Commercial Bank
- St. Lucia Cooperative Bank

The program has been extremely slow to develop in the Less Developed Countries. The CDB attributes this to the fact that there is no developed primary housing market. CDB is trying to develop a primary market in the LDC's that will be able to supply mortgages for sale to the Secondary Mortgage Market Program. This effort is beginning to be successful.

Because the program has been slow to develop in the LDC's it has been decided that the program should be extended to the More Developed Countries. Applications for seller/servicer contracts are being prepared for submission to CDB by institutions

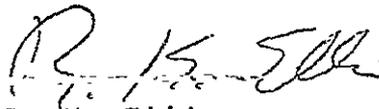
October 27, 1975

in:

Barbados
Trinidad
Guyana
Cayman Islands
Bahamas

A projection of Secondary Mortgage Market activities which was prepared by CDB is attached.

It is my opinion that a modest amount of technical assistance provided at this time can yield significant results. Since my primary duties require me to make frequent visits to the LDC's, I am able to provide the marketing assistance needed with a minimum of effort and no additional expense. Therefore I recommend that I be approved to provide technical assistance for marketing on a trial basis for the next ninety days.


R. K. Ellis

attachment.

PROJECTED DISBURSEMENT
PROGRAMME FOR PERIOD

<u>COUNTRY</u>	<u>To Year End 1975</u>		<u>DISBURSEMENT</u> <u>Jan. - June</u>	
	<u>No. of Units</u>	<u>\$</u>	<u>No. of Units</u>	<u></u>
Antigua	2	26,000	3	
^a Belize	-	-	-	
St. Kitts	7	80,000	7	
St. Lucia	-	-	4	
Dominica	-	-	2	
Montserrat	1	13,000	2	
Trinidad	-	-	-	
Barbados	-	-	-	
⁺⁺ Jamaica	-	-	65	1,000
Bahamas	-	-	-	
	10	119,000 ^a	83	1,000

⁺Given the Pari Passu spending requirement written into the loan agreement by source of fund:

<u>To End 1975</u>		<u>Jan. - June</u>	
<u>CDB</u>	<u>USAID</u>	<u>CDB</u>	<u>USAID</u>
59,500	59,500	610,500	610,500

^aSee note on (2)

⁺⁺This is a proposed "Special purchase" from JMB seller/service

TS ON SECONDARY MORTGAGE
TO 31ST DECEMBER, 1976

EMENTS US\$

1976		July - Dec., 1976		Totals for Period	
\$	No. of Units	\$	No. of Units	\$	
36,000	8	100,000	13	162,000	
-	15	180,000	15	180,000	
85,000	10	130,000	24	295,000	
48,000	4	52,000	8	100,000	
26,000	4	48,000	6	74,000	
20,000	5	65,000	8	104,000	
-	35	525,000	35	525,000	
-	15	225,000	15	225,000	
00,000	-	-	65	1,000,000	
-	12	180,000	12	180,000	
21,000 ⁺	108	1,505,000 ⁺	201	2,845,000 ⁺	

an agreement, the following is the Disbursement picture.

1976		July - Dec., 1976		Totals for Period	
AID	CDB	USAID	CDB	USAID	
1,500	754,000	754,000	1,424,000	1,424,000	

on a "pass through basis" from that Institution.

PROJECTED COMMITMENT FOR
PROGRAMME THROUGH FORWARD
PERIOD TO 31ST DECEMBER 1975

<u>COUNTRY</u>	To Year End 1975		Jan. - Jun.
	No. of Units	\$	No. of Units
Antigua	4	50,000	8
Belize ^a	-	-	25
St. Kitts	15	187,500	10
St. Lucia	7	94,500	5
Dominica	3	42,000	5
Montserrat	2	26,000	4
Trinidad	-	-	-
Barbados	-	-	25
Jamaica	-	-	-
Bahamas	-	-	15
	31	400,000	97

Portion of USAID funds committed at end of Period (Based on the

$\frac{1}{2}$ of total commitments - \$1,629,000

CDB Portion - 1,629,000

Forward commitments to

^aAll Belize figures shown here are based on the assumption that commitments will be made before the end of 1975.

SECONDARY MORTGAGE
COMMITMENTS FOR
NUMBER, 1976

S\$

June 1976		July - Dec., 1976		Totals for Period	
\$	No. of Units	\$	No. of Units	\$	
105,000	6	90,000	18	245,000	
325,000	20	280,000	45	605,000	
140,000	10	150,000	35	477,500	
45,000	10	145,000	22	284,500	
60,000	8	112,000	16	214,000	
56,000	5	75,000	11	157,000	
-	30	450,000	30	450,000	
375,000	15	225,000	40	600,000	
-	-	-	-	-	
225,000	-	-	15	225,000	
331,000	104	1,527,000	232	3,258,000	

pari passu spending arrangement written into loan agreement)

: the DFC's participation in the programme will be continued

FLOW THROUGH OF CO
(D)) TO ACTUAL D
PERIOD TO 31ST D

<u>COUNTRY</u>	<u>To year end 1975</u>		<u>Jan. -</u>
	<u>No. of</u> <u>Units</u>	<u>\$</u>	<u>No. o</u> <u>Units</u>
Antigua	-	-	3
Belize ^a	-	-	-
St. Kitts	-	-	7
St. Lucia	-	-	4
Dominica	-	-	2
Montserrat	-	-	2
Trinidad	-	-	-
Barbados	-	-	-
Jamaica	-	-	-
Bahamas	-	-	-
	-	-	18

- (1) "Flow through" of disbursements as a percentage of total disbursements. - - 22%
- (2) Expressed as a % of cumulative balance of forward commitments to end of previous period. - - 58%

(a) See note on (2)

COMMITMENTS (AS PER
DISBURSEMENTS.
DECEMBER, 1976

June 1976	July - Dec., 1976		Totals for Period	
\$	No. of Units	\$	No. of Units	\$
36,000	8	100,000	11	136,000
-	15	180,000	15	180,000
85,000	10	130,000	17	215,000
48,000	4	52,000	8	100,000
26,000	4	48,000	6	74,000
<u>26,000</u>	4	<u>56,000</u>	6	<u>82,000</u>
-	-	-	-	-
-	15	225,000	15	225,000
-	-	-	-	-
-	12	180,000	12	180,000
<u>221,000</u>	<u>72</u>	<u>971,000</u>	<u>90</u>	<u>1,192,000</u>

18%	69%	67%	45%	42%
55%	65%	64%	70%	69%