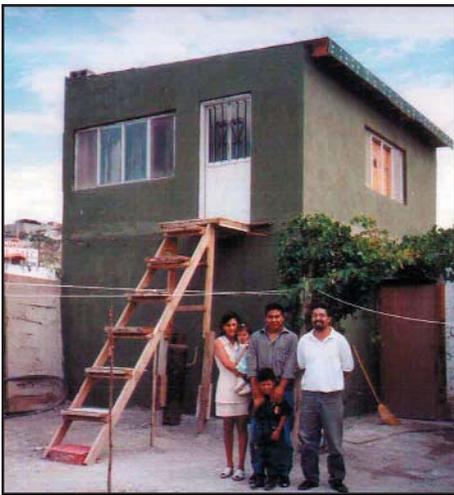


OPIC Sectors

OPIC Supports Housing

A new development focus for the Overseas Private Investment Corporation is to help alleviate a critical housing shortage in emerging markets and developing nations. In 2002, OPIC committed \$301.5 million in financing to housing projects. In addition, OPIC has recently closed on projects in South Africa, Nicaragua, Romania, Mexico, Bosnia, and India totalling \$53.7 million in financing.



Helping HIV-positive Homeowners

A \$250 million OPIC loan will provide treatment for HIV-positive homeowners in South Africa, enabling them to keep their homes by guaranteeing banks against the risk of defaulted mortgage payments. The project stands to help at least 350,000 South Africans obtain new mortgages and keep their homes.

Under the project, provision of mortgages will not be limited to HIV-positive persons. Should a homeowner miss a mortgage payment and be found to be HIV-positive, the treatment program will be initiated for the affected individual and monitored closely by participating clinics.

The loan will be provided to Housing

for HIV Inc., a newly formed organization set up as a joint venture between New York-based Shared Interest, Inc. and South African-based Home Loan Guaranty Company (HLGC). Housing for HIV Inc. will raise an additional \$50 million from U.S. foundations to form a \$300 million pool of funds.

Net proceeds from the investment pool will be used to purchase medication for HIV-positive homeowners in South Africa who hold mortgages from banks that are guaranteed by HLGC. Treatment and education for affected homeowners will be provided through additional agreements with South African clinics.

Because banks are reluctant to make new housing loans to low-income borrowers with HIV/AIDS, by providing HIV treatment and a guaranty to keep homes in homeowners' hands, this innovative project both respects the dignity of HIV positive homeowners and values them as productive members of society.

The project addresses several objectives of the Bush Administration's Emergency Plan for AIDS Relief, which President Bush announced during his State of the Union address on January 28. The emergency plan aims to prevent seven million new AIDS infections, treat at least two million people with life-extending drugs, and

provide humane care for millions of people suffering from AIDS in Africa.

OPIC Helps to Rebuild Bosnian City

A U.S. small business will use an OPIC loan to build between 700 and 800 apartments in a Bosnian city which saw a significant portion of its housing stock damaged or destroyed during the war of the 1990s.



OPIC will provide a \$2.5 million loan to the Roumel Development Corporation, a Bosnian-based corporation owned by a U.S. citizen, Lawrence Masserant, for the construction of up to 18 apartment/condominium buildings in Mostar, each with approximately 44 private residences as well as retail space on its ground floor. Called 'Sun Valley', the development will target the middle-income professional market in Bosnia.

Local officials estimate that of the approximately 826,000 apartments counted in Bosnia and Herzegovina during a 1990-1991 census, nearly 60 percent were damaged or destroyed in the subsequent conflict. Mostar in particular saw bitter fighting, resulting in 26,000 refugees. As displaced persons return and the country rebuilds, Bosnia faces a critical shortage of housing.

Providing Housing in South Africa

This OPIC-supported project will provide low-income housing affecting more than 250,000 family members as well as providing potable water to 90,000 homes.

Most importantly, the project will increase the amount of low-cost quality housing available to low-income families. All housing will be in conformance with the requirements of provincial and national housing standards. The development of housing will also result in an extension of the electrical supply, water supply, and sanitary system, as well as increase the availability of community facilities.

The project involves an expansion of the National Urban Reconstruction Agency's (NURCHA) bridge-financing program. The program provides loan guarantees that enable commercial banks to advance funds to developers for the construction of low-income housing and certain community facilities and associated infrastructure that are oriented to low-income families.

Providing ongoing training for workers and experience for many small local developers will be important components of this project. Planning, budgeting, and management training are particularly important to NURCHA.

The project will also increase employment in other areas of the economy and stimulate small businesses. Local suppliers will benefit from the use of local raw materials. By providing credit to small businesses the project will also mobilize local capital.

At least 1,560 of temporary jobs



related to construction will be created, of which 360 are managerial, professional, or technical. Over \$20 million will be spent in South Africa on initial procurement for the project.

Housing Agreement in Nicaragua

OPIC agreed to committing the agency to provide a \$30 million direct loan to help establish a mortgage loan market in Nicaragua.

OPIC will provide the loan to a new special purpose company, the proceeds of which will be used to refinance mortgage loans originated by Bancentro, one of Nicaragua's largest commercial banks. This liquidity will help Bancentro create mortgage loans for approximately 1000 to 2000 newly constructed middle-income houses in the capital of Managua.

Lack of bank capital available for medium to long-term single family mortgage loans is a major contributor to the city housing shortage which is estimated to be between 300,000 to 500,000 middle-income homes.

A Home of Their Own

With little liquidity and an estimated shortage of over 750,000 units, Guatemala's housing market typifies the problems experienced in developing economies. A lack of consistent long-term financing often leaves low- and medium- income buyers unable to obtain mortgage loans. With fewer qualified buyers to sell to, local builders are unable to construct

enough homes to meet demand. It's a vicious cycle that OPIC hopes to stop with \$15 million in insurance coverage for a project that will serve as a catalyst for the creation of a secondary mortgage market in Guatemala.

The insurance will enable Mercury Mortgage Finance-Guatemala, Ltd., of Miami, to raise \$100 million through a bond offering in U.S. capital markets to acquire and securitize new home mortgages originated by private Guatemalan banks. The mortgage notes will then be used as collateral and the primary source of repayment for mortgage-backed securities sold in the U.S. to qualified institutional buyers. All of this should help lower interest costs, increase the availability of mortgage funds, and standardize mortgage procedures.

Another result of OPIC's first mortgage securitization insurance should be the unbundling of the Guatemalan mortgage industry into origination, servicing, investing, and risk-bearing components, similar to the U.S.



OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy.

Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported nearly \$145 billion worth of investments that will generate \$65 billion in U.S. exports and create more than 254,000 American jobs.

For more information please go to <http://www.opic.gov>.