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### Abstract

In order to effectively organize housing reforms in the country, expand the scale of construction of New Uzbekistan housing estates and modern apartment buildings, further develop the mortgage lending market, and widely introduce into practice mechanisms for refinancing loans issued by banks using their own funds.

**Keywords:** Subsidy, budget, loans, law, finance, payment, free, lending, expand, building.

What is a subsidy?

Subsidies are funds from the state budget issued free of charge to low-income individuals to cover part of the down payment or interest payments on a loan for the purchase of housing based on mortgage loans.

A down payment is funds allocated for the purchase of housing on the primary market (that is, new built houses). In cities and rural areas, its size will vary.

Who will receive subsidies?

These funds are allocated only to families in need of improved housing conditions, women in difficult social situations, youth taking an active part in the social life of the country and other citizens of Uzbekistan included in this category.

To receive a subsidy, a citizen must be 18 years old. If a citizen is a labor migrant, family members can submit an application on his behalf.

To approve the proposals of the Ministry of Economy and Finance, the Ministry of Construction and Housing and Communal Services, the Central Bank, the Ministry of Employment and Poverty Reduction, and the Association of Mahallas of Uzbekistan, which provide for, within the framework of the Program for Providing the Population with Housing through Mortgage Loans Based on Market Principles (hereinafter referred to as the Program):

- construction in the regions, in accordance with [Appendix No. 1](#), of multi-storey residential buildings with a modern architectural appearance, consisting of 100 thousand apartments;
- for the purpose of further financial support for construction organizations, providing them with compensation and guarantees for loans issued on the basis of market principles;
- widespread introduction of “green” housing standards into the construction processes of multi-storey buildings;

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- allocation of at least 17 trillion soums for financing mortgage loans from the republican budget of the Republic of Uzbekistan “Uzbekistan Mortgage Refinancing Company” (hereinafter referred to as the Company) and banks’ own funds;
- allocation of mortgage loans in the amount of up to 120 million soums for the construction, reconstruction and repair of individual housing to individuals included in the Poverty Relief Program and in need of improved housing conditions;
- the widespread use by the Ministry of Economy and Finance of mechanisms for refinancing mortgage loans allocated from banks’ own funds.

Establish that, starting from June 1, 2024, the practice of allocating, based on the recommendation of the "mahalla seven" and at the expense of the Ministry of Economy and Finance, mortgage loans to persons included in the Program for the Elimination of Poverty and in need of improving their housing conditions will be introduced. At the same time mortgage loans are allocated in the amount of up to 120 million soums for a period of up to 20 years at a rate exceeding the Central Bank’s base rate by four percentage points for the purposes of construction, reconstruction and repair of individual housing. For mortgage loans, subsidies are paid to compensate for part of the initial payment in the amount of 15 percent of the allocated loan, and to cover, during the first five years of the loan term, part of the interest payments exceeding 12 percent.

The Ministry of Employment and Poverty Reduction (B. Musayev) shall, within one month, create in the electronic platform “Online Mahalla” the ability to maintain a list of families included in the Program for Removing Families from Poverty and in need of improved housing conditions.

The Chairman of the Council of Ministers of the Republic of Karakalpakstan, the khokims of the regions and the city of Tashkent, together with the “mahalla seven”, shall ensure employment of citizens included in the Program for ending poverty and who have received a loan for the construction, reconstruction and repair of individual housing, in types of activities that provide the opportunity to receive a regular income.

a) refinancing of mortgage loans allocated from banks’ own funds is carried out by the Ministry of Economy and Finance monthly no later than the 25th day of the month following the reporting month, at the Central Bank’s base rate in the amounts specified in [Appendix No. 2](#) .

Moreover, if the size of the mortgage loan required for the borrower to purchase an apartment exceeds the amounts specified in [Appendix No. 2](#) , banks are allowed to finance the missing portion of the loan by allocating mortgage loans based on market principles from their own funds;

b) mortgage loans are refinanced by the Ministry of Economy and Finance, provided that: mortgage loans are allocated to individuals for the purchase of apartments on the primary housing market (including those built on the basis of shared participation), as well as for the construction, reconstruction or repair of individual housing; the borrower uses mortgage loans allocated under the Program for the first time. This rule applies to loans allocated starting with the 2024 Program; mortgage loans are issued for a term of no more than 20 years and at a rate exceeding the Central Bank’s base rate by no more than four percentage points (with the exception of loans issued to individuals who are equity holders);

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c) mortgage loans allocated to individuals who are equity holders are refinanced by the Ministry of Economy and Finance regardless of the interest rate.

The Ministry of Economy and Finance (I. Norkulov) should take measures to refinance mortgage loans that meet established requirements and ensure uninterrupted provision of financial resources to banks. To approve the proposal of the Ministry of Economy and Finance to allocate resources to the Company from the State Budget in the amount of 1.2 trillion soums for a period of 20 years at a rate exceeding the Central Bank's base rate by three percentage points. Establish that these resources are directed to refinancing mortgage loans that meet the requirements established by the Company and are provided to individuals for the purchase of apartments on the primary housing market for a period of up to 20 years at a rate that exceeds the Central Bank's base rate by no more than eight percentage points. To make the following changes to the current procedure for paying subsidies under the Program, in accordance with which:

- applications for the allocation of subsidies within the approved parameters will be accepted from May 15 to November 1, 2024;
- subsidies to compensate for part of the interest payments on loans allocated under the 2024 Program are paid in the part exceeding 12 percent, and for loans allocated under the 2025 Program and subsequent years - in the part exceeding the Central Bank's base rate;
- subsidies to compensate for part of the down payment on mortgage loans allocated for the purchase of apartments in the primary housing market, starting with the 2024 Program, are paid in a fixed amount - 30 million soums.
- To establish a Mortgage Support Fund under the Ministry of Economy and Finance (hereinafter referred to as the Fund) without the status of a legal entity, opened in the form of a separate treasury account.

Establish a procedure according to which, from May 1, 2024:

- a) when issuing mortgage loans for the purchase of apartments on the primary housing market, the requirement to insure the subject of the mortgage against insurance risks is cancelled;
- b) the right to construct multi-storey residential buildings is also granted to construction organizations that have an electronic rating assessment of "C" and "CC" in the National Information System "Transparent Construction".

At the same time, organizations with an electronic rating assessment of "C" are allowed to build housing with no more than five floors, while those with an electronic rating assessment of "CC" are allowed to build housing with no more than nine floors;

c) until January 1, 2025, when importing new construction and special equipment, the list of which is specified in [Appendix No. 6](#), a zero customs duty rate shall apply;

d) to replenish the working capital of construction organizations participating in the construction of multi-storey residential buildings in the Yangi Uzbekistan housing estates, funds in the amount of 500 billion soums are allocated from the republican budget of the Republic of Uzbekistan. At the same time:

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The Ministry of Economy and Finance places the said funds in banks for a period of 18 months, including a grace period of 12 months, at the Central Bank's base rate, and the banks allocate the above-mentioned funds as loans to construction organizations using a two percent margin; the list of construction organizations for which loans are allocated to replenish working capital is compiled by the Ministry of Construction and Housing and Public Utilities and the Central Bank based on the rating of construction organizations;

e) for loans allocated to construction organizations in national currency for the construction of residential buildings with 9 or more floors in the city of Tashkent, 7 or more floors in other cities, 5 or more floors in rural areas, JSC "Company for the Development of Entrepreneurship" provides guarantees and compensation for a period of no more than 24 months on the principle of "1+1" based on the category of regions. In this case: guarantees and compensations are provided regardless of the loan amount; compensation is paid for a portion of the loan not exceeding 5 billion soums for each multi-apartment residential building at a rate exceeding the Central Bank's base rate by four percentage points, but not more than 1.75 times the base rate; The guarantee is provided in an amount not exceeding 2.5 billion soums for each apartment building. Determine that, from January 1, 2025, construction organizations will be allocated loans for the construction of multi-apartment residential buildings based on "green" housing standards at a rate that exceeds the Central Bank's base rate by one percentage point introduce the practice of providing individuals with "green" mortgage loans for the purchase of housing built in accordance with the requirements of "green" housing standards; take measures to attract funds from international financial institutions for the purpose of financing "green" mortgage loans.

Work on the construction of pedestrian paths, lighting systems and parking lots, landscaping and greening of territories, including tree planting, in the New Uzbekistan massifs is carried out by the Council of Ministers of the Republic of Karakalpakstan, regional and industry organizations at the expense of local budgets, the own funds of industry organizations, as well as other sources not prohibited by legislative acts; compensation payments for the reimbursement of losses in agricultural and forestry production in connection with the seizure of agricultural land plots in accordance with this Decree shall not be collected as an exception; losses caused to owners, users and tenants of land from whom land plots are seized are compensated in accordance with the procedure established by law;

In this case, new agricultural land plots are considered developed after they are registered by the Cadastre Agency in accordance with the established procedure.

The Ministry of Economy and Finance, together with other interested ministries and departments, shall submit to the Cabinet of Ministers proposals on amendments and additions to legislative acts arising from this Decree.

Deputy Prime Minister A.Zh. Ramatov, together with the Deputy Chairmen of the Council of Ministers of the Republic of Karakalpakstan shall ensure the placement of relevant land plots at electronic auctions, the completion of the construction of multi-storey residential buildings and engineering and transport communication networks within the established timeframes, the use of energy-efficient materials in the construction of multi-storey residential buildings, as well as the presence of renewable energy sources in these buildings;

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Deputy Prosecutor General S.I. Samadov - to take the necessary measures to prevent the indication of an inflated volume of work and the inclusion of unreasonably inflated prices in design and estimate documentation for the construction of multi-apartment residential buildings, and to prevent unnecessary bureaucracy, cases of corruption and violations of the law in the processes of construction and commissioning of residential buildings;

Deputy Prime Minister D.A. Kuchkarov, together with the Chairman of the Central Bank M.B. Nurmuratov, the First Deputy Chairmen of the Council of Ministers of the Republic of Karakalpakstan, the khokims of the regions and the city of Tashkent, shall ensure the timely allocation and financing of mortgage loans and subsidies.

### Conclusion

Subsidies are issued for the purchase of housing at market value. That is, subsidies and “affordable houses” are two concepts that have nothing to do with each other. Also, with the approval of the decree on subsidies, the Affordable Housing Program does not end. Changes regarding the refusal to citizens to accept applications under this program have not been introduced into the legislation.

The subsidy does not mean that every applicant will be allocated funds. To do this, you must meet a number of requirements. A special commission, consisting mainly of representatives of the authorities responsible for providing the subsidy, will evaluate applicants according to the criteria and assign points according to them.

Responsible bodies are departments of internal affairs, department of finance, state tax inspectorate, employment promotion center, cadastre, department of family support, district council of the Youth Union, district, participating commercial banks. All of them are necessary to verify the authenticity of the documents provided when submitting the application.

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