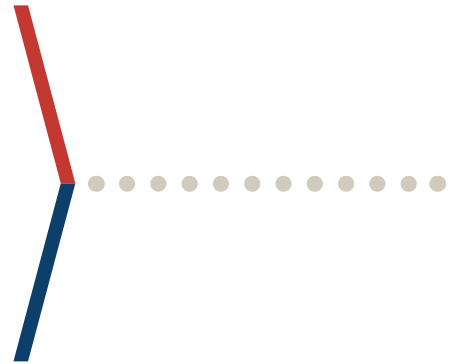


How Housing Finance is Supported Around the Globe Report



Across the world, rates of home ownership vary greatly. One of the biggest challenges for people in achieving home ownership is access to housing finance. Some countries have well-established private banking institutions that offer long-term finance, while other countries have very limited private finance options to help homebuyers purchase a home. Some countries have short time frames for the repayment of loans, while others allow loans over a long period of time, such as 30 years, giving families the time they need to save and, eventually, own their own home.

International Housing Association (IHA) members have collected information on housing finance as a way to showcase the differences, similarities and the hurdles that the housing industry and home buyers face around the globe. Some examples offer insights that assist other countries in evaluating, and perhaps changing, the way housing finance is provided to help increase the number of residents that can purchase their own home.

As IHA members we recognise that ‘housing has no borders’ and that home ownership can give a person, or a family, shelter, security, wealth and pride, allowing them to be part of the society they live in.

PARTICIPANTS

Australia:	Housing Industry Association (HIA)
Brazil:	Brazilian Chamber of the Construction Industry (CBIC)
Canada:	Canadian Home Builders’ Association (CHBA)
Japan:	Japan International Association for the Industry of Building and Housing (JIBH)
Malaysia:	Real Estate and Housing Developers Association (REHDA)
Nicaragua:	Nicaraguan Chamber of the Housing Industry (CADUR)
Norway:	Norwegian Home Builders’ Association (NHBA)
South Africa:	National Home Builders Registration Council (NHBRC)
Sudan:	Sudanese Contractors Association (SCA)
Taiwan:	Advanced Developers Association of Taipei (ADA)
United States:	National Association of Home Builders (NAHB)

New Home Purchasing: Mortgage availability and timeframes

Australia

Average timeframe: 30 years.

- A mortgage is generally available for a period of 30 years and repaid with principal and interest payments.
- A mortgage is generally offered with a variable interest rate, but can be offered with a short term (e.g. 5 year) fixed interest rate for the first part of the loan life.

Brazil

Average timeframe: 30 years

- Financing is typically available in Brazil for a period of 30 years.

Canada

Average timeframe: 25 years.

- Mortgage financing is readily available in Canada for eligible homebuyers to purchase a new home.
- An amortization period of 25 years is the most common. 30-year insured mortgages are no longer available for first-time homebuyers; however, mortgage lenders can offer their clients amortization periods as long as 30 years, and in some cases longer, if they are not first-time homebuyers.

Japan

Average timeframe: 25.7 years.

- Japan offers mortgage financing and the average timeframe is 25.7 years; however, there are applicable restrictions such as the owner's age, annual income, etc.

Malaysia

Average timeframe: Up to 30 years/65 years of age.

- In Malaysia the length of a housing loan can last up to 30 years or when the borrower reaches the age of 65, whichever is earlier.
- Each loan package differs from one financial institution to another.
- There are also flexi loans, flexi interest rates and a step-up plan, which allows the amount of repayment to commensurate with the growth of the borrower's income over the time.

Nicaragua

Average timeframe: 20 years.

- In Nicaragua financing is available to purchase a new home through a mortgage.
- The maximum term available for a mortgage is 25 years and the average term is 20 years.

Norway

Average timeframe: 25 years

- Mortgages are available in Norway with an average timeframe of 25 years with floating interest rates.
- Typically, homebuyers must have a minimum of 15% equity, with extra security they can apply for up to 100% of a mortgage.

South Africa

Average timeframe: 20 years.

- South Africa offers new homeowners financing through private banks with the average 20-year loan term.

Sudan

Average timeframe: 1-10 years.

- Mortgage financing is available to purchase a new home in Sudan. Time frames can vary anywhere from 1 – 10 years.

Taiwan

Average timeframe: 21.25 years.

- Mortgages are available in Taiwan and the average timeframe for a loan is at 21.25 years.

US

Average timeframe: 15-30 years.

- Mortgage financing is available to purchase a new home in the United States.
- Mortgage timeframes can vary anywhere from 10-30 years with 15 and 30 year terms being the most common.

New Home Purchasing: Financing institutions and locations

Australia

Institutions/locations: Banking institutions only. Private lending is prohibited. Combination of large national and small regional banks.

- Australia has a combination of large national and small regional banking institutions permitted to lend for housing.
- Housing finance for individuals is available from a range of banks based in Australia and overseas.
- There is no private mortgage market in Australia and lending is heavily regulated.

Brazil

Institutions/location: Banking institutions

- Banking Institutions are comprised of five (5) national institutions.
- National Institutions hold 95% of the mortgage market.

Canada

Institutions/locations: Six large, private national banks. Credit unions and caisses populaires.

- In Canada, mortgages are provided by local branches of one of the six federally-regulated financial institutions such as banks (under the Office of the Superintendent of Financial Institutions).
- In addition to the private banks, homebuyers can borrow from Provincially-regulated credit unions and caisses populaires, which operate on a more regional and local basis.
- There are no Canadian equivalents to “building societies” in Canada, i.e., major lenders who specialize in housing alone.
- In recent years, government concern about rising levels of consumer debt has resulted in increasing restrictions on who can obtain a mortgage resulting in a shift toward increasing first-time home buyer reliance on parental support and non-bank sources of financing (e.g. private mortgage lenders).

Japan

Institutions/locations: Banking institutions, credit unions and finance companies.
Regional characteristics.

- In Japan financing is mainly provided by banking institutions, credit unions and finance companies. These are many and different kinds of regional characteristics.

Malaysia

Institutions/locations: National commercial or Islamic banks regulated by the Central Bank of Malaysia. Private institutions.

- In Malaysia, housing loans are mainly provided by banking institutions governed by the Central Bank of Malaysia. These institutions can either be the commercial banks or the Islamic banks.
- Other private institutions that provide housing loans include development financial institutions, insurance companies, co-operatives, the Public Sector Housing Financing Board (for government servants) and the Secondary Mortgage Corporation Cagamas Berhad.

Nicaragua

Institutions/locations: Local and regional private banks and government through the Instituto Nicaragüense de la Vivienda Urbana y Rural (INVUR).

- Housing financing in Nicaragua is supported by private banks and the government through the Instituto Nicaragüense de la Vivienda Urbana y Rural (INVUR).
- Banking institutions are local and regional.
- In a few cases financing is provided by private lenders.

Norway

Institutions/locations: National private banks.

- In Norway private banks offer most of the mortgages. These banks are national institutions.
- The Norwegian State Housing offers loans for social housing and “start-loans” for people that can’t get loans in private banks

South Africa

Institutions/locations: National private and banking institutions.

- The majority of home lending in South Africa is provided by funding private institutions and banking institutions that generally operate on a national scale.
- Some regional and local institutions do exist.
- There are also public development fund institutions that offer end-user financing at a low rate to find workable models on affordable housing finance for the low- and middle-income target market.

Sudan

Institutions/locations: National private housing and banking institutions.

- Homebuying financing in Sudan is provided by private housing and banking institutions. Both institutions are national.
- Due to the economic challenges Sudan faces, the Bank of Sudan prevents commercial banks from providing mortgage financing.

Taiwan

Institutions/locations: Large, national banking institutions.

- The financing for homebuying in Taiwan is mainly provided by large national banking institutions.
- Housing mortgages are provided by majority of Taiwanese banks. Most of the banks currently offer a low interest rate at nearly 2%.

US

Institutions/locations: National, regional and local private housing and banking institutions.

- In the United States financing for homebuying is provided by both private housing and banking institutions. These institutions are national, regional and local.

New Home Purchasing: First-time buyer assistance

Australia

Assistance: Federal and State rebates and upfront payments.

- In Australia the federal government provides up front rebates for first homebuyers intended to offset the cost of the goods and services tax (GTS) on new homes.
- Some state governments offer additional upfront payments to further assist a first-time home buyers with exemptions or concessions for some state taxes.

Brazil

Assistance: Federal, FGTS (mandatory employer contribution) and Caderneta de Poupança (tax savings account).

- In Brazil the federal government provides a national housing assistant systems for low income families:
 - Band 1: Through Housing Social Programs, the government buys the estate from companies and sells them to qualified families with monthly incomes of up to US\$450.00 for a symbolic monthly price of up to US\$67.00 with reduced tax rates.
 - Band 2: Interest subsidies and financial contributions, both decreasing according to a progressive income scale, for families with a monthly income of up to US\$600.00.
 - Band 3: Market housing, no support offered/no subsidy for families with a monthly income higher of US\$1,750.00.

Canada

Assistance: Federal tax credit, Home Buyers' Plan, New Housing Rebate, Shared Equity Mortgages.

- In Canada there are several long-standing federal support programs for first-time homebuyers including:
 - The First Time Home Buyer Tax Credit of up to \$750 toward the cost of a home purchase, often used for legal fees.
 - The Home Buyers' Plan which allows first-time buyers and some other buyers to withdraw up to \$25,000 (and as of the March Federal Budget 2019 Announcement, \$35,000) from their retirement savings plan for a home purchase, which must be repaid over time to continue to receive shelter from income taxes.

- A GST/HST New Housing Rebate which reduces the effective cost of the Goods and Services tax on a new home.
- The 2019 Budget has also announced the development of a First-Time Buyers Incentive program, providing shared-equity mortgages for buyers with family incomes less than \$120,000. The First-Time Buyers Incentive program is targeted for roll-out in the Fall of 2019.
- There are also a number of provincial programs that assist first-time homebuyers, typically by reducing the amount of land transfer tax.

Japan

Assistance: Conditional government assistance.

- In Japan the government offers various programs for first-time homebuyers. These programs have specific conditions and/or requirements including:
 - Homebuyers must move in 6 month after purchasing the home.
 - has to be over 50m² of home total floor area
 - Homebuyers must secure more than a 10-year mortgage.
 - Homebuyers must earn less than \$300,000 in annual income.

Malaysia

Assistance: Government incentive programs.

- The Malaysian government has come up with several incentives to assist lower income and first-time homebuyers :

Stamp duty exemptions :

- Waiver of stamp duties on instruments of transfer for purchase of residential properties with price restrictions priced up to RM1 million, and for loan agreements of up to RM2.5 million, that come under the six-month National Home Ownership Campaign 2019 (HOC 2019) which runs till June 2019.
- Stamp duty exemption on the instrument of transfer and loan agreement for Sale and Purchase Agreement (SPA) executed between Jan 1, 2019 to Dec 31, 2020 for homes priced up to RM300,000.

Youth Housing Scheme

- The scheme offers a 100% loan to single or married youths to own their first home, limited to 20,000 buyers on a “first come, first served” basis.
- Eligible for Malaysian citizens aged between 25 and 40 years old; first-time homebuyer with a household income of no more than RM10,000 per month and only eligible for the purchase of properties worth between RM100,000 and RM500,000.
- 100% stamp duty exemption on the transfer of ownership and facility documents for properties priced up to RM300,000.
- Maximum financing tenure is 35 years provided the borrower’s age does not exceed 65 years at the end of the tenure.

First Home Deposit Funding Scheme (MyDeposit)

- The scheme assists first-time homebuyers in paying the deposit for a home amounting to 10% of purchase price or a maximum of RM30,000 per unit for private housing and housing projects on the secondary market priced RM500,000 and below.
- Eligible for Malaysian citizens aged 21 and above; first-time homebuyer with a household income of between RM3,000 and RM15,000 a month.
- A moratorium of 10 years is imposed where the property cannot be disposed. The owner is not allowed to rent out the house, but use it for own stay only.

Central Bank of Malaysia’s Fund for Affordable Homes

- A RM1 billion fund established by the Central Bank of Malaysia to assist first-time homeowners among the lower income group - affordable homes that are priced at RM150,000 and below in the primary market.
- Maximum financing rate is 3.5% per annum.
- Maximum loan tenure is 40 years or up to 70 years of the applicant’s age, whichever is shorter.
- Available for two years starting Jan 2, 2019, or until the RM1 billion is fully utilised.
- Eligible for Malaysian citizens with a maximum monthly household income of RM2,300; must be salaried workers or self-employed and do not have any record of impaired financing for the past 12 months.

My First Home Scheme

- Allows first-time homebuyers to obtain 100% financing from a panel of banks and financial institutions, enabling them to own a home without paying the 10% down payment.
- Limited to residential properties priced between RM100,000 and RM500,000.
- The home must be for owner-occupation, not for investment or any other purposes.
- Financing tenure must not exceed 35 years subject to borrower's age not exceeding 65 years at the end of the financing tenure.
- Eligible for Malaysian citizens or employees in the private sector of up to 40 years of age; first-time homebuyer with a monthly gross income not exceeding RM5,000 if single borrower or a monthly gross income not exceeding RM10,000 if joint borrower (family only).

Note:

Exchange Rate

RM1 = USD 0.24

Nicaragua

Assistance: Government subsidy, property registration fee exemption, down payment assistance and fixed interest rate.

- In Nicaragua the government offers first-time homebuyer families purchasing a home valued at no more than \$40,000 several forms of assistance including:
- A subsidy at the 2.5% interest rate and exemption from the cost of registering the property for homes priced between \$30,001.00-\$40,000.00.
- For homes priced up to \$30,000 the government offers a \$2,000.00 bonus applicable to the down payment, a fixed interest rate of 7.25% for the entire term of the loan and exemption from housing registration fees.

Norway

Assistance: Non-government-sponsored Norwegian State Housing "Start-loans"

- The Norwegian government does not offer specific support for first homebuyers.
- The Norwegian State Housing offers "start-loans" for people that cannot acquire loans from private banks. Many private banks offer a lower interest rates to first-time homebuyers.

South Africa

Assistance: Government sponsored programs.

- The South African government has a number of support measures for first time homebuyers who are from low income earning groups.
- Programs offer direct subsidized assistance in the form of land acquisition, bulk infrastructure and municipal services toward the overall purchase of the home.

Sudan

Assistance: None

- There are no programs to assist or support first-time homebuyers in Sudan.

Taiwan

Assistance: Multiple government-sponsored and builder/developer-sponsored programs.

- Through the joint efforts of government officials and builders/developers associations, the Taiwanese government offers several programs to support first-time homebuyers including:

The Youth Home Purchasing Program: (20-45 years old, cannot own any other home)

- Low interest rate for first-time homebuyers through 2020.
- Maximum mortgage of \$267,000 or 80% of house value.
- Maximum 30 years, including 3 years of grace period of interest only payments.
- Applicant must choose one of the three interest terms:
 - Floating rate of Post Office 2 years CD interest rate (Posted Rate) plus 0.585% (Currently 1.68%)
 - First two year Posted Rate plus 0.345% (currently 1.44%), after third year Posted Rate plus 0.645% (Currently 1.74%) Floating.
 - First year Posted Rate plus 0.525% (Currently 1.62%), second year Posted Rate plus 0.625% (Currently 1.72%), after third year Posted Rate plus 0.645% (Currently 1.74%) floating.

Home Purchasing Reimbursement Program for special groups:

- Loan offer available to special groups with a maximum loan amount \$83,000.
- Low and Medium-Low income families.
- Special Needs Families.
- Applicants who have three or more dependents within a household.
- Applicants age of 25 leaving the foster home program.
- Applicants over 65 years old.
- Victims and families of domestic violence or sexual assault.
- Disability Group.
- AIDS and HIV Positive Group.
- Indigenous Taiwanese Group.
- Victims of Natural Disaster.
- Homeless Group.

US

Assistance: Government sponsored FHA loans.

- The United States offers support for first-time homebuyers.
- FHA loans are the most popular loan programs for first-time homebuyers and often work with down-payment assistance programs to offer low to no down-payment options. They also allow for the use of gift funds as well as seller concessions up to 6 percent of the purchase price.

Outright Home Ownership

Australia

Ownership: Once mortgage is paid, outright ownership.

- In Australia once a mortgage has been paid in full the family owns the home outright.

Brazil

Ownership: Once mortgage is paid, outright ownership.

- In Brazil once a mortgage has been paid in full, the family owns the home outright.

Canada

Ownership: Outright ownership, joint ownership and co-operative ownership.

- In Canada, legal title to individual freehold and condominium homes in Canada is vested in the individual owners in the vast majority of cases.
- Due to rising housing prices and a growing number of elderly households, there is a modest trend toward various joint-ownership arrangements in Canada including “co-housing” arrangements with multiple owners of both private individual spaces, shared cooking, eating and recreational spaces in building complexes.
- There are also long-standing co-operative ownership arrangements in Canada, though typically these are more similar to rental than to owned housing in that equity growth and resale are regulated.

Japan

Ownership: Upon completion of registration with local government.

- In Japan home ownership is designated by registering a home with a local government. Ownership is typically confirmed approximately around 2 weeks after the application is submitted.

Malaysia

Ownership: Outright ownership and title transfer.

- In Malaysia, when the loan is fully settled, the financial institutions, through its solicitors, will release its charge on the property. The financial institution will uplift its claim on the property, and the title to the property will be transferred to the house buyer.

Nicaragua

Ownership: Families own a home.

- In Nicaragua families own a home.

Norway

Ownership: Outright ownership and housing cooperatives.

- In Norway the home ownership rate is 82.3 %. Out of the 82.3 %, 11.7% is own their home through a share in a housing cooperative. Just 17.7 % is on the rental market.

South Africa

Ownership: Outright ownership once mortgage is settled in full.

- In South Africa, once a mortgage is settled in full families are awarded the title deed to their home.

Sudan

Ownership: Outright ownership.

- In Sudan there is a full, legal home ownership.

Taiwan

Ownership: Outright ownership.

- The average home ownership rate in Taiwan has increased over the past five years and is currently at approximately 85%.

US

Ownership: Outright ownership.

- According to the American Census Bureau, approximately 32% of Americans own their home free and clear.

New Home Purchasing: Shared Equity Programs

Australia

Programs: Small government-backed lending authorities.

- Australia has a small number of shared equity schemes from small, government-backed lending authorities for families earning a certain income.

Brazil

Programs: Counties, States and Federal.

- In Brazil, some states and counties provide an additional, complementary amount to the federal subvention.

Canada

Programs: National and municipal programs.

- There are small-scale shared-equity programs in Canada, the largest of which is called Options for Homes. Options for Homes has served approximately 2,000 new homebuyers to date.
- Smaller scale municipal, non-profit and a few private sector arrangements of this type have also been offered using federal funding.
- In the 2019 the government announced the First-Time Home Buyers Incentive (also using shared equity mortgages) which aims to help younger Canadians “having trouble affording home ownership”. The Incentive will assist eligible first-time homebuyers, who have the minimum down payment for an insured mortgage, apply to finance a portion of their home purchase through a shared equity mortgage with CMHC.

Japan

Programs: Marital and parental support.

- In the case of married couples, the parents of either the husband or wife can assist the couple to acquire a home.
- The parents may legally donate up to \$300K without paying any capital transfer tax.

Malaysia

Programs: Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia

- Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues corporate bonds and sukuk* to finance the purchase of housing loans and receivables from financial institutions, selected corporations and the public sector.
- Cagamas Berhad plans to introduce a shared equity home ownership scheme for the middle 40% (M40). Those in the M40 group with good credit standing but without sufficient savings for the required deposits are unable to buy their desired homes even if they take up 90% home financing from the banks.
- Such schemes are essentially a partnership between the government (or relevant agencies), banks and homebuyers, similar to those currently available in Australia and UK. They allow homebuyers to buy homes without being burdened by a substantial down payment and high monthly instalments.

**A sukuk is an Islamic financial certificate, similar to a bond in Western finance that complies with Islamic religious law commonly known as Sharia. Since the traditional Western interest-paying bond structure is not permissible, the issuer of a sukuk sells an investor group a certificate, and then uses the proceeds to purchase an asset, of which the investor group has partial ownership. The issuer must also make a contractual promise to buy back the bond at a future date at par value.*

Nicaragua

Programs: None.

- Nicaragua does not have any shared equity programs.

Norway

Programs: None.

- Norway does not have any shared equity programs.

South Africa

Programs: Special Purpose Vehicle.

- South Africa has the Special Purpose Vehicle (SPV) which enables equitable financing on Mega Projects.

Sudan

Programs: Khartoum state housing & development fund

- Khartoum state housing & development fund main objective is the construction of different housing units (public, economical & investment) and for targeted beneficiaries.
- The fund is allocated by the national government and approved within the common yearly budget. It is subsidized by the commercial section and returns on fund investments and tax/customs exemptions are granted for the fund to support its projects.
- The Fund supports three different assistance programs:

Public Housing

- The house consists of one bed room and a kitchen in addition to a toilet and external fence with a total 200-300 mm for the plot.
- The beneficiaries are selected on fair competition. Degrees and characteristics are taken as base for the competition between the beneficiaries; these degrees should be declared, agreed upon and known to everyone, particularly to those applying for housing units.
- The house is given to the beneficiaries for a 20 % down payment and the balance is paid back in installments over the next or 12 years. (The cost of the land and services are given for free).

Economical Housing

- The house consists of one bed room and a kitchen in addition to a toilet and external fence with a total 200-300 mm for the plot.
- The house is given to the beneficiaries for a 50% down payment and the balance is paid back in installments over the next 4 years. (The price of the house includes the cost of the land and services).

Investment Housing

- This type is a multi-story buildings (flats) are constructed on commercial basis.
- The flat is given to the beneficiaries for a 50% down payment and the balance is paid back in installments over the next 3 years. If the beneficiary pays the down payment and the installments in cash no interest is charged.

Taiwan

Programs: No official programs.

- Taiwan does not have any official shared equity programs; however, in some cases, developers may provide a short-term loan with a very low interest rate to help buyers with their down payment.

US

Programs: Offered by municipalities.

- In the US many municipalities offer shared equity programs. For example, Tennessee's shared equity program provides income-eligible buyers with a loan investment of up to 25 percent of the sales price. The loan investment stays with the home upon resale to preserve housing affordability for the next owner.
- The City of Austin's Down Payment Assistance Program offers a shared equity option with up to \$40,000 where the buyer agrees to pay back an equitable share of appreciation back to the city.

New Home Purchasing: Additional financing

Australia

Additional financing: No response.

Brazil

Additional Financing: None additional financing.

Canada

Additional financing: Social housing and First Nations reserves.

- Beyond financing arrangements for individual and condominium ownership, there are long-standing financial mechanisms to support the development of social housing in Canada, as well as housing on First Nations reserves for both rental and ownership.
- For First Nations reserves there have been loans and subsidies for ownership that recognize the lack of secure title to individual plots of land on reserves in many cases. Increasingly, there is a move to enable private home ownership in these cases that is closer and closer to individual home ownership.
- The housing co-operatives in Canada are typically more like rental housing and operate on a non-profit basis. There are currently more than 2,200 co-operatives with over 92,500 resident households living in them. A greater willingness is being expressed to consider equity co-operatives by the movement.

Japan

Additional financing: Special supports.

- In Japan there are various finance supports including tax exemptions programs and available special support in the case that the home has a certified higher performance of energy, seismic, long-life quality home and authorized low-carbon home.

Malaysia

Additional financing: Large developers.

- In Malaysia, bigger developers with strong financial capacity provide assistance to their purchasers in the form of 10% - 30% loan for the upfront payment, while the balance 90% - 70% is financed by the banking institutions.
- Some schemes offered by developers provide grant to 30% of the property price and a deferred payment over five years.
- If the bank approves only a 70% loan, the developer will match the remaining 30% in order for homebuyers to secure the property with no interest charges, or with fixed interest rates that will not be more than 2% of the interest rate of a bank loan (normally 4.4% - 5.4%).
- With the deferred payment option, the buyer can choose to either pay back the loan in instalments or a lump sum within the five-year period or at the end of a five-year period.

Nicaragua

Additional financing: Developer assistance.

- In Nicaragua there are a few cases where the developer (seller) offers direct financing of housing for a maximum period of 10 years.

Norway

Additional financing: OBOS.

- In Norway, OBOS, a cooperative building association, is owned by its more than 435,000 members, mainly in the Oslo area. They are now testing out a new pricing model: "OBOS Bostart". Prices in OBOS Bostart are 10-15 percent below ordinary prices. The home is bought at a lower price since OBOS is getting the right to buy it back when the buyer wants to sell. OBOS pays a price that is equal to the buyer's purchase of the property, adjusted for the change in the official housing price index in Norway.

South Africa

Additional financing: No response.

Sudan

Additional financing: No additional financing options.

Taiwan

Additional financing: Personal loan.

- In Taiwan buyers can apply for personal loan for housing finance. Even though institutions offer financial aid, they are limited to certain a percentage. When buyers don't have enough for a down payment, a personal loan is an option. Of course, this method depends on each buyer's credits.

US

Additional financing: Online/non-traditional, hard-money lenders, seller financing.

- There are many different methods used to finance homes in the US:
 - Online mortgage lenders provide people access to the money they need to buy a home. It's now possible to quickly compare mortgage rates and terms and find lenders that fit your needs. Additionally, online/non-traditional mortgage lenders are more willing to take a risk on those with lower credit scores. The biggest advantage to using an online lender is that you have access to more options and potentially lower rates.
 - Hard money lenders offer the opportunity to borrow based on the asset in question. This is an excellent alternative for those who don't want (or are unable) to work within traditional lending.
 - Seller financing is another option in which the seller takes on the role as lender. This can be an excellent alternative assuming the seller is willing to offer it and provided that the borrower can prove to the seller that he/she will meet their obligation.

APPENDIX



How is Housing Finance Supported Around the Globe Report – Appendix

- 1. Is financing available to purchase a new home through a mortgage? If yes, what time frame can mortgages cover (e.g. 25 years, 30 years)? What is the average time frame for a mortgage?**

Australia

In Australia, housing finance for individuals is available from a range of banks based in Australia and overseas. A mortgage is generally available for a period of 30 years and repaid with principal and interest payments. In certain circumstances, a loan may be available for a short period of time (e.g. 5 years) with interest only payments if for an investment mortgage, rather than owner occupier home which then reverts to require interest and principle payment for the remainder of the loan life.

Brazil

Yes, usually a 30-years coverage.

Canada

Yes, mortgage financing is readily available in Canada for eligible homebuyers to purchase a new home. In recent years, government concern about rising levels of consumer debt has resulted in increasing restrictions on who can obtain such financing, however. This has resulted in a shift toward increasing first-time buyer reliance on parental support, as well as on non-bank sources of financing, e.g., private mortgage lenders.

Mortgage Terms: In Canada, mortgage lenders can offer their customers short and long-term mortgages before renewal, typically at a different interest rate, is required. Short-term loans are typically for terms of two years or less and long-term loans are for mostly for 5 years. Seven years is considered a long mortgage term in Canada.

Amortization Periods: According to Mortgage Professionals Canada, mortgage lenders offer their clients amortization periods of as long as 30 years, and in some cases longer. However, for first-time buyers obtaining mortgage loan insurance, the federally-regulated maximum amortization period is now 25 years.

Mortgage insurance is provided through Canada's federal housing agency (Canada Mortgage and Housing Corporation (CMHC)) and two private mortgage insurance companies, Genworth Financial Canada and Canada Guaranty. CMHC is the country's largest residential mortgage insurer in Canada and is the only source of insurance as well as direct loans for more remote communities.

An amortization period of 25 years is the most common as 30-year insured mortgages are no longer available. In 2012, the federal government reduced the maximum amortization period for insured mortgages from 30-years to 25-years.

Japan

Yes, we are. But, also we have restrictions such like owner's age, annual income etc. —Per a financial

institution's survey, the average time is 25.7 years.

Malaysia

Commonly, the length of a housing loan can last up to 30 years or when the borrower reaches the age of 65, whichever is earlier. Each loan package differs from one financial institution to another. There are also flexi loans, flexi interest rates and a step-up scheme, which allows the amount of repayment to commensurate with the growth of the borrower's income over the time.

Nicaragua

Yes, there is financing available to purchase a new home through a mortgage. The maximum term available for a mortgage is 25 years. The average term is 20 years.

Norway

Yes, most mortgages (more than 90%) in Norway are with floating interest rates. Normally you must have a minimum of 15% equity, with extra security you can apply for up to 100% mortgages. Time frame is usually 25 years.

South Africa

South Africa offers new homeowners financing through private banks at a premium interest rate. The loan term is generally for a 20-year period. There are also public development fund institutions that offer end-user finance at a low rate and are for specifically finding workable models on affordable housing finance for the low- and middle-income target market.

Sudan

Yes, mortgage financing is available to purchase a new home. Time frames can vary anywhere from 1 – 10 years. Sudan faces some economic challenges, upon it, the Bank of Sudan prevent the mortgages finance through commercial bank.

Taiwan

Housing mortgages are often provided by majority of Taiwanese banks. Most of the banks currently offer a low interest rate at nearly 2%. Normally the time frame of the mortgages varies from 20-30 years. The average time frame for a mortgage is at 21.25 years and the average loan amount is 61% of the assessed value.

US

Yes, mortgage financing is available to purchase a new home. Time frames can vary anywhere from 10 – 30 years (in 5 year increments) with 15 and 30 year terms being the most common.

2. Is financing provided by private housing or banking institutions? Are they national/regional/local institutions?

Australia

Australia has a combination of banking institutions (large national, small regional) permitted to lend for housing. There is no private mortgage market in Australia. Lending is heavily regulated.

Brazil

It's provided by banking institutions, which are composed by 5 national institutions that hold 95% of the market.

Canada

In Canada, home buyers do most of their borrowing from local branches of one of the six large national banks. Mortgage lending is considerably more concentrated in Canada, compared to some other Western countries, especially the United States. In addition to the private banks, there are credit unions and caisses populaires, which operate on a more regional and local basis. There are no Canadian equivalents to “building societies” in Canada, i.e., major lenders who specialize in housing alone.

Most mortgage financing is provided by:

- Federally-regulated financial institutions such as banks (under the Office of the Superintendent of Financial Institutions);
- Provincially-regulated credit unions.

Japan

Finance are provided mainly by banking institutions, credit unions and finance companies. These are many and different kinds of regional characteristics.

Malaysia

End financing / Housing loan is mainly provided by banking institutions, all of which are governed by the Central Bank of Malaysia. They can either be the commercial banks or the Islamic banks and both are heavily regulated by the Central Bank.

Other private institutions giving out housing loans include: Development Financial Institutions and Insurance companies and co-operatives.

Public sector: Public Sector Housing Financing Board (for government servants)

Secondary Mortgage Corporation: Cagamas Berhad

Nicaragua

Yes, housing financing is provided by banking institutions who are regulated by the Superintendencia de Bancos y otras Instituciones Financieras (SIBOIF), and in a few cases the financing is provided by private housing. The banking institutions are locals and regionals.

Norway

Private banks offer most of the mortgages. They are national institutions. The Norwegian State Housing offers loans for social housing and start-loans for people that can't get loans in private banks.

South Africa

Most of housing development funding institutions are private institutions and banking institutions. They generally operate at a national scale; some are also operational at a regional level though there are some small housing corporations at local level.

Sudan

Financing is provided by both private housing and banking institutions. These institutions are national.

Taiwan

The financing for purchases home are mainly provided by large national banking institutions.

US

Financing is provided by both private housing and banking institutions. These institutions are national, regional as well as local.

3. Does the government offer any support for first home purchasing? (e.g. reduce interest rate; financial contribution; reduced taxation rates, etc.)

Australia

The federal government provides up front rebates for first home buyers which is intended to offset the cost of the goods and services tax on new homes. Some state governments offer additional upfront payments to further assist a first home buyer and exemptions or concessions for some state taxes.

Brazil

- Band 1 – Through Housing Social Programs, the government buys the estate from companies and sells it to low-income families with a monthly income of up to US\$450.00 for a symbolic price of up to US\$67.00 per month with reduced taxation rates.
- Band 2 - Interest subsidy and financial contribution, both decreasing according to progressive income increase.
- Band 3 - Market housing, no support offered.

It's important to show how the real estate market works in Brazil. The markets are divided by the origin of the housing resources.

National Housing System Interesse Social		RESOURCE	FEDERAL SUBVENTION	FAMILY INCOME PER MONTH
	BAND 1	FEDERAL GOVERNMENT	TOTAL	UP TO US\$ 450.00
	BAND 2	FGTS*	PARCIAL - DECREASING	UP TO US\$ 600.00
	BAND 3	FGTS*	NO	UP TO US\$ 1,750.00
		RESOURCE	FEDERAL SUBVENTION	FAMILY INCOME
MARKET		SAVINGS ACCOUNT**	NO	
FREE		REGARDLESS THE ORIGIN	NO	

*FGTS – Monthly compulsory deposit done by companies in an employee tied account, equivalent to 8% of the salary. This account can only be withdrawn under special conditions. Due to low pay rate, its use is restricted to the poorest.

** Caderneta de Poupança (savings account) – Popular type of investment in Brazil with tax reduction in the application and with guarantee of the financial system. Intended for middle and upper middle class.

Canada

Long-standing federal supports for first-time purchasers include:

- A First Time Home Buyer Tax Credit of up to \$750 toward costs of a home purchase, often used for legal fees.
- The Home Buyers' Plan which allows first-time buyers and some other buyers to withdraw up to \$25,000 (and as of the March Federal Budget 2019 Announcement, \$35,000) from their retirement savings plan for a home purchase, which must be repaid over time to continue to receive shelter from income taxes.
- A GST/HST New Housing Rebate which reduces the effective cost of the Goods and Services tax on a new home.
- Budget 2019 has also announced the development of a First-Time Buyers Incentive program, providing shared-equity mortgages for buyers with family incomes less than \$120,000; this is targeted for roll-out in the Fall of 2019.

There are also a number of provincial programs that assist first-time homebuyers, typically by reducing the amount of land transfer tax.

Japan

Our government offer various supports which is reduced taxation rates, financial contribution etc. for a first home buyer with the following conditions.

- Have to move in 6 month after purchase the home and continue to live
- has to be over 50m2 of home total floor area
- has to have over 10years home mortgage
- has to be under 300K\$ annual income etc.

Malaysia

The Malaysian government has come up with several incentives to assist the house buyers, especially the lower income group and first-time house buyers, such as stamp duty exemptions, deposit assistance and low-interest rate loans. Details are such as follows:-

Stamp duty exemptions

- Waiver of stamp duties on instruments of transfer for purchase of residential properties priced up to RM1 million and for loan agreements of up to RM2.5 million, that come under the six-month National Home Ownership Campaign 2019 (HOC 2019) which runs till June 2019.
- Stamp duty exemption on the instrument of transfer and loan agreement for Sale and Purchase Agreement (SPA) executed between Jan 1, 2019 to Dec 31, 2020 for homes priced up to RM300,000.

Youth Housing Scheme

- The scheme offers a 100% loan to single or married youths to own their first home, limited to 20,000 buyers on a “first come, first served” basis.
- Eligible for Malaysian citizens aged between 25 and 40 years old; first-time homebuyer with a household income of no more than RM10,000 per month and only eligible for the purchase of properties worth between RM100,000 and RM500,000.
- 100% stamp duty exemption on the transfer of ownership and facility documents for properties priced up to RM300,000.
- Maximum financing tenure is 35 years provided the borrower’s age does not exceed 65 years at the end of the tenure.

First Home Deposit Funding Scheme (MyDeposit)

- The scheme assists first-time homebuyers in paying the deposit for a home amounting to 10% of purchase price or a maximum of RM30,000 per unit for private housing and housing projects on the secondary market priced RM500,000 and below.
- Eligible for Malaysian citizens aged 21 and above; first-time homebuyer with a household income of between RM3,000 and RM15,000 a month.
- A moratorium of 10 years is imposed where the property cannot be disposed. The owner is not allowed to rent out the house, but use it for own stay only.

Central Bank of Malaysia's Fund for Affordable Homes

- A RM1 billion fund established by the Central Bank of Malaysia to assist first-time homeowners among the lower income group - affordable homes that are priced at RM150,000 and below in the primary market.
- Maximum financing rate is 3.5% per annum.
- Maximum loan tenure is 40 years or up to 70 years of the applicant's age, whichever is shorter.
- Available for two years starting Jan 2, 2019, or until the RM1 billion is fully utilised.
- Eligible for Malaysian citizens with a maximum monthly household income of RM2,300; must be salaried workers or self-employed and do not have any record of impaired financing for the past 12 months.

My First Home Scheme

- Allows first-time homebuyers to obtain 100% financing from a panel of banks and financial institutions, enabling them to own a home without paying the 10% down payment.
- Limited to residential properties priced between RM100,000 and RM500,000.
- The home must be for owner-occupation, not for investment or any other purposes.
- Financing tenure must not exceed 35 years subject to borrower's age not exceeding 65 years at the end of the financing tenure.
- Eligible for Malaysian citizens or employees in the private sector of up to 40 years of age; first-time homebuyer with a monthly gross income not exceeding RM5,000 if single borrower or a monthly gross income not exceeding RM10,000 if joint borrower (family only).

Note:

Exchange Rate

RM1 = USD 0.24

Nicaragua

Yes, the government offers support to families interested in purchasing their first home with a value of no more than \$ 40,000.00.

For homes with a price between \$30,001.00-\$40,000.00 the government offers a subsidy at the 2.5% interest rate and the exemption from the cost of registering the property

For housing with a price not higher than \$ 30,000.00, the government offers a bonus of \$ 2,000.00 applicable to the Down Payment, a fixed interest rate of 7.25% for the entire term of the loan and the exemption of housing registration fees.

Norway

The government does not offer any particular support for first home buyers. However, The Norwegian State Housing offers “start-loans” for people that can't get loans in private banks. Many private banks offer a lower interest rates to first time buyers.

South Africa

The South African government has a number of support measures for first time homebuyers who are from low income earning groups. There is direct subsidized assistance in the form of land acquisition, bulk infrastructure and municipal services toward the overall purchase of the home.

Sudan

No, there is no any support for first home purchasing.

Taiwan

Through the joint efforts of Government officials and Builders/Developers Associations, Taiwanese government offers many supports for the first time home buyers. There are many different programs currently offered to vast groups of home buyers and following are the most significant program currently available to the public.

- Youth Home Purchasing Program.
 - Program offers low interest rate for first time home buyer thru 2020/12/30.
 - For first time home buyers between age of 20 and 45, Applicant must not own any house qualification applies to both spouse and children.
 - Maximum mortgage of USD267,000 or 80% of house value.
 - Maximum 30 years, including 3 years of grace period of interest only payments.
 - Applicant must choose one of the three interest terms: Floating rate of Post Office 2 years CD interest rate (Posted Rate) plus 0.585% (Currently 1.68%)
- First two year Posted Rate plus 0.345% (currently 1.44%), after third year Posted Rate plus 0.645% (Currently 1.74%) Floating.
- First year Posted Rate plus 0.525% (Currently 1.62%), second year Posted Rate plus 0.625% (Currently 1.72%), after third year Posted Rate plus 0.645% (Currently 1.74%) floating.
- Home Purchasing Reimbursement Program for special groups
 - Special Loan offer to special group maximum loan amount USD83,000

- Low and Medium-Low income families
- Special Needs Families
- Applicants who have three or more dependents within a household
- Under age of 25 leaving Foster home program
- Applicants over 65 years old
- Victims and families of Domestic Violence or Sexual Assault
- Disability Group
- AIDS and HIV Positive Group
- Indigenous Taiwanese Group
- Victims of Natural Disaster
- Homeless Group
 - Posted Rate minus 0.533% (Currently 0.562%)
 - Maximum 20 years term including interest only grace period of 5 years

US

Yes, the government does offer support for first time homebuyers. FHA loans are the most popular loan programs for first-time homebuyers and often work with down-payment assistance programs to offer low to no down-payment options. They also allow for the use of gift funds as well as seller concessions up to 6 percent of the purchase price.

4. Do families own a home outright?

Australia

Yes. Once a mortgage has been paid, a family will own the home outright.

Brazil

Yes, families own their homes immediately. At the moment other models of access are being studied.

Canada

Legal title to individual freehold and condominium homes in Canada is vested in the individual owners in the vast majority of cases.

Due to rising housing prices and also a growing number of elderly households, there is a modest trend toward various joint-ownership arrangements in Canada. These include “co-housing” arrangements with multiple owners of both private individual spaces and shared cooking, eating and recreational spaces in building complexes. These kinds of arrangements are currently experimental in nature.

There are also long-standing co-operative ownership arrangements in Canada, though typically these are more similar to rental than to owned housing in that equity growth and resale are regulated.

Japan

A home owner owns a home by the completion of registration with a local government taking around 2 weeks after the application.

Malaysia

When the loan is fully settled, the financial institutions through its solicitors, will release its charge on the property. The financial institution (chargor) will uplift his claim on the property and the title to the property will be transferred to the house buyer.

Nicaragua

Yes, families own a home.

Norway

The home ownership rate in Norway is 82,3 %. Out of the 82,3 %, 11,7 is owning their home through a share in a housing cooperative. Just 17,7 % is on the rental market.

South Africa

Yes, families are awarded with title deed once the mortgage is settled in full.

Sudan

Yes. Families or individuals own their purchased home, and have the right to transfer their ownership to others.

Taiwan

Yes, the average number of house ownership rate for the past 5 years is around 85%.

US

According to the American Census Bureau, approximately 32 percent of Americans own their home free and clear.

5. Are any shared equity programs available to assist the purchase of a new home?

Australia

Australia has a small number of shared equity schemes from small government backed lending authorities for families earning a certain income.

Brazil

Yes, some states and counties provide complementary amount to the federal subvention.

Canada

For the past decade or more, there have been small-scale shared-equity programs in Canada, the largest of which is called “Options for Homes”, which has served some 2,000 new home buyers to date. Smaller scale municipal, non-profit, and a few private sector arrangements of this type have also been offered using federal funding.

In the 2019 federal Budget, the government announced the First-Time Home Buyers Incentive (also using shared equity mortgages) which aims to help younger Canadians “having trouble affording home ownership”.

The Incentive, which is expected to be rolled out in the Fall of 2019, will assist eligible first-time home buyers who have the minimum down payment for an insured mortgage to apply to finance a portion of their home purchase through a shared equity mortgage with CMHC.

Japan

In the case of married couple, the parents of husband and wife (both side of the family) assist to acquire home. It not rare. available donate- legally by the parents up to 300K\$ without any the capital transfer tax.

Malaysia

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues corporate bonds and sukuk* to finance the purchase of housing loans and receivables from financial institutions, selected corporations and the public sector.

Cagamas Berhad plans to introduce a shared equity home ownership scheme for the middle 40% (M40). Those in the M40 group with good credit standing but without sufficient savings for the required deposits are unable to buy their desired homes even if they take up 90% home financing from the banks.

Such schemes are essentially a partnership between the government (or relevant agencies), banks and homebuyers, similar to those currently available in Australia and UK. They allow homebuyers to buy homes without being burdened by a substantial down payment and high monthly instalments.

Note:

*A sukuk is an Islamic financial certificate, similar to a bond in Western finance that complies with Islamic religious law commonly known as Sharia. Since the traditional Western interest-paying bond structure is not permissible, the issuer of a sukuk sells an investor group a certificate, and then uses the proceeds to purchase an asset, of which the investor group has partial ownership. The issuer must also make a contractual promise to buy back the bond at a future date at par value.

Nicaragua

No, there is not.

Norway

No, we don't have any shared equity programs available to assist the purchase of a new home.

South Africa

Yes, there are Special Purpose Vehicle (SPV) which enable the equitable financing on Mega Projects.

Sudan

The Housing and Construction Fund in Sudan is a governmental equity program that funds low income citizens to buy new homes. The Fund builds public homes consisting of a room, a bathroom and a kitchen, then they sell the houses to those who applied for it using a lottery system. The houses are then owned by the winners and are paid for by installments ranging from 3 to 12 years depending on the owners income levels.

The Fund is sponsored through commercial banks who are obligated by the Sudanese Central Bank to provide a maximum of 9% of their commercial banking finance fund limit.

Taiwan

No, we do not have any shared equity program available in Taiwan. All we have is mortgage ad loans from banks. However, in some cases, the developers would provide short-term loans with very low rate that helps buyers with their down payment.

US

Yes, many municipalities offer shared equity programs. For example, Tennessee's shared equity program provides income-eligible buyers with a loan investment of up to 25 percent of the sales price. The loan investment stays with the home upon resale to preserve housing affordability for the next owner. The City of Austin's Down Payment Assistance Program offers a shared equity option with up to \$40,000 where the buyer agrees to pay back an equitable share of appreciation back to the city.

6. Other... (please insert any other methods of housing finance mechanism used in your country)?

Australia

No answer.

Brazil

No answer.

Canada

Beyond financing arrangements for individual and condominium ownership, there are long-standing financial mechanisms to support the development of social housing in Canada, as well as housing on First Nations reserves for both rental and ownership. In the latter case, there have been loans and subsidies for ownership that recognize the lack of secure title to individual plots of land on reserves in many cases. Increasingly, there is a move to enable private home ownership in these cases that is closer and closer to individual home ownership.

As noted above, there are housing co-operatives in Canada. These have typically been more like rental housing and operate on a non-profit basis. There are currently more than 2,200 co-operatives with over 92,500 resident households living in them. A greater willingness is being expressed to consider equity co-operatives by the movement.

Japan

We have various finance supports including tax exemptions program besides described the primary housing finance methods. available special supports In case of the home has a certified higher performance of energy, seismic, long-life quality home and authorized low-carbon home etc.

Malaysia

Bigger developers with strong financial capacity also provide assistance to their purchasers in the form of 10% - 30% loan for the upfront payment while the balance 90% - 70% is financed by the banking institutions.

Some schemes offered by developers provide grant to 30% of the property price and a deferred payment over five years.

If the bank approves only 70% loan, developer will match the remaining 30% in order for house buyers to secure the property with no interest charges or with fixed interest rates that will not be more than 2% of the interest rate of a bank loan (normally 4.4% - 5.4%).

With the deferred payment option, the buyer can choose to either pay back the loan in instalments or lump sum within the five-year period upon the expiry of the five years.

Nicaragua

There are a few cases where the developer (seller) offers direct financing of housing for a maximum period of 10 years

Norway

OBOS, a cooperative building association, is owned by its more than 435 000 members, mainly in the Oslo area. They are now testing out a new pricing model: "OBOS Bostart". Prices in OBOS Bostart are 10-15 per cent below ordinary price. The home is bought at a lower price since OBOS getting the right to buy it back when the buyer wants to sell. OBOS pays a price that is equal to the buyer's purchase of the property, adjusted for the change in the official housing price index in Norway.

South Africa

No answer.

Sudan

As we explain above, there is many economic challenges faces Sudan, then effect on housing industry .

Taiwan

Beside from mortgage and the developer's loans mentioned above, buyers could also apply for personal loan for housing finance. Even though institutions offer financial aids, they are limited to certain percentage. When buyers don't have enough down payment, personal loan is an option. Of course, this method depends on each buyer's credits.

US

There are many different methods used to finance homes in the US. For example, online mortgage lenders have provided people access to the money they need to buy a home. It's now possible to quickly compare mortgage rates and terms and find lenders that fit your needs. Additionally, non-traditional mortgage lenders are more willing to take a risk on those with lower credit scores. The biggest advantage in using an online lender is that you have access to more options and potentially lower rates.

Hard money lenders offer the opportunity to borrow based on the asset in question. This is an excellent alternative for those who don't want (or are unable) to work within traditional lending.

Seller financing is another option in which the seller takes on the role as lender. This can be an excellent alternative assuming the seller is willing to offer it and provided that the borrower can prove to the seller that he/she will meet their obligation.