

Mortgaging to Be Streamlined

By [Rachel Nielsen](#)

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One improvement would see mortgage insurance become transferable. **Andrei Makhonin**

The government's mortgage lender is proposing changes to a federal law related to mortgage payments as a way of easing the borrowing process for would-be homeowners.

The Insurance Company division of the Mortgage Lending Agency, or AIZhK, is also making the case for amending the Tax Code to lessen the amount of money laid out by individual mortgage borrowers and encourage banks to supply mortgage loans.

Making the mortgage process "more advantageous, convenient and cheaper" is the goal of these proposals, Nina Smirnova, general director of the AIZhK Insurance Company, said in a telephone interview Wednesday. Her agency also is seeking to lessen the amount of time required to pay off a mortgage, Smirnova said.

The suggested changes, which were earlier reported by Vedomosti, include setting the minimum for mortgage insurance at 10 percent of the total mortgage obligation.

Mortgage insurance provides liability coverage for the institution lending money to a homeowner and taking on the risk of not getting its money back should the borrower default. The concept is global: In the United States, for example, people taking out a high-risk mortgage could be required to pay a mortgage insurance premium.

Mortgage officials also want to amend the federal regulation forcing borrowers to pay their mortgage insurance in one lump sum without recourse for getting the money back if they pay their mortgage on time. They also want to make sure that mortgage insurance isn't dropped if the mortgage is transferred to another bank.

According to a summary of the proposals provided to The Moscow Times by the AIZhK Insurance Company, "the changes are aimed at reducing the costs of individual borrowers and encouraging lenders engaged in mortgage lending."

The proposals would be put before the State Duma by the Economic Development Ministry, Smirnova said. "We are discussing the latest version of the law" with the ministry, she said.

She expects the changes to become law "in the near future" but couldn't predict a timeline. Supporters of the draft bill include the Association of Russian Banks, which wrote an open letter to an Economic Development Ministry official earlier this month urging him to back the proposals and offering to assist in the law-writing process.

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