

The criteria for eligibility, loan ceilings and interest rates are detailed under Heading C, "Housing Overview". To qualify for a mortgage of 20 to 25 years, the borrower must demonstrate that he can make a 10% down payment plus commit up to 25% of his income to mortgage amortization. The balance of 90% can be covered by mortgage financing.

Financing for builders of low-cost housing that meets HUDCC criteria can be obtained from a combination of commercial banks and NHMFC funding. Backed by an HIGC guarantee, the builder can obtain a working capital loan from the banks. Sales are made on the basis of a 10% cash payment and a 90% mortgage, issued by the builder, who then sells the mortgage back to NHMFC for cash and pays off his loan. This funds flow cycle will continue to repeat itself to the extent that NHMFC funding is available.

F. PRIVATE SECTOR:

Traditionally, the private sector has not been active in the low-cost mass housing sector. It has largely been devoted to the building of high-priced, architect-designed homes, (in the Philippines, architects usually act also as the builder), or middle class, suburban housing tracts. Homes in these tracts sell in the range of C\$15,500 to C\$29,000 for houses with floor space of 80 sq.mtrs. to 100 sq.mtrs., not including lot. Although developers have been hampered by both cost and availability of mortgage money, the profits have been attractive.

Under the 1986 National Housing Programme, the private sector has been nominated to provide 55% of the urban low cost housing targets. It remains to be seen how it responds to this Governmental requisite. Certainly the four NHA display houses detailed in ANNEX 3, all erected and offered for sale by private contractors, indicate a certain degree of positive response.