

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PERU

LOAN TO ASOCIACIÓN MUTUAL DE CRÉDITO PARA VIVIENDA “EL PUEBLO” PERU

(PE0069)

LOAN PROPOSAL

Under the Access to Information Policy, this document is subject to Public Disclosure

Loan to Asociación Mutual de Crédito para Vivienda "El Pueblo" from
the Social Progress Trust Fund

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
PROPOSED RESOLUTION	4
ANALYSIS OF THE PROJECT	7
I INTRODUCTION	7
II THE BORROWER	7
A. Identity	7
B. Administration	8
C. Operations	8
D. Financial Position	9
III RELATION OF BORROWER TO NATIONAL SAVINGS AND LOAN MOVEMENT	10
IV DESCRIPTION OF THE PROJECT	11
A. Purpose	11
B. Technical Aspects	12
C. Financing Plan	12
D. Legal Aspects and Guarantee	13
V TECHNICAL ASSISTANCE	13
VI ECONOMIC RELATIONSHIP	14
VII RECOMMENDATIONS	16

ANNEXES:

I Technical Observations	
II Legal Report	
IIIa,b Loan Application used by members	
IV Listing of Legal Requirements requested from members	
V Balance Sheet, December 22, 1961	
VI Projected Financial Condition 1961-1967	
VII Past Growth in Savings in Mutual "El Pueblo"	
VIII Types and number of Loans made by Mutual "El Pueblo"	

S U M M A R Y

ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA "EL PUEBLO"

(Exchange rate: US\$ 1 - S/.26.80)

1. The Borrower: The Asociacion Mutual de Credito para la Vivienda "El Pueblo", a private savings and loan association formed on a cooperative non-profit basis, received its charter in March 1961 and has since worked energetically to attract savings and to make loans to its members for low-cost housing. Operations of the association are limited to the Department of Lima.
2. Amount of Loan: US\$ 1 million to be repayable in soles.
3. Guarantee: The loan would be guaranteed by the Republic of Peru.
4. Eligibility of Loan: On September 12, 1961, the Bank's Board of Executive Directors declared the application submitted by Mutual "El Pueblo" to be eligible prima facie for consideration under the terms of the Social Progress Trust Fund (Document DED/FF/61/P-15).
5. Description of the Project: The proceeds of the proposed loan would be relent to members of Mutual "El Pueblo" for the purpose of helping to finance the purchase or construction of about 400 new low-cost homes in the metropolitan area of Lima. These sub-loans would be on a long-term basis (up to 20 years) at reasonable rates of interest (not to exceed 12% per annum). Sub-loans would be made for no more than 80% of the appraised value of the house and land and in no case would exceed S/.100,000 (US\$3.730).

The project is part of a larger program of Mutual "El Pueblo" to provide adequate housing for low-income groups. This program would be financed from member deposits, a loan from the National Housing Fund, and the proposed IDB loan. It is expected that the IDB loan would help stimulate an increase in the membership and deposits of Mutual "El Pueblo".

6. Source of Funds, term of loan, rate of interest and disbursement period: The loan would be made in Dollars from the Social Progress Trust Fund and would be amortized over a period of 21 years by means of 21 consecutive annual installments.

The loan would draw interest at the rate of 1-1/4% per annum, payable semi-annually in Soles; the first payment would be due six months from the date of signature of the contract. In addition there would be a service charge of 3/4 of 1% per annum, payable in Dollars on the same dates on which interest payments fall due.

The total amount of the loan would be disbursed within one year after the date of the contract.

The borrower would be required to report quarterly to the Bank on the sub-loans it has made in order that the Bank may verify that these sub-loans have been made in accordance with the criteria governing the utilization of funds from the Social Progress Trust Fund.

7. Financing Plan: Funds available for the program in the next twelve-month period have been estimated at S/. 44.4 million and would be obtained from the following sources:

	<u>Thousands of S/.</u>	<u>U.S. Dollar Equivalent</u>	<u>%</u>
Member deposits, largely already invested in the program, as of Dec. 22/1961 (less required reserves)	6,040	225,370	
Estimated increase in member deposits (less required reserves)	<u>5,525</u>	<u>206,150</u>	
Total member deposits available for lending	<u>11,565</u>	<u>431,520</u>	20.9
Loan from National Housing Fund	6,000	223,880	10.8
Proposed SPTF loan	<u>26,800</u>	<u>1,000,000</u>	<u>48.3</u>
Total Funds available for lending	44,365	1,655,400	
Add: Minimum participation (20%) of borrowers	<u>11,090</u>	<u>413,800</u>	<u>20.0</u>
TOTAL	55,455	<u><u>2,069,200</u></u>	<u><u>100.0</u></u>

Of the proceeds of the proposed SPTF loan, perhaps as much as 20% might be used for imported materials such as electrical equipment, sanitary installations, etc.

8. Justification of the Loan: Presently there is a large housing shortage in Peru. Studies made by the Instituto de la Vivienda reveal, as of June 30, 1961, a deficit of nearly two million housing units; of the existent housing, only an estimated 11% meets minimum living requirements. The activities of Mutual "El Pueblo" will contribute to alliviate this shortage in the capital of Peru where a population congestion is creating grave housing problems.

The Mutual "El Pueblo" was organized in accordance with the principles of home financing in the U.S., and adapted to Peruvian customs and phsycology. It is part of a rapidly developing

system of similar mutuals, which is being financially assisted by local, foreign and international lending agencies.

This system in Peru will eventually raise the standard of living by providing better homes for low-income families. The proposed IDB loan would enable the Mutual "El Pueblo" to expand its operations which, in turn, would stimulate the accumulation and channelling of domestic savings for housing construction.

9. Conclusion: The Department of Operations, on the basis of studies made by the Project Committee, submits the attached loan document to the President of the Bank for his consideration and, if he deems it advisable, the following draft resolution to the Board of Executive Directors for approval.

Rev.
3/2/62

PROPOSED RESOLUTION

LOAN TO ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA "EL PUEBLO", OF PERU

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such officer as he shall designate, is authorized, in the name and on behalf of the Bank, in its capacity as Administrator of the Social Progress Trust Fund, to enter into such contract or contracts as may be necessary with the Asociación Mutual de Crédito para la Vivienda "El Pueblo", of Perú, as principal debtor, and the Government of Perú, as guarantor, for the purpose of granting the former a loan to be used to finance a program of credits for the purchase and construction of housing for families with low incomes. This loan shall be subject substantially to the following conditions:

1. Amount and currency: Up to US\$ 1,000,000. Payments of amortization and interest shall be made in the national currency of the debtor in an amount sufficient, in each case, to assure that the payment be equal in value to the amount due stipulated in dollars. At the election of the debtor, any payment may be made in dollars.
2. Guarantee: The full guarantee of the Government of Perú.
3. Amortization: The debtor shall amortize the loan in a period of 21 years, by means of 21 consecutive annual installments on a progressive scale, in accordance with the schedule of amortization appearing in the Annex of this Resolution. The first installment shall be paid one year from the date of signature of the Contract.
4. Service Charge: $3/4$ of 1% per annum in dollars on principal amounts outstanding, payable semiannually. The first payment shall be made 6 months after the date of the Contract.
5. Interest: $1-1/4\%$, per annum on principal amounts outstanding, payable semiannually on the dates established for the payment of the service charge.
6. Disbursement: Total disbursement of the loan shall be made within a period of one year after the date of the contract.

7. Special conditions:

- (a) The debtor may not modify its Charter or regulations without the prior approval of the Bank.
- (b) On the credits which the debtor grants with the proceeds of the loan, the beneficiaries shall not be charged on account of interest, commissions, or other charges more than 10% per annum on outstanding balances, without the prior approval of the Bank, which in no case will permit a rate higher than 12% per annum. Not less than 4% per annum on outstanding balances shall be set aside in a reserve to facilitate the service of the loan in the case of exchange fluctuations with regard to the dollar. Such funds may not be used in any form except with the prior approval of the Bank.
- (c) As part of the loan and upon the fulfillment of the pertinent provisions of the contract, the Bank may establish a revolving fund in such an amount as it deems appropriate but not to exceed US\$200,000, which the debtor may utilize for the granting of credits under the terms and conditions of the Loan Contract.
- (d) The credits may only be granted to families whose total income does not exceed S/. 3,500 per month plus 10% for each qualified dependent. By mutual agreement between the Bank and the debtor such income limit may be readjusted yearly to compensate for the effects of any changes which may occur in the rate of exchange.
- (e) The credits granted by the debtor to finance housing shall not exceed, in each case, S/. 100,000 and no house financed with the resources of the loan shall exceed in value the equivalent of US\$5,000, including the land and improvements.
- (f) The debtor shall agree that during the life of the contract, the housing financed with the loan funds, if sold, shall be sold only to families whose total income does not exceed the maximum specified in Clause (7)(d).
- (g) Prior to any disbursement of the loan the Bank and the debtor shall agree on the standard technical qualifications to be met by the beneficiaries. These shall include size of lots, area to be covered by housing and the methods and materials to be used.

- (h) The loan shall not be used for the purchase of land, for paying expenses of administration, for financing the construction of housing for rent, for refinancing loans nor for housing rehabilitation.
- (i) The Bank shall establish such control procedures as it deems necessary for the purpose of watching over the execution of the project financed with the resources of the loan, and the debtor shall extend all cooperation which is required for the most effective accomplishment of this purpose.

ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA "EL PUEBLO"
LIMA - PERU

AMORTIZATION SCHEDULE

<u>As of March 1,</u>	<u>Principal Payments</u>
1963	US\$ 12,500
1964	25,000
1965	37,500
1966	50,000
1967	50,000
1968	50,000
1969	50,000
1970	50,000
1971	50,000
1972	50,000
1973	50,000
1974	50,000
1975	50,000
1976	50,000
1977	50,000
1978	50,000
1979	50,000
1980	50,000
1981	50,000
1982	50,000
1983	75,000
TOTAL	US\$ <u>1,000,000</u>

ANALYSIS OF THE PROJECT

ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA "EL PUEBLO"

I. INTRODUCTION

- 1.01 The Asociación Mutual de Crédito para Vivienda "El Pueblo" of Lima, Perú, through its President and Acting General Manager, Father Daniel McLellan M.M., submitted to the IDB a written application for a loan of 1,000,000 dollars; this application was received on June 27, 1961. The funds requested would be used to extend long-term mortgage loans to individual Peruvians with low incomes to finance the purchase of low-cost homes; they would provide up to 80 per cent of the amount needed for the construction and purchase of an estimated 400 new homes on terms of up to 20 years.
- 1.02 The Board of Executive Directors of the Bank at its meeting of September 12, 1961, declared the application submitted by Mutual "El Pueblo" to be eligible prima facie for consideration under the terms of the Social Progress Trust Fund.
- 1.03 A Bank representative visited Perú, in December 1961, to secure the data necessary to appraise the project.
- 1.04 On October 19, 1961, the Executive Directors approved a loan for one million dollars to the Cooperativa de Crédito Central del Perú, of which Father McLellan is also the General Manager.

II. THE BORROWER

A. Identity

- 2.01 Mutual "El Pueblo" is a private savings and loan association formed, on a co-operative non-profit basis, under Law No. 12813 of Perú, for the purpose of promoting under the management of the associate members the formation of capital which could be channelled into loans for housing. Its operations are supervised, and its books audited, by the Superintendencia de Bancos, an agency of the Peruvian Government.
- 2.02 The creation of Mutual "El Pueblo" came about when a team of U.S. Saving and Loan experts visited Perú in September 1960, to advise the Peruvian Government. This group approached Father McLellan about the possibility of establishing a new Mutual Savings and Loan Association as the experience of Father McLellan and his staff in credit union operations made them logical choices for the management of a new Mutual Loan organization. Mutual "El Pueblo" was founded on September 27, 1960, and commenced activities on March 1, 1961.

B. Administration

- 2.03 The Board of Directors of Mutual "El Pueblo" is composed of seven members including the President, Vice President, and Assistant Manager. Father McLellan serves as President and Acting General Manager; Mr. Augusto Dammert, Director of Personnel for W. R. Grace & Co., as Vice President, and Mr. Guillermo Angeles, a salaried employee of the Peruvian Federation of Credit Unions, as assistant Manager. The other Directors include an industrialist, two lawyers and a trade union leader. All serve without pay.
- 2.04 Mutual "El Pueblo" has only one employee on its payroll; other employees (an Office Manager, Assistant Office Manager and Legal Department Aide) are on the payroll of the Peruvian Federation of Credit Unions. Four lawyers and one engineer serve the Asociación on a commission basis; this commission is covered by a one-time charge of 2-1/2 per cent on the total amount of each loan made to cover expenses of property assessment, legal studies and mortgage costs. This charge is permissible under the terms of Law No. 12813 and is similar to closing costs charged by U.S. savings and loan associations. As the operations of Mutual "El Pueblo" increase, the association plans to employ a full time staff.

C. Operations

- 2.05 Mutual "El Pueblo" is authorized to make loans for the purchase, construction, and improvement of homes. It is also authorized to finance the purchase of land and to refinance existing mortgages. The home or dwelling can be for one or more families and can serve as both a home and a place of work. Property financed must be situated within the Department of Lima.
- 2.06 Loans are limited to a maximum of S/. 100.000 (\$3,730) and within this limitation, can in no case be larger than 80 per cent of the value of the house and land.
- 2.07 Loans are made for periods of 5 to 20 years and are repayable in fixed equal monthly payments which include interest and insurance premium charges. All loans for the purchase or construction of houses are secured by first mortgages on the property financed.
- 2.08 Mutual "El Pueblo" originally charged an interest rate of 12 per cent per annum, or 1 per cent per month on outstanding balances. In August, 1961, it announced that, based on volume of loans, the interest rate would be lowered. As of December 1, 1961, the interest rate was decreased to 10.8 per cent per annum; it is planned that, when the volume of mortgage loans reaches 10 million soles, the interest rate be reduced further to 9.6 per cent and eventually to a low of 8 per cent per annum. These rates are well below the general money market rates in Perú.

- 2.09 Mutual "El Pueblo" can also lend for home improvements. These loans are for periods of 1 to 3 years and in exceptional cases 5 years. They are limited to a maximum of S/. 25,000 (US\$930) and can be granted as character loans; however, the present policy is to insist that the borrower (or another serving as guarantor) have a minimum balance on deposit during the previous six-months of at least $1/3$ of the amount of the loan or, alternatively, the income of a property whose annual gross revenue is not less than 35 per cent of the loan. The deposit or the income from the property must be pledged to secure the loan.
- 2.10 Attached as Annex III (a & b) is a copy of the loan application form used by "El Pueblo". Reference is made in this form to the purchase of land, but Mutual "El Pueblo" does not consider loans for this purpose. However, the value of the land is included in the calculation made to determine the maximum loan which "El Pueblo" can make for financing the cost of the house to be constructed. Such land evaluation is made by an engineer of the Association on the basis of data prepared by the trade organization, Cuerpo de Tasaciones del Perú.
- 2.11 In addition to the interest charged on a loan, Mutual "El Pueblo" requires its borrowers, except in hardship cases, to pay a premium for life insurance adequate to cover the mortgage balance in the event of his death. This premium increases the monthly payment by S/. 30-40. Furthermore, a one-time commission of $2-1/2\%$ of the amount of the loan is charged to cover property appraisal and legal fees. This charge is permitted by law. However, unlike other Mutu- als in Perú, "El Pueblo" itself assumes the costs, estimated to average S/. 1,000 per loan, of registering the mortgage.
- 2.12 Loan applications are reviewed by a Credit Committee composed of 3 directors who decide within 5 days after receipt of an application if a loan can be considered. A loan is not recommended if more than 25 per cent of a member's total income is required to meet the payments. There then follows a period of 2 or 3 months during which various legal requisites must be complied with, such as title clearances (see Annex IV for types of legal requisites), after which the application is sent to the directors of the Mutual for approval.

D. Financial Position

- 2.13 The balance sheet of December 22, 1961 (see Annex V) shows that as of that date the Mutual "El Pueblo" had member deposits of S/. 7,110,000 and had drawn down one million soles of an authorized credit of 6 million soles from the National Housing Fund. Net worth of S/. 308,000 represented donations of S/. 165,000 and undivided profits of S/. 143,000.

Assets of S/. 8,431,000 consisted principally of long-term loans of S/. 6,195,000, cash in banks of S/. 1,956,000, and furniture and fixtures of S/. 253,000.

- 2.14 The financial forecast (Annex VI) was prepared on the basis of income from interest at 10 per cent per annum on amounts lent and 8 per cent per annum on the required reserve of 15 per cent of total deposits. This reserve must be held in cash, deposited in banking institutions and/or invested in short-term securities.

III. RELATION OF BORROWER TO NATIONAL SAVINGS AND LOAN MOVEMENT

- 3.01 This team of U.S. Savings and Loan experts which encouraged Father McLellan to found Mutual "El Pueblo", advised the Peruvian Government some years earlier on the establishment of a savings and loan system and, as a result, the authorizing legislation for savings and loan associations in Perú, Law No. 12813 of March, 1957, was promulgated. This law created a legal and regulatory framework for the establishment and operation of private mutual savings and loan associations.
- 3.02 By Supreme Decree No. 58 of September 23, 1960, the Government of Perú created a National Housing Institute for the purpose of formulating and executing a general urban and rural housing program. An IDB loan of US\$ 22.8 millions was recently made to the Institute to help finance the construction of approximately 35,200 housing units to be built principally through a system of self-help.
- 3.03 Within the National Housing Institute, the Government of Perú created a Special National Housing Fund which would evolve, after one year, into a Central Bank for Cooperative and Mutual Home Savings Associations. The Fund-Bank received a loan of US\$ 7.5 millions from the Development Loan Fund on June 12, 1961, for the purpose of providing a portion of its initial capitalization. Disbursements from this loan are limited to US\$ 5 millions until the Central Bank for Cooperatives is formed.
- 3.04 The Fund-Bank will have supervisory control over all associations in the savings and loan system. It will support qualified associations, primarily through loans, and intends also to insure deposits made in associations after the first 12 months of the System's operations.
- 3.05 As of December 22, 1961, Mutual "El Pueblo" had drawn down and repaid S./ 1,000,000 of a S./ 6,000,000 15-year credit from the National Housing Fund. This credit carries an interest rate of 6 per cent per annum; Mutual "El Pueblo" also pays a commission of 1/2 per cent at the time it draws down any funds.

3.06 Among the limitations placed on the use of this credit are the following:

- i) the value of the house, including land, to be financed must not exceed S/. 190,000 (US\$7,000 equiv.);
- ii) 50 per cent of the funds drawn down must be used for housing whose value, including land, does not exceed S/. 110,000 (US\$ 4,000 equiv.);
- iii) monthly repayments including interest, amortization and other charges, cannot exceed 25 per cent of a family's income;
- iv) first mortgages securing the loans must be assigned to the National Housing Fund.

3.07 According to the financial projections (Annex V) Mutual "El Pueblo" expects to borrow from the National Housing Fund, a total of 12 million soles (US\$ 447,760) by the end of 1963.

3.08 There are presently three other private mutual home savings associations organized and operating in Perú. Two have less than 500 depositors each. The third, Mutual "Perú", began operations in March 1959 and now has an estimated 4,000 members and deposits totalling about 30 million soles. In July 1960, Mutual "Perú" obtained a 20-year loan of S/. 26.8 millions (US\$ 1 million) from the Development Loan Fund. This loan bears an interest rate of 5.3/4 per cent per annum. (In comparison, Mutual "El Pueblo" commenced activities in March 1961, and now has 2,000 members with total deposits of 7,110,000 soles. See Annex VII and VIII).

3.09 It is estimated that by 1963, a total of 15 associations will be operating, especially in the larger urban centers of Perú. The officials of Mutual "El Pueblo" have been advising in the establishment of these new associations.

IV. DESCRIPTION OF THE PROJECT

A. Purpose

4.01 The IDB, through a loan to the Mutual "El Pueblo", would encourage the further accumulation of private capital through savings for the financing of new home ownership. The proceeds of the IDB loan, would make possible mortgage financing on reasonable terms for the construction and purchase of about 400 additional new low-cost homes. The appraisal value cannot in any case exceed S/. 135,000 (US\$ 5,000); the maximum loan would be S/. 100,000 (US\$ 3,730).

- 4.02 These loans would be secured by first mortgages on the houses and land. As the Mutual "El Pueblo" would finance up to maximum of 80 per cent of the value of house and land, the other 20 per cent would be contributed by the borrower in money, land or both.

B. Technical Aspects

- 4.03 Some observations on the technical aspects of the project are included in Annex I.
- 4.04 The Borrower has complete freedom as to whom he selects as contractor to construct his home. In most cases, construction is being done by the smaller independent contractors, rather than large organizations equipped to handle volume.
- 4.05 In negotiations with contractors, the borrower is advised by Mutual "El Pueblo" not to sign any documents before conferring with the Mutual.
- 4.06 After a loan has been approved, the Mutual sets aside the funds and pays the contractor according to the following schedule:

25% when the foundation is completed
 25% when the walls are built
 25% after the roof is installed
 15% upon receipt of key by the borrower
 10% withheld until a "declaration of fabrica"
 (evidence of no liens against contractor)
 is obtained.

- 4.07 During the period of construction, an engineer of the Mutual reviews once or twice weekly the progress of the work and adherence to specifications.

C. Financing Plan

- 4.08 The project is part of a larger program of Mutual "El Pueblo" to provide adequate housing for low-income groups. This program would be financed from member deposits, a loan from the National Housing Fund, and the proposed IDB loan, and would consist of the following amounts:

	<u>Thousands of soles</u>	<u>U.S. Dollar Equivalent</u>	<u>%</u>
Member deposits, largely already invested in the program, as of Dec.22/1961 (less required reserves)	6,040	225,370	
Estimated increase in deposits (less required reserves)	5,525	206,150	
Total member deposits available	<u>11,565</u>	<u>431,520</u>	20.9
Loan from National Housing Fund	6,000	223,880	10.8
Proposed SPTF Loan	26,800	1,000,000	48.3
Total Funds available for lending	<u>44,365</u>	<u>1,655,400</u>	
Add: Minimum participation (20%) of borrowers	<u>11,090</u>	<u>413,800</u>	20.0
TOTAL	<u><u>55,455</u></u>	<u><u>2,069,200</u></u>	<u><u>100.0</u></u>

- 4.09 The current interest rate on mortgage loans made by "El Pueblo" is 10.8% per annum, and the management expects to be able to reduce this to 8 per cent per annum as soon as financial prudence and the levels of loans and savings deposits permit. This interest rate may be broken down in the following components so far as it applies to loans made with the proceeds of the proposed loan:

For service on the IDB loan	2%
Reserve for maintenance of value	4%
For use by the Mutual for educational promotion and administrative costs	2%

- 4.10 The reserve for maintenance of value shall be a special account placed in a banking institution, satisfactory to the Bank and the use or withdrawal of these funds shall require the prior approval of the Bank.
- 4.11 Mutual "El Pueblo" is currently paying dividends of 6 per cent per annum on savings, which is 1 per cent higher than that paid by Peruvian commercial banks on saving accounts.

D. Legal Aspects and Guarantee

- 4.12 A review of the legal documents submitted by the applicant, including copies of its statutes and Peruvian Law No. 12813 under which the Mutual "El Pueblo" was organized, is attached as Annex II.
- 4.13 On October 19, 1961, the Peruvian Government informed the Banks that it was prepared to guarantee a Bank loan to the Asociación Mutual de Crédito para la Vivienda "El Pueblo".

V. TECHNICAL ASSISTANCE

- 5.01 The Bank has been informed that the United States, through AID, intends to assign two specialists to assist Mutual "Perú" and the National Housing Fund, which were recipients of loans from the former Development Loan Fund, in their programs for financing housing developments. One, who is the technical housing advisor for the U.S. Overseas Mission in Perú, has already established residence in Lima. The other, Mr. Speedles, the Executive Vice President of the Cayuga Federal Savings and Loan Association of Philadelphia, and a well known expert in the field, recently left for Lima where he expects to stay for a period of 4-6 months to assist the National Housing Fund in the preparation of policies, procedures and accounting systems for the home savings and loan system to be established.

- 5.02 In addition, a series of visits are being planned by Morton Bodfish and Raymond P. Herald and some of their associates to follow up the work which these two outstanding savings and loan executives initiated in Peru as part of the team sent under the auspices of the ICA technical assistance program.
- 5.03 In view of these considerations it would not seem necessary for IDB to provide technical assistance to Mutual "El Pueblo" in connection with the proposed loan. However, the recent IDB housing loan to the Instituto Nacional de la Vivienda will require the presence in Peru of a permanent IDB representative; this same representative might follow the activities of Mutual "El Pueblo" and be available for consultation to that association should the need arise.

VI. ECONOMIC RELATIONSHIP

Relation of the Project to the Socio-Economic Structure of Perú

- 6.01 Housing construction in Peru has expanded very slowly in comparison with the other sectors of the economy. Furthermore, while the population as a whole was growing at an average rate of 2.4 per cent per year, urban population showed a rate of increase of almost 4 per cent per year in the last decade, owing to migration from rural areas to the cities. These factors have given rise to an acute housing shortage in the urban centers, creating serious social problems which, in turn, adversely affect labor productivity. By mid-1961, the estimated shortage amounted to almost 2 million units, which means that only 11 per cent of the population has adequate housing. In addition, 52,000 new units per year would be needed to replace homes that are no longer inhabitable. ^{1/}
- 6.02 The extraordinary growth of the population of Lima, which has doubled during the last 11 years, has made a congested area of the city and has caused the widespread emergence of slums and shanty-towns, especially along the banks of the Rimac River. This sharp population upswing has been due to the attraction of the city as a center of greater job opportunities. In order to counteract this migration, the government is taking the necessary measures to improve living and working conditions in rural areas.

^{1/} Instituto de la Vivienda, Housing Plan 1962-1971, Perú, June, 1961.

- 6.03 As an initial step towards partial solution of the housing problem, the Peruvian Government has prepared a national program for the construction of 35,000 units throughout the country in two years; it was recently granted a sizable 22.8 million loan by the IDB for implementation of this program. Official policy also calls for credit facilities and technical assistance to mutual credit associations and cooperatives in order to stimulate, coordinate, and support private initiative in the housing field. To this end, the Fondo Nacional de Vivienda (National Housing Fund) was established with a capital of S/. 400,000,000 ^{1/} to supplement the resources of institutions engaged exclusively in the financing of low-and-medium-cost housing. A S/. 6 million loan was granted from these resources to the Mutual "El Pueblo" to help start its low-cost housing financing program. However, the investment required for a more rapid solution of the housing problem is much greater than available resources, even including the funds which the aforementioned institutions can accumulate; consequently, foreign financial aid is vitally needed to supplement the domestic resources mobilized for this purpose by mutual housing credit associations.
- 6.04 The Mutual "El Pueblo" has contributed, albeit modestly, to the mobilization of domestic resources, considering the funds it has accumulated in the short time it has been in existence. In its nine months of operations since March 1961, it has managed to accumulate deposits in excess of S/. 7 million, of which roughly 85 per cent has been invested in housing loans.
- 6.05 The work of Mutual "El Pueblo" is more noteworthy as an example of an organized approach to such problems than for its quantitative contribution to their solution. The IDB loan would enable the Mutual "El Pueblo" to extend its operations considerably, which, in turn, would stimulate the accumulation and channeling of domestic savings for housing construction.
- 6.06 One of the primary purposes of the Social Progress Trust Fund is to assist institutions providing long-term financing facilities for the construction of housing for a low-income families in order to reduce the housing shortage.
- 6.07 The Mutual "El Pueblo" proposes to attain this goal by extending credits for construction of low-cost homes at a cost within the reach of low-income employees and workers in the Lima area. The average monthly income of S/. 2,969 recorded in June 1961, in that city ^{2/} would enable unskilled and semi-skilled workers to acquire homes costing up to S/. 100,000. Mutual "El Pueblo" estimates that inexpensive homes can be built at a minimal cost of S/. 40,000 for purchase by families with incomes of S/. 1,500 per month. In the cities, highly skilled workers

^{1/} US\$ 1 - S/. 27.

^{2/} Servicio Cooperativo del Empleo del Perú, Research and Statistics Division, Labor Statistics.

and relatively highly placed employees earn up to S/ 4-5,000 per month; it does not seem advisable, however, for the Social Progress Trust Fund to finance the construction of homes for families earning more than a certain ceiling income (which might be set at S/ 3,500 per month), inasmuch as such earners would be in a position to obtain local financing on the usual terms.

- 6.08 Although the financial amount involved is small, the project will channel additional resources towards construction and will provide some incentive to the development of industries related to housing construction, thereby creating more jobs and improving the living standard of employees and workers.

VII. RECOMMENDATIONS

- 7.01 Approval is recommended of a loan of US\$ 1,000,000 from the Social Progress Trust Fund to the Mutual "El Pueblo" to assist in the financing of the purchase and construction of housing for low-income families. The proposed loan would be for 21 years and bear interest at the rate of 1-1/4% per annum, in addition to the regular service charge of 3/4% per annum.
- 7.02 The loan would be repayable in Soles in annual installments on a progressive scale as indicated in the annex to the draft resolution. This progression is recommended in order to alleviate the burden of repayment in the early years of Mutual "El Pueblo's" operations when funds available to it will be modest in amount. It is proposed that Mutual "El Pueblo" be permitted to relend for the same purpose any funds received in the form of repayments of credits made with the proceeds of the Bank loan, which are not required for service of the Bank loan.

SUGGESTED CONDITIONS FOR A GLOBAL LOAN TO

MUTUAL "EL PUEBLO"

LIMA, PERU

Based on the material submitted by Mutual "El Pueblo", as well as the studies sent to the Bank with the loan request of Instituto Nacional de la Vivienda, the Project Analysis Division suggests that the following conditions be considered for the global loan of US\$ 1,000,000 to be granted by IDB to the before mentioned Mutual:

1. Maximum Cost:

Should be S/ 135,000 including cost of land. (Equivalent approximately to US\$ 5,000).

2. Maximum Credit:

Should be 80% of total cost, including land and not to exceed S/ 100,000.

Inasmuch as Instituto Nacional de la Vivienda will be dealing (with better credit conditions) in housing units with a maximum cost of S/ 60,000, it is assumed that Mutual will be dealing mainly with credits between S/ 60,000 and S/ 100,000.

3. Land-Construction Ratio:

In reviewing the documents submitted by Instituto Nacional de la Vivienda it appears that about 1/4 to 1/3 of the total cost should be the maximum for the cost of the land, including development; however, because of the high cost of land in Lima, it is possible that a higher proportion (probably 40 %) of the total cost represents the value of the land. 1/

4. Size of Lot:

Inasmuch as the Mutual will be dealing with individual loans, there will be no restrictions as to the size of the lots; it is anticipated, however, that in many cases the future homeowners already own the lot,

1/ In the loan to Instituto de Crédito Territorial, Colombia, credit conditions for "Propietarios de Lotes", it was established that up to 40% of the total cost should be the cost of land, including development expenses; in the request of Banco Ecuatoriano de la Vivienda, up to 35% of the total cost is allowed for the cost of land.

which value can be applied toward the minimum 20% contribution requested by Mutual from each borrower. In cases where Mutual might be dealing with a new development, the size of lot will vary between 150 and 300 m².

5. Area of Construction:

On the basis of data submitted by Instituto Nacional de la Vivienda, assuming that 65% of the total cost represents the cost of construction, it is estimated that the maximum allowable area of construction for the maximum mentioned cost of S/ 135,000, would be 115 m²; the average, however, would be around 85 m² which allows for a 3-4 bedroom unit.

6. Methods and Materials of Construction:

The Mutual should agree that appropriate building methods and good materials should be used in the construction of the homes; special attention should be given, when necessary, to seismic problems, inasmuch as large areas of Peru are subject to frequent earthquakes.

7. Inspections:

The Mutual should agree to establish in each credit contract the obligation of the future homeowner and the chosen builder to permit IDB personnel at all times during the building stages to inspect the construction site and observe the compliance with the specifications and general terms of the building contract. Inasmuch as the loan to Instituto Nacional de la Vivienda will require the presence in Peru of a permanent IDB representative, it is suggested that he should keep close watch on the activities of Mutual "El Pueblo", as we will be dealing with one of the first experiments of this kind in Peru.

INFORME JURIDICO
SOBRE LA SOLICITUD DE PRESTAMO
PRESENTADA POR A.M.C.V. "EL PUEBLO"

1. Naturaleza

La Asociación es de tipo mutual.

2. Objeto

Tiene por objeto recibir aportes de sus socios para formar capitales destinados al otorgamiento de préstamos para la construcción o mejora de vivienda y la sustitución de gravámenes que recaen sobre las mismas.

3. Capacidad Jurídica

La Asociación tiene la capacidad jurídica para contraer el empréstito que ha solicitado y la facultad suficiente para ejecutar el programa de créditos para vivienda que ha presentado al Banco.

4. Requisitos para Ingreso. Inversión Permanente Mínima

Para ser miembro de la Cooperativa, es necesario ser aceptado por la Junta de Administración y haber abierto una cuenta individual de inversión no menor de S/.50. Dejarán de ser miembros los asociados que no mantengan inversiones de por lo menos S/.250 durante cuatro semestres consecutivos.

5. Límites de la Utilización de los Fondos Sociales

La Asociación mantendrá obligatoriamente en efectivo o en depósitos a la vista, no menos del 5% de las inversiones de sus asociados, y no menos de un 10% adicional en créditos e imposiciones a plazo no mayor de un año y en valores de primera clase. Del resto de las inversiones de sus asociados, la Asociación no podrá utilizar un porcentaje mayor del 85% para préstamos hipotecarios, ni mayor del 15% para otra clase de préstamos.

6. Condiciones que Rigen para el Otorgamiento de los Préstamos Individuales

La Asociación podrá otorgar las siguientes clases de préstamos siempre que se observen las condiciones allí expresadas:

ANNEX II

(a) Créditos hipotecarios para la construcción de viviendas:

(i) Monto

No podrán exceder en cada caso de S/.100.000, ni del 80% del valor que tendrá el inmueble terminado.

(ii) Amortización

Dentro de un plazo de 5 a 20 años por medio de cuotas mensuales, fijas e iguales, que incluyan intereses y primas de seguros sobre la propiedad.

(iii) Garantía

Primera hipoteca.

(b) Otra clase de préstamos

Estos sólo podrán ser otorgados dentro de las siguientes condiciones:

(i) Monto

S/.25.000.

(ii) Amortización

Dentro de un plazo de uno a cinco años mediante cuotas mensuales, fijas e iguales, que comprendan los intereses y las primas de los seguros correspondientes.

(iii) Garantía

La cuenta de inversión de un asociado que tenga la calidad necesaria, a juicio de la Junta de Administración, para responder de su obligación. La cuenta que servirá de garantía no podrá haber sido inferior a una tercera parte del valor del préstamo. La Asociación podrá aceptar una garantía alterna que represente la renta de un inmueble que equivalga por lo menos a un 35% del valor del préstamo. La Asociación podrá además eximir de la obligación de dar garantías a los deudores que, a su juicio, reúnan las condiciones que lo justifiquen.

7. Gobierno

El Gobierno de la Asociación está confiado a una Junta de Administración y a una Junta General de Asociados.

ANNEX II

(a) Junta de Administración

Dicha Junta estará integrada por un número no menor de cinco miembros ni mayor de doce, elegidos por voto directo de los Asociados. Los salarios de los miembros de dicha Junta serán fijados por la Asamblea General de Accionistas, pero en ningún caso podrán exceder de la suma que fije la Superintendencia de Bancos del Perú.

(b) Junta General de Asociados

La forman los miembros de la Asociación legalmente inscritos en ella 30 días antes de la sesión de la Junta General. Cada Asociado que tenga una inversión de por lo menos S/.4.000, tendrá derecho a un voto y a un voto adicional por cada S/.4.000 o fracción menor que tenga invertido, sin que en ningún caso pueda tener más de 25 votos.

8. Ejercicio Económico

La Junta de Administración hará un balance general cada 30 de junio y 31 de diciembre de cada año.

9. Distribución de Utilidades

De las ganancias, no menos del 10% será consignado en una reserva general y el saldo será distribuido entre los Asociados.

10. Impuestos

La Asociación está exenta del pago de todo impuesto, tasa o contribución fiscal, regional o municipal. La exoneración incluye los impuestos que gravan los superavits de las instituciones y los documentos y contratos que ésta otorgue.

Gozan de igual exoneración los prestatarios de la Asociación en los actos y contratos de préstamo que celebren para la construcción de la vivienda, así como también el aporte que haga con el mismo objeto, hasta un límite de cien mil soles.

También están exonerados de todo impuesto, tasa o contribución, sea fiscal, regional o municipal, incluso los impuestos de sucesión, las cuotas de inversión que paguen los socios al capital de la Asociación hasta un límite de S/.100.000. Los incrementos netos con derecho a participación que devenguen las cuentas individuales podrán descontarse hasta por el monto de S/.100.000 de la renta sujeta a impuestos.

ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA
"EL PUEBLO"
LIMA-PERU

ANNEX IIIa

SOLICITUD DE PRESTAMO

Expediente No.
No. de Cuenta SS

Compra de casa _____ Compra de Terreno _____ Terreno y Construcción _____ Construcción _____
Sustitución de Gravámen _____ Mejoras o ampliaciones _____

Por la presente, solicito a la Junta de Administración un préstamo por la suma de
S/. por el plazo de meses, con la garantía
.....
Libr. Elect. Milit.

.....
Nombre y Apellidos del Solicitante Edad Cargas Fam.

.....
Nombre y Apellidos del Cónyuge Edad Lib. Elec.

Domicilio Tel. casa Ofic.
Casa: Alquilada _____ Propia _____ Cuánto tiempo? _____ alquiler mensual S/.

A.- EMPLEO:		B.- INGRESOS	
Solicitante:	Centro de Trabajo	al mes S/.....
	Años de Servicio Ocupación		
Cónyuge:	Centro de Trabajo	al mes S/.....
	Años de Servicio Ocupación		
Otros		al mes S/.....
PORCENTAJE (AMORTIZACION)%		Total S/.....

C.- PRESTAMO Y CUOTA MENSUAL:

Préstamo	S/.....	Plazo:.....	amort. e int. S/.....
Aporte del socio:	S/.....	Seguros:	Vida S/.....
Total	S/.....		Incendio
Valor del terreno	S/.....		Otros S/.....
Construcción	S/.....	Total	S/.....
Total			

D.- UBICACION DEL INMUEBLE:

Cuadra No. Jirón
Manzana No. Lote No. Urbanización
Área Linderos por el frente m. derecha entrando
..... izquierda m. fondo m.

E.- TASACION:

Valor del Terreno S/.....	Directa..... S/.....
Valor de la Fábrica S/.....	Indirecta..... S/.....
Alquiler S/.....	Definitiva..... S/.....
Efectuada por	PORCENTAJE DEL PRESTAMO%

F.- INFORME LEGAL:

Efectuado por:
Títulos As. Fs. Tomo R.P.I. de
Declaración de fábrica As. Fs. Tomo R.P.I. de

G.- CONSTRUCCION:

Constructor Dirección
Plano, Presupuesto y Especificaciones aprobados por
Presupuesto S/ Inspector de Obras

AHORROS

Bco. Ahorros S/.....
 Bco. Cta. Cte. S/.....
 Coop. de Crédito S/.....
 A.M.C.V. El Pueblo S/.....
 Valor de Propiedades S/.....
 Otros S/.....
 S/.....
 Total S/.....

OBSERVACIONES

.....

Me someto a los Estatutos de la A.M.C.V. El Pueblo que declaro conocer y me comprometo a PAGAR UNA COMISION DE 2.1/2% DEL VALOR DEL PRESTAMO que solicito por concepto de gastos de tasación y estudios de títulos.

Firmo la presente solicitud, conociendo que cualquier información falsa que se de en una solicitud de préstamo, ya sea por el solicitante, su apoderado o por algún funcionario o empleado que solicite el préstamo, constituirá delito previsto en el Art. 244 del Código Penal. Autorizo a la A.M.C.V. El Pueblo para que obtenga toda la información que requiera de las fuentes indicadas arriba y declaro bajo juramento que los datos contenidos en la presente solicitud son correctos y verídicos.

Lima, de

.....
 F I R M A

.....
 F I R M A

File
 Tipo de Préstamo
 Plano
 Presupuesto
 Especificaciones
 Urbanización
 Compra
 Título Venta
 Cancelación
 Copia Literal
 Certificado de Gravámenes
 Certificado de Numeración

APROBACION DEL COMITE DE CREDITO

Fecha

Firma

Firma

Firma

RATIFICACION DE LA JUNTA DE ADMINISTRACION:

Nosotros, los suscritos, ratificamos este préstamo, aprobado por el Comité de Crédito por la suma de S/ pagadero en un plazo de con la garantía de

Fecha

Firma

Firma

Firma

Firma

Firma

Firma

Firma

EJEMPLAR DEL FORMULARIO ENTREGADO POR MUTUAL "EL PUEBLO"
AL SOLICITANTE INDICANDOLE LOS REQUISITOS LEGALES NECESARIOS
PARA CONSEGUIR UN PRÉSTAMO CON GARANTÍA HIPOTECARIA

a.- Documentos que deberán solicitarse a los posibles prestatarios.

I.- Caso de préstamo para la adquisición de casa ya construída.

1.- Títulos con una antigüedad de 30 años a la fecha.
Testimonios de las escrituras públicas que acrediten las transferencias sucesivas del dominio hasta el actual propietario. (Deberá incluirse la Declaratoria de Fábrica). Si se trata de Inmuebles situados en Urbs. conocidas por la Mutual, será suficiente con presentar títulos a partir de la venta de la Cía. Urbanizadora.

2.- Copia literal certificada de dominio expedida por los Registros Públicos, desde 30 años a la fecha.

3.- Certificado de gravámenes expedido por los Registros Públicos con una antigüedad de 30 años a la fecha.

4.- Certificado municipal de numeración del inmueble, debidamente inscrito en el Registro de la Propiedad Inmueble.

II.- Caso de préstamo para la adquisición de terreno y futura construcción.
Los documentos referidos en los tres primeros incisos del párrafo anterior, sin incluir por supuesto, declaración de Fábrica.

III.- Caso de préstamo para construcción.

1.- Los documentos relacionados en los tres primeros incisos del párrafo I, sin incluir declaración de fábrica.

2.- Presupuesto, planos y especificaciones técnicas debidamente firmadas por el constructor propuesto.

IV.- Caso de préstamo para mejoras o ampliaciones.

Se deberá presentar la totalidad de los documentos exigidos en el párrafo III, en sus respectivos formularios.

V.- Caso de préstamo para sustitución de gravámen.

La totalidad de los documentos exigidos en el párrafo I, que acrediten la propiedad por el solicitante del bien, y el instrumento público del que conste el gravámen que se quiere sustituir.

En todos los casos relacionados y a título de garantía personal, se solicitará la presentación de una constancia (según formato aprobado por La Mutual) que acredite el empleo o la fuente de ingresos normales del posible prestatario, el monto de dichos ingresos y el tiempo de servicios a la fecha o el estado de jubilación.

ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA "EL PUEBLO"LIMA - PERUBALANCE SHEETIn thousands of Sols

<u>CURRENT ASSETS</u>	<u>Dec. 22, 1961</u>	<u>%</u>
Cash in Banks	1.956	24
Accounts Receivable	3	-
Long-term Loans (Current Portion)	310	3
TOTAL	<u>2.269</u>	<u>27</u>
 <u>FIXED ASSETS</u>		
Furniture and Fixtures	253	3
Long-term Loans	5.885	70
Deferred Charges	24	-
TOTAL	<u>6.162</u>	<u>73</u>
TOTAL ASSETS	<u>8.431</u>	<u>100</u>
 <u>CURRENT LIABILITIES</u>		
Accounts Payable	12	-
TOTAL	<u>12</u>	<u>-</u>
 <u>DEFERRED LIABILITIES</u>		
Long-term Debt, National Housing Fund. Mortgage and Liens	1.000	12
Member Deposits	7.111	84
TOTAL	<u>8.111</u>	<u>96</u>
 <u>NET WORTH</u>		
Donations 165		
Undivided Profits 143	308	4
TOTAL LIABILITIES	<u>8.431</u>	<u>100</u>

PROJECTED FINANCIAL CONDITION
ASOCIACION MUTUAL DE CREDITO PARA VIVIENDA "EL PUEBLO"
LIMA - PERU

ANNEX VI

in thousands of Soles

<u>I N C O M E</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Interest	308	3,223	5,176	6,114	6,804	7,582	8,405
Donations	165	-	-	-	-	-	-
TOTAL INCOME	473	3,223	5,176	6,114	6,804	7,582	8,405
<u>E X P E N S E S</u>							
General and Administration	46	647	932	1,039	1,089	1,213	1,345
Depreciation	35	150	100	100	100	100	100
BID Interest	-	246	530	518	499	473	447
Interest on Other Loans	-	360	720	648	600	552	504
TOTAL EXPENSES	81	1,403	2,282	2,305	2,288	2,338	2,396
NET PROFIT	392	1,820	2,894	3,809	4,516	5,244	6,009
 <u>CASH FLOW</u>							
<u>R E C E I P T S</u>							
Net Profit	392	1,820	2,894	3,809	4,516	5,244	6,009
Depreciation	35	150	100	100	100	100	100
Recuperations-Portfolio	173	1,622	2,598	3,067	3,413	3,801	4,215
Deposits	7,111	6,500	6,500	7,000	7,000	8,000	8,000
TOTAL OWN RESOURCES	7,711	10,092	12,092	13,976	15,029	17,145	18,324
BID Loan	-	26,800	-	-	-	-	-
Other Loans (National Housing Fund)	-	6,000	6,000	-	-	-	-
TOTAL RECEIPTS	7,711	42,892	18,092	13,976	15,029	17,145	18,324
<u>E X P E N D I T U R E S</u>							
Loan Portfolio	6,196	26,252	19,509	9,376	6,920	7,777	8,262
Dividends to Depositors	213	544	804	1,084	1,364	1,684	2,004
Repayment BID Loans	-	-	335	670	1,005	1,340	1,340
Repayment Other Loans	-	400	800	800	800	300	800
TOTAL EXPENDITURES	6,409	27,196	21,448	11,930	10,089	11,601	12,406
Annual Cash Balance	1,302	15,696	(3,356)	2,046	4,940	5,544	5,918
Cumulative Cash Balance	1,302	15,892	10,307	11,102	14,646	18,720	22,968
 <u>Disposition:</u>							
Reserve Fund - 10%	39	182	289	381	452	524	601
Reserve for Exchange Risk-4%	-	1,072	(13)	(35)	(32)	(54)	(54)
Legal Reserve - Cash	1,067	975	975	1,050	1,050	1,200	1,200
TOTAL	1,106	2,229	1,251	1,396	1,470	1,670	1,747
Accumulated Net Cash Balance	196	13,663	9,056	9,706	13,176	17,050	21,221

A. M. C. V. EL PUEBLO
LIMA, PERU
(As of December 1, 1961)

	<u>GROWTH IN SAVINGS</u>				<u>GROWTH IN MEMBERS</u>	
	<u>New Deposits</u>	<u>Withdrawals</u>	<u>Net Deposits</u>	<u>Balance</u>	<u>Total Members</u>	<u>Total Members</u>
Creation Sept. 27, until the closing of 1961	110,000.-		110,000.-	110,000.-	25	25
----- th 31, 1961	544,514.-	77,584.67	466,929.33	576,929.33	500	475
1	295,203.13	84,009.05	211,194.08	788,123.41	592	92
	268,744.15	18,795.-	249,979.14	1,038,102.57	678	86
	679,137.02	160,903.68	518,233.34	1,556,335.91	763	85
	482,304.60	156,850.14	325,454.46	1,881,790.37	859	96
st	3,132,753.37	303,998.47	2,828,755.30	4,710,545.67	997	138
tember	618,435.89	373,304.42	245,131.47	4,955,677.14	1,140	147
ober	1,018,262.34	534,850.20	483,412.14	5,439,089.28	1,501	367
ember	1,316,711.10	480,414.50	836,296.60	6,275,835.81	1,839	338
ember (Dec. 22)	1,136,714.98	301,749.87	834,965.11	7,110,800.92	2,003	161

A. M. C. V. EL PUEBLO
LIMA, PERU
(As of December 1, 1961)

ANNEX VIII

LIQUIDITY RESERVE - ENCAJE LEGAL - Is 15% of members deposits. The other 85% can be loaned out. Up to 85% of this can be used for 1st. Mortgage Loans, and to 15% for Home Improvement Loans. By law the Mutual is permitted to charge a maximum of 12% interest per annum on the outstanding balances. With increasing volume, this has now been lowered to 10.8%.

1st. MORTGAGE LOANS

HOME IMPROVEMENT LOANS

<u>No.</u>	<u>Amount</u>	<u>Authorization</u>	<u>Balance</u>	<u>Interest</u>	<u>No.</u>	<u>Amount</u>	<u>Amortization</u>	<u>Bal</u>
2	142,000.-			456.01				
2	153,000.-	2,570.43		3,614.72	4	80,000.-	573.-	
2	120,000.-	1,657.36		3,164.29			1,541.23	
8	619,500.-	3,450.27		6,140.31	2	40,000.-	3,442.-	
3	243,000.-	4,853.41		7,788.40	1	20,000.-	3,010.07	
7	485,000.-	11,618.97		14,210.27	4	90,000.-	3,532.07	
10	806,343.39	11,176.55		16,508.51	10	207,264.45	7,617.97	
2	170,000.-	13,280.14		16,148.05	12	233,390.-	6,135.77	
14	1,221,908.-	11,288.31	3,900,855.95	27,163.95	8	140,000.-	35,969.54	748,8
17	1,547,420.-	14,177.55	5,434,098.40	15,402.02	1	20,000.-	37,038.35	731,7
67	5,508,171.39				42	830,654.45		

. Credit thru Fondo Nac. de Vivienda are:

ed to 3 times members deposits.
house income, land for which it can be
190,000 = US\$ 7,000. 50% of loans must
s whose value income land is not more
,000 = US\$ 4,000.
yment of borrower not more than 25% of
e.
not pay higher than 6% interest on its

As of Dec. 22 the Mutual has received
an approved credit of S/. 6,000,000
S/. 1,419,000 in mortgages is assigned
to F.N.V. now awaiting other disburse-
ment.

Terms - 6% - 15 years
1/2% commission at disbursement.
No maintenance of value required.

Total Loan Volume:

1st. Mortgage
Home Improvement