

CHARACTERISTICS OF THE MORTGAGE SECURITIES MARKET OF UKRAINE

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Abstract: the peculiarities of the functioning of the domestic mortgage securities market are studied. Its types, functions and institutional structure are characterized, the comparative characteristic of the financial instruments which turn on it is given. A number of problems that hinder the development of the mortgage securities market are outlined and the directions of their solution are substantiated.

Key words: mortgage market, mortgage securities, mortgage, issue of securities

The formation of a viable system of mortgage lending in Ukraine is a priority of public policy, because the world experience of using mortgages as a tool for solving socio-economic problems is significant. In fact, the growth of mortgage lending is directly proportional to the effectiveness of the refinancing mechanism, which attracts long-term funds from the financial market in the field of mortgage lending.

There are credit institutions and the State Mortgage Institution in the domestic mortgage securities market today, whose activities are constrained by the imperfection of the legal system, the underdevelopment of the mortgage

infrastructure, as well as the lack of a coordinated system of interaction of mortgage market participants. Thus, credit institutions, among other important problems that constrain their activity in forming a portfolio of mortgage loans, are objectively unable to use fully the properties of mortgage securities to generate financial resources to finance credit claims on the condition of securing a real estate loan. Therefore, research on the development of conceptual proposals for the construction of an effective system of functioning of the domestic market of mortgage securities and substantiation of optimization approaches to improving its elements are important.

The development of the domestic mortgage securities market is one of the priority areas of state policy aimed at the development of the mortgage market. Creating an effective mechanism for the functioning of the mortgage securities market contributes to solving a number of problems, including social ones. The mortgage securities market represents the sphere of socio-economic relations between market participants regarding the issue and circulation of mortgage securities. In essence, the economic composition of the mortgage securities market is expressed in the accumulation and redistribution of financial resources between market participants in the process of its operation in order to ensure the movement of temporarily free funds from investors to issuers of mortgage securities.

The main objectives of the mortgage securities market are:

- formation of a mechanism for refinancing mortgage loans;
- accumulation of temporarily free funds of private and institutional investors in order to further invest in highly reliable financial instruments;
- assistance in solving social problems;
- stimulating the development of the country's economy.

In the process of solving the tasks, the mortgage securities market performs a number of functions:

- commercial - the function of extracting the maximum level of profit from transactions in this segment of the securities market;
- price - in the process of pricing under the influence of supply and demand for

mortgage securities, the market price is formed, and this, in turn, allows you to set the optimal interest rate on a mortgage loan;

- redistribution - as a result of its action is the redistribution of funds between economic entities and major sectors of the market economy;

- investment - provides the transfer of savings from non-productive form to investment resources;

- stimulating - creates conditions for the development of the securities market and the growth of living standards;

- information - as a result of its action there is a process of bringing information to all market participants;

- regulatory - the market independently sets development priorities, creates rules for trading in mortgage securities and forms the procedure for resolving disputes between participants.

The set of the given functions and tasks which are realized by the market of mortgage securities in the course of its functioning defines economic essence, legal and social purpose of the given segment of the market of securities. In essence, the economic content of the mortgage securities market is expressed in the accumulation and redistribution of financial resources between participants in economic relations, thus, the market acts as an intermediary in the movement of temporarily free funds from investors to issuers of mortgage securities and further to borrowers. Mortgage securities are reliable liquid financial instruments, the high rating of which is supported not only by the reliability of issuers - credit institutions, but also by the high quality of the mortgage loan portfolio, which reduces investor risks compared to other debt securities that do not have such collateral. They allow the creditor to obtain long-term resources at a relatively low price [1, p. 326].

Mortgage securities are a very unique type of financial instrument that can combine and perform this type of function and provide a fairly high level of protection for investors. Therefore, their distribution and active use in Ukraine is important and effective given the goals of various participants in the mortgage securities market.

Thus, under mortgage securities are understood securities, the issue of which is secured by a mortgage coverage (mortgage pool) and which certify the right of owners to receive from the issuer their funds [2]. These include: mortgage bonds, mortgage certificates and mortgages. Mortgage - a debt security that certifies the unconditional right to the owner to receive from the debtor performance of the principal obligation, provided that it is subject to execution in cash, and in case of default - the right to recover the mortgage. Mortgage bond - a bond, the issuer's obligations under which are secured by mortgage coverage. Ordinary and structured mortgage bonds can be issued. The issuer of ordinary mortgage bonds is a mortgage lender, and the issuer of structured mortgage bonds is a specialized mortgage institution. Mortgage certificate - a mortgage security secured by mortgage assets or mortgages [3 - 6].

In Ukraine, the issue of mortgage bonds have the right to carry out universal mortgage banks subject to the permission of the State Commission on Securities and Stock Market (ordinary mortgage bonds) and a specialized mortgage institution (structured mortgage bonds). The main characteristics of mortgage securities that have the right to circulate in Ukraine are summarized in Table 1.

With regard to the mortgage securities market, the whole set of economic relations of the participants is reduced to relations concerning the issue and circulation of mortgage securities, the basis of which is formed by claims on previously granted mortgage loans (mortgages), i.e. - actual collateral. The separation from the actual collateral occurs in the future, when on the basis of the mortgage pool (pool of mortgages) are issued secondary mortgage securities. At this point, on the basis of real capital, fictitious capital is created, which begins to function independently. Given the following features of the preconditions for the emergence and functioning of economic relations between market participants on the issuance and placement of mortgage securities, we consider it appropriate the mortgage securities market into two types:

- primary market of mortgage securities;
- secondary market of mortgage securities.

Table 1**Characteristics of mortgage securities of Ukraine [3-6]**

Sign/ property	Mortgage Certificates from fixed profitability	Mortgage certificates of participation	Ordinary mortgage bonds	Structured mortgage bonds
Issuer	Lender - financial institution that has a state license	Lender - financial institution that has a state license	Lender - financial institution that has a state license	Specialized mortgage institution
Software terms of release	Mortgage Assets	Mortgages	Right for mortgage fixed collateral	Mortgages, union in pool
Owners of mortgage assets	Issuer	Owner mortgage certificates	Issuer	Issuer
The size of the provision of conditions release	Mortgage assets and own property of the issuer	Mortgage assets	Mortgage assets and own property of the issuer	Mortgage assets
Possibility investor affect terms of release	Missing	Missing	Through the mechanism of the general meeting	Through the mechanism of the general meeting
The scope of rights investors in within one release	Equally equal	Equally equal	Equally equal	It is different depending from the class
Risk allocation	All risks rely on on the issuer	It carries all the risks owner certificate	All risks rely on on the issuer	The creditor bears percentage risk, the rest issuer

The separation of the primary market of mortgage securities is due to the fact that in this market segment as a basic asset or commodity is a mortgage loan issued by a mortgage. Given the individual characteristics of the mortgage, which is a documentary evidence of credit relations between the lender and the borrower, the

functions of the issuer of the mortgage in the primary market of mortgage securities is performed by the borrower. Due to the fact that by its economic nature, the issuance of a mortgage coincides in time with the time of execution of the mortgage loan agreement, the execution of such an agreement and the loan security agreement should be considered a mortgage issue. The further circulation of the issued financial instrument as the primary security of the mortgage securities market depends on the goals of the lender (preservation of the mortgage in its own investment portfolio, sale to the next investor).

Due to the functioning of the primary market of mortgage securities, the necessary conditions are created for the formation of mechanisms for refinancing mortgage loans. The realization of the loan commitment allows the lender to replenish the portfolio of resources and use the proceeds from the sale of the loan to provide new mortgages.

The secondary market of mortgage securities provides for the formation of economic relations regarding the issue of secondary mortgage securities issued on the basis of a pool of mortgages. The purpose of its operation is identical to the purpose of the primary mortgage securities market, but the refinancing of mortgage assets allows to increase the volume of such refinancing while stimulating the development of the securities market as a whole.

However, today the main functions of the mortgage securities market in Ukraine are not being fulfilled. The main problems on the way to their implementation are:

- lack of proper level of development of the mortgage lending market;
- lack of proper level of development of the securities market;
- lack of effectively formed institutional environment in the market;
- lack of sufficient number of investment investors.

In addition, there are a number of problematic factors that negatively affect the development of the domestic mortgage securities market. These include, in particular:

1) low level of protection of the rights of mortgage securities market participants;

2) imperfection of the current legislation of Ukraine on the protection of mortgage coverage;

3) low level of regulatory and information support of mortgage securities market participants, which in the absence of appropriate laws to protect the interests of issuers and investors leads to uncivilized mechanisms of their circulation;

5) insufficient development of organizational and financial mechanisms, the action of which should ensure transparent and fair pricing, etc.

In modern conditions of Ukraine to ensure the effective use of mortgage securities as investment instruments and refinancing instruments, the state needs:

- clearly establish requirements for financial institutions - issuers of mortgage securities in order to ensure their high reliability and liquidity;

- to establish at the appropriate level and strictly regulate compliance with the "protection wall", which provides for the separation of mortgage assets that serve as collateral for mortgage securities, and the ratio of the value of these assets to the volume of issues of relevant securities;

- taking into account the negative experience, to ensure strict control over the activities of trust management institutions in order to prevent financial fraud;

- to create favourable conditions for the implementation of operations with mortgage securities by all participants in the mortgage market, special attention should be paid to ensuring their economic efficiency.

Thus, the future development of the mortgage securities market is impossible without reforming most of the components of the mortgage market and removing obstacles to this development. In addition, the role of the mortgage securities market in attracting investment resources and directing them to address social needs, creating conditions for the formation of powerful institutional investors should be reconsidered and significantly increased.

Conclusions. In order to ensure the effective use of mortgage securities by the subjects of the mortgage market of Ukraine, it is necessary to: create favorable conditions for refinancing mortgage loans with ordinary mortgage bonds, including making the necessary changes to current legislation; to establish standards at the

legislative level that would regulate the volume of mortgage bonds issued by an individual creditor; at the initial stage of formation of the mortgage securities market to facilitate their placement among domestic investors, in particular by providing certain preferences and tax benefits. After all, overcoming the crisis in the mortgage market of Ukraine and its further development is possible only if we build a stable secondary mortgage market and ensure effective refinancing of mortgage loans, which will optimize the primary mortgage market and create favorable conditions for mortgage lending.

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