



## **NMRC and Mortgage Warehouse Funding Facility Set to Improve Housing Market**

***Date: October 10, 2017,***

***Time: 5:00 pm***

***Location: Transcorp Hilton Hotel, Federal Capital Territory, Abuja Nigeria***

Nigeria Mortgage Refinance Company plc (NMRC), the industry leader and provider of secondary mortgage services in Nigeria on the 10<sup>th</sup> of October 2017 joined other mortgage industry stakeholders in announcing the launch of the much-anticipated Mortgage Warehouse Funding Limited (MWFL); this was done on the side-lines of the 23<sup>rd</sup> Nigeria Economic Summit.

MWFL is a special purpose company with the objective of providing short-term viable funding to listed member mortgage banks. It is a market intervention mechanism to support and improve mortgage pre-financing on a short-term basis and thereby address the strategic missing link required to support the optimal performance of mortgage underwriting and refinancing in Nigeria.

The interim or short-term mortgage pre-finance as proposed through the activities of MWFL will be targeted at deleveraging and expanding the mortgage origination capacity of mortgage lenders, thus driving the needed growth of housing and mortgage subsectors of the Nigerian economy.

The MWFL will provide short term financing through the issuance of high quality investment grade and rated Asset Backed Commercial Papers (ABCP). MWFL will use the proceeds of its ABCP to fund member mortgage banks' pipeline of prequalified NMRC conforming mortgage loans. MWFL will warehouse the funded mortgage loan portfolios for a minimum of six months to comply with the minimum seasoning period required for refinance by NMRC based on CBN guidelines.

Sponsored by NMRC and its member mortgage Banks as liquidity and off-take providers MWFL was incorporated in 2014 and has Mortgage Bankers Association of Nigeria (MBAN), as well as CitiHomes Finance Company Limited as programme managers; Lion's Head Global Partners, London through its African Local Currency Bond Fund as the initial subordinated commercial paper subscribers; and Dunn Loren Merrifield Advisory Partners as financial adviser and arranger.

Representing the Central Bank of Nigeria at the launch of the MWFL, Director, Other Financial Institutions Supervisory department, Mrs. Tokunbo Martins noted that the coming of MWFL is a welcome development expected to address the drought of mortgage origination funding that has troubled the subsector. In his own remarks,



the President of Mortgage Banking Association of Nigeria (MBAN), Mr Niyi Akinlusi, said the initiative was expected to significantly increase the fire power available to mortgage banks in carrying out their core mandate.

NMRC's Managing Director/Chief Executive Officer, Prof. Charles Inyangete, in his presentation noted that the MWFL is part of NMRC's market development initiative; he further termed it an inclusive element in the ongoing economic housing model being put in place as a value chain-driven funding mechanism that ties and flows efficiently through the entire mortgage process.

The Chairman, MWFL, Mr. Sonnie Ayere, in his presentation and remarks noted that the "MWFL will be the first of its kind warehouse line of mortgage credit provider that will operate with the sole objective of plugging the funding gap impacting mortgage underwriting as well as mortgage and property development volumes." Also, the Head, Nigeria Housing Finance Programme, Central Bank of Nigeria, Mr. Adedeji Adesemoye, noted that the introduction of MWFL into the mortgage eco-system was a laudable development that would aid the growth of mortgage banks as well as the construction industry.

In his vote of thanks and closing remarks, the CEO and Executive Secretary of MBAN called MWFL a homegrown solution to support and fund a percentage of its member mortgage banks' pipeline of pre-qualified NMRC conforming mortgage loans.

The initiative will involve in the first instance issuance of investment grade rated senior and subordinated commercial paper notes under an initial ~~N~~20bn programme on the platform of FMDQ OTC.