

Please read the disclaimer at the base of the document

Tuesday, 15 June 2010

Interview - The Role of the Mortgage Finance Fund (MFF)

The MFF presented their strategy for increasing the availability of mortgage finance to lower and middle income Egyptians.

Mostafa Hayawan (MH), Chairman of MFF and **May Abdel Hamid** (MAH), Deputy Chairman of MFF, interviewed by **Hamdy Rizk** (HR), Chief Editor, Mousawer Magazine

HR: What are you going to do with the \$ 300 mn from the World Bank?

MAH: We are receiving it in 3 phases it will occur over 3 yrs and is on subsidizing, not financing mortgages. For low income housing, it's starting from next July until 2013 when we'll have 65,000 units 250,000 benefitting from these units.

MAH: We need to have intervention to make this possible for lay people in society. You cannot give subsidies to someone who has high and low incomes. How do you think you will deal with determining where problems in repaying may come from?

2: How do you measure the income? You might have one or two working and these would be true supporters, would you measure this on daily wage or on specific installment that you are going to fill? Do you look at how and when they settle their phone bills? Or how do you determine who deserves it and not?

MAH: You are talking of hopefully achieving the 60,000 residential units soon. I don't think the fund will fail I think it will be supported. I believe this is truly very achievable. A lot of people are complaining about queuing to get those subsidies. I have to say the interest rates were interesting for those people and affordable for many in the market (NBE) the beneficiary should be the client and bank itself. The interest rate was already quite appealing.

Q: Low income people jeopardized and shanty towns will be growing as people can't afford apartments in other areas.

MAH: People in smart villages don't make too much money and I have to say that the people on the floor don't really represent the lay people

MH: The question remains as what is meant by poor people? An average employee would get EGP 1000-1500, so this is a matter subject to sustainability...

Q: What would be the ceiling for the unit that is standing at EGP 95,000 for 70 m2.

MAH: We are trying to strike deals with construction companies to make deals attractive for people. We need to make sure that things still exist in that range.

Q: What documents are needed for financing?

MAH: Any documents that state an income and what is being paid each month so that it shows that some can be saved.

MH: The money is being lent for 8 yrs interest-free, so they have kind hearts, more than Egyptian government so I thank the World Bank.