

## **STRUCTURAL AND FUNCTIONAL CONTENT OF THE MECHANISM OF OF MORTGAGE CREDITING**

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The article considers the main functions, methods of the mechanism of mortgage crediting. The principals, stages and models of its formation are revealed. The necessity to provide functional interaction of the main subjects of the mechanism of mortgage crediting is shown taking into account national peculiarities.

Four main subjects of mortgage crediting operate in the market: borrower, creditor, investor and Government, as well as many other participants as: vendors, operators of second market of mortgage crediting, the bodies of national registration of the rights for real estate, insurance companies and etc. It is important to provide their interest in the efficient interaction targeted at enlarging the abilities of the system of mortgage crediting. This problem is solved mainly by the Government.

As a rule, borrower is a private person who applies for a credit for acquiring accommodation - he is also a pledger.

Creditor is a representative of credit-financial or specialized institutions who submits credits according to the form, executes mortgage and makes emission of bonds - pledge holder.

Investor - the subject of financial market, who buys bonds from the creditor, and by this provides the function of refinancing.

Organizing the mechanism of mortgage crediting implies harmonization of the interests of mortgage subjects on the basis of creating a special model of their functional interaction. Model development is based taking into account the certain character of mortgage crediting and its functional role in economic system as a special institutional link connecting mortgage market, real estate market and financial market.

While forming the national system of mortgage crediting the Government and mortgage creditors have to decide how to refinance the funds used for mortgage crediting in order to launch new credits. All methods of financing mortgage operations can be divided into universal (typical to other types of financial and

credit operations) and special that are typical mainly for mortgage market.

The specific character of the national model in organizing the mechanism of mortgage crediting is mainly defined by the degree of its openness for other market subjects. Consequently, it is possible to distinguish one-level and two-level models.

One-level system of mortgage crediting is based on the mechanism when the creditor himself issues mortgage bonds under the security of the submitted mortgage credits by this attracting the recourses for new credits. Such system exists in European countries (Germany, Denmark).

Two-level model assumes the presence of special companies - operators of secondary market whose main function in the market is buying mortgage credits, making pulls from them according to standard quality characteristics and the launch of mortgage bonds (the USA, Canada).

The mechanism of mortgage crediting can be divided into open (where the source of assets are the assets borrowed from the market due to current market conditions) and closed (based on the agreement of the participants of the system to get the profit share from the savings on special-purpose account lower than the market one but having the possibility to use the soft loan. Attracting the resources in capital market is usually done by establishing the institute of secondary market. Its aim is to acquire mortgage credits launched by the banks or refinancing of these credits by any other way.

The basis of closed mechanisms of attracting credit resources is creating the closed cycle, when the assets of citizens accumulated on deposit accounts in special saving institutions in order to acquire housing in the future are

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\* Lidia P. Bazhutkina, Doctor of Economics, Professor of Samara State University of Economics. E-mail: nikitina\_nv@mail.ru.

sent for financing the submission of mortgage credits to the borrowers who ready to buy housing at present moment. The closed cycle is represented by the system of self-financing: the assets of depositors can be spent only for the submission of mortgage credits.

In order to provide stable development of the market of mortgage crediting, the price for housing should not grow faster than the profits of population. Mortgage crediting can and should be the leading part of housing construction as it provides effective demand. Only government can create the mechanism that will satisfy the growing demand. At present real estate market does not have the necessary mechanisms that will support the effective demand of the population.

It is possible to make a conclusion that in national economy the more developed the sys-

tem of mortgage crediting is and the bigger share of deals with real estate is conducted with the participation of mortgage credit, the more real estate market depends on business environment in financial markets and current cost of assets.

The mechanism of mortgage crediting is paid a lot of attention in many countries. Government sets general standards of functional interaction in this sphere and has a coordinating role. Functional interaction of the main subjects of the mechanism of mortgage crediting is also important. It is very perspective in this economic environment in system monitoring of the market of mortgage crediting. Organizing such mechanism will help to solve a number of social, legal and economic problems having their own specific character in every national system.

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