

THE MAIN FEATURES OF PROVIDING HOUSING TO THE POPULATION THROUGH THE ALLOCATION OF MORTGAGE LOANS IN THE CASE OF JSC "XALQ BANK".

Boriyev Ibrahim Sobirovich

*1st-year master's student at
Asia International University*

Abstract: *This article presents analytical data on the main features of providing housing to the population through the allocation of mortgage loans on the example of JSC "Xalq Bank".*

Key words: *mortgage loans, real estate, key financial indicators, credit policy, housing construction industry.*

Decree No. PF-6186 dated 11.03.2021 of the President of the Republic of Uzbekistan on additional measures to provide housing to the population by allocating mortgage loans based on market principles was adopted.⁴⁵ According to the decree,

1. Reforms aimed at creating conditions for providing the population with housing through mortgage loans, providing social and financial support to families in need of improving housing conditions, and wide involvement of private contracting organizations in the field of housing construction. In order to expand:

2. Multi-apartment houses will be built in rural areas of the Republic of Karakalpakstan and all regions (in areas adjacent to cities and district administrative centers);

3. The Ministry of Finance allocates funds to commercial banks and mortgage loans to residents of commercial banks for a period of 20 years (including the twentieth year) with a grace period of 6 months (according to the client's wishes);

4. The initial contribution for mortgage loans is determined in the amount of not less than 15% of the value of the apartment to be purchased. In this case, mortgage loans and subsidies will be allocated to persons who have received notifications of subsidies before the adoption of this Decree under the conditions and amounts valid in 2020;

5. The maximum amount of the mortgage loan and the amount of the subsidy to cover a part of the initial contribution is determined annually by the Ministry of Economic Development and Poverty Alleviation based on the

⁴⁵ <https://lex.uz/docs/-5327053>

estimated value of the housing in agreement with the Ministry of Finance and the Ministry of Construction and is revised every six months, will be considered;

6. Subsidies to cover a part of the initial payment on a mortgage loan, regardless of the location, value and area of the apartment to be purchased - in the fixed amount of 32 million soums, subsidies to cover a part of the interest payments in the first term of the loan over 10 percentage points will be paid for five years;

7. Subsidies to cover part of the initial contribution and interest payments on the mortgage loan are paid even if the price of the apartment being purchased exceeds the maximum amount of the mortgage loan. In this case, if the price of the apartment to be purchased exceeds the maximum amount of the mortgage loan, the remaining part of the value is paid by the borrower by increasing the amount of the initial contribution at the expense of his own funds and other funds established by law.

In accordance with this decree, commercial banks provide mortgage loans to residents for the following purposes:

- individual construction, reconstruction and repair of houses in accordance with the established norms and rules of construction;
- buying or exchanging a single-family house or an apartment in a multi-apartment building from the newly built or secondary market;
- refinancing of mortgage loans allocated by other banks on favorable terms for customers.

Mortgage loan:

- the house under construction together with the plot of land on which it is located;
- a single-family house or an apartment in a multi-apartment building, which is purchased at the expense of a mortgage loan and is transferred to the property of the borrower in the prescribed manner;
- it is carried out by pledging the individual housing that is the property of the borrower and is being reconstructed at the expense of the mortgage loan.

Immovable property that is withdrawn from circulation and cannot be alienated cannot be the subject of a mortgage.

The term, volume, interest rate and other conditions of the mortgage loan are determined based on the agreement between the bank and its client in accordance with the internal credit policy of the bank.

When issuing a mortgage loan, the following must be observed:

- legal right of the bank to demand security to recover the existing indebtedness in case of a problem with the payment of the mortgage loan;
- debtor's solvency to repay mortgage interest and principal debts;
- real estate collateral accepted for security should be evaluated based on market prices;
- all information necessary for obtaining and monitoring the loan must be documented in accordance with the bank's credit policy.

On the example of JSC "Xalq Bank", we will consider the volume of mortgage loans allocated to individuals as a share of the bank's main financial indicators.⁴⁶

Table 1

Analysis of the main financial indicators of JSC "Xalq Bank".

Billion soums.

| Indicators | 01.01.21 y. | 01.01.22 y. | Difference (in %) |
|------------------------|-------------|-------------|----------------------|
| Total assets | 26 410 | 26 921 | 102 % |
| Loan investments | 18 792 | 19 596 | 104 % |
| Total liabilities | 21 541 | 21 442 | 100 % |
| Deposits | 10 174 | 11 649 | 114 % |
| Total capital | 4 869 | 5 480 | 113 % |
| Authorized capital | 4 231 | 7 433 | 176 % |
| Total revenues | 5 063 | 5 916 | 117 % |
| Interest income | 3 945 | 4 623 | 117 % |
| On loans | 2 405 | 2 734 | 114 % |
| Interest-free income | 1 117 | 1 293 | 116 % |
| Commission income | 694 | 783 | 113 % |
| Total costs | 4 558 | 8 103 | 178 % |
| Interest expenses | 2 757 | 3 580 | 130 % |
| On deposits | 484 | 654 | 135 % |
| Interest-free expenses | 208 | 474 | 228 % |
| Commission expenses | 79 | 110 | 140 % |

⁴⁶ <https://xb.uz/en/page/physical>

| | | | |
|---------------------|-------|-------|--------|
| Operating expenses | 1 034 | 1251 | 121 % |
| Reserve (on credit) | 556 | 2797 | 503 % |
| Net profit (loss) | 505 | -2187 | -433 % |

In the financial indicators of JSC "Xalq Bank", it can be seen that the volume of total loan deposits increased by 104% from 2021 to 2022. But there was an increase in the bank's expenses, and as a result, a decrease in the bank's income.

Decision-making stages, the "scoring" system, the "credit conveyor" program and the activities of "underwriters" were revised in the course of credit allocation.

Table 2
Projects funded in 2022

| Allocated credits | Amount (billion soums) | Job created |
|-------------------|------------------------|-------------|
| Industry | 1775 | 62 098 |
| Agriculture | 2700 | 69 442 |
| Service | 1988 | 24 941 |
| To individuals | 1394 | 0 |

We will consider the composition of the projects financed by JSC "Xalq Bank" in 2022. The bank provided 1,775 billion soums loans to the industrial sector, 2,700 billion soums loans to the agricultural sector, 1,394 billion soums loans to the service sector and 1,394 billion soums loans to individuals. amount of loans were disbursed and in the process a number of new jobs were created. In 2022, the bank allocated loans totaling 7,857 billion soums, as a result of which 156,481 new jobs were created.

1. Based on the above indicators, we would like to make the following proposals for improving the effective use of mortgage loans in providing housing to the population on the example of JSC "Xalq Bank".

2. Long-term mortgage - the average price of a house in Uzbekistan is currently around 200-250 million soums, and mortgage loans are the only way for many to own a home.

3. Cost effective borrowing - Mortgage interest rates are generally lower than other types of debt. Lenders can offer a variety of mortgages, including fixed-rate, discount deals.

4. Help to Buy - The government has introduced a number of initiatives in recent years to make mortgage lending more affordable. For

example, shared ownership can make buying a home a viable option, even in more expensive areas.

5. Easy to pay off - the mortgage is paid off monthly and depending on the interest rate, your monthly payments can be much lower than the rent you pay in your area.⁴⁷

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⁴⁷ <https://www.whathouse.com/mortgages/advantages-and-disadvantages-of-having-a-mortgage/>