Developing a Secondary Mortgage Market in the Eastern Caribbean Currency Area

by St. Bernard Sebastian

INTRODUCTION

This article will provide a review of the evolution and experiences that the Eastern Caribbean Home Mortgage Bank (ECHMB) has had in developing the secondary mortgage market in the Eastern Caribbean Currency (EC$) Area. The article presupposes the applicability of the secondary mortgage market to the Eastern Caribbean region. It discusses the factors which helped buttress the establishment of ECHMB and the challenges that it has had to overcome to cement its place in the market.

OVERVIEW

The financial system for housing in the countries which form the Organization of Eastern Caribbean States (OECS) is characterized as a deposit-taking system, whereby commercial banks, credit unions and building societies collect savings from households and businesses and transform the deposits into loans to home buyers. These institutions which have taken on the responsibility and the business of origination, servicing and funding the loans are categorized as primary lenders or retail lenders. In carrying out their business, they have a direct interface with customers (the public) in lending and borrowing funds.

St. Bernard Sebastian is General Manager of the Eastern Caribbean Home Mortgage Bank. The material in this article originally was presented at a conference held in Barbados in April 1999, hosted by the Caribbean Association of Housing Finance Institutions (CASHFI) and the Barbados Mortgage Finance Company Limited.

ECHMB represents through wholesaling operations an alternative to the depository institution model of mortgage finance. Its wholesale character stems from both the funding and the investment sides of business.

1. Funds are raised primarily from institutional investors (pension funds, insurance companies) on the capital market, rather than directly from the public.
2. Mortgages are purchased from primary lenders in pools.

There is a widespread belief that the development of the secondary market helps the development of the primary market. An article in the journal, *Housing Finance International,* March 1994, by Dr. Michael J. Lea, has outlined some of the factors influencing the secondary mortgage market: "As countries develop, housing demand, particularly for owner-occupied units, increases. The resultant demand for mortgage credit often outstrips the supply, reflecting rigidities in and lack of development of domestic financial systems.

"A solution that is frequently proposed for developing countries is the introduction of a secondary mortgage market. The rationale for this proposal is that a secondary market can tap broader sources of funds than domestic banking institutions and can facilitate improved risk management for primary market lenders."

PURPOSES OF ECHMB

In May 1994 the eight member governments of the Organization of Eastern Caribbean States embarked on the creation of the Eastern Caribbean Home Mortgage Bank.

This institution was established to form a critical component in the multifaceted mortgage delivery system, including primary mortgage lenders, insurers and building contractors. The ECHMB Agreement Act empowers the Bank to perform the following functions:

- To maintain and improve the liquidity and stability in the secondary mortgage market.
- To contribute to the mobilization and allocation of long-term savings for investment in housing.
- To support the development of a system of housing finance and provide leadership in the housing and home finance industry.
- To promote the growth and development of the money and capital market.
- To improve the underwriting practices and promote the services and benefits related to such mortgages.

The ECHMB was established as the premier secondary mortgage market institution as part of a holistic development of the financial system to offer mechanisms for the mobilization of savings and the allocation of those savings to the most efficient productive investment in housing.

A feasibility study conducted in 1992–1993, which helped shape the decision to establish ECHMB, estimated the primary residential mortgage market in the EC$ Area at about $900 million. Today that market is estimated at about $1.4 billion, and there are indications that the demand for housing is increasing as a result of population growth, urbanization, the expansion of villages and a rising level of per capita income.

The traditional credit unions, building societies, government programs and commercial banks are no longer sufficient to provide housing finance. Even the resource-rich foreign banks can no longer take the burden on their own. At the same time, mortgage-related assets are taking up a larger share of total financial assets. But at this rate of expansion of housing, the question of risk management arises. Can banks continue to use short-term deposits to finance long-term mortgages in a safe and sound manner?

CAPITAL STRUCTURE

The ECHMB is carefully structured to fulfill the requirement that the institution remains a privately controlled and managed corporation. The company has an authorized share capital of EC$40,000,000 divided into 400,000 shares of EC$100 each. The issued share capital is EC$10,000,000 and the breakdown is shown in Table 1.

SUPPORT BY GOVERNMENTS

The member governments of the OECS have jointly granted a tax exemption on the interest income earned on the bonds issued by the Bank, up to a maximum limit of EC$250 million. This amount may be increased by the Monetary Council on the advice of the Board of Directors.

This facility is a critical incentive for investors to participate in a regional bond market. In effect, if a resident private or institutional investor in any island invests in ECHMB bonds, the returns on his investment would not be subject to taxes in the said islands. This facility provides the Bank with the ability to borrow on the capital market at favorable rates. The investors are able to take advantage of the improved grossed-up return, resulting in ECHMB bonds becoming a preferred investment instrument.

The favorable rates at which ECHMB is able to borrow provide the platform for the Bank to maintain liquidity and stability in the secondary mortgage market, while achieving the goal of making housing more affordable.

The multi-island character of the Bank also provides it with the special advantage in its mandate to deepen the capital market.[1] The Bank is able to conduct business in any of the independent countries or territories without the need to comply with any filing, licensing or other business laws.

In addition, the instrument of transfer relating to the purchase or sale of the legal or beneficial interest in mortgages and instruments relating to the issue of securities by

Table 1. Share Capital Distribution of ECHMB

Class	*Institution(s)*	*Amount*	*%*
A	Eastern Caribbean Central Bank	$2,500,000	25
B	Social Security Schemes and Government-controlled Commercial Banks	$1,500,000	15
C	Privately Owned Commercial Banks	$2,000,000	10
D	Insurance Companies and Credit Unions	$1,000,000	10
E	International Finance Corporation (IFC)	$1,000,000	10
F	The Home Mortgage Bank of Trinidad and Tobago	$2,000,000	20
	Total	$10,000,000	100

the Bank in the normal course of its business is exempt from stamp duty and corporate tax.

The favorable tax treatment that the Bank is allowed serves as the driving force in government efforts to increase the opportunities for homeownership. The approach has been pursued relatively easily by virtue of the EC$ currency union, of which the member governments are a part.

In that context, monetary policy is being exercised through a common central bank. Any shift in monetary policy must be approved by all eight member countries. The member countries of ECHMB have been pursuing a fixed-exchange-rate regime for over 22 years at EC$2.70 to US$l.00.

MORTGAGE PRODUCTS

ECHMB has established mortgage purchase programs, whereby it will purchase pools of mortgages from primary lenders in exchange for cash. The pools of mortgages vary in size from one transaction to another. The lenders can use the cash proceeds from the sale of mortgages to fund future loans. Generally, the Bank will purchase loans which meet the criteria in Table 2.

Table 2. ECHMB Criteria for Loan Purchase

1. Type	:	Fixed rate
2. Term	:	25 years
3. Minimum appraised value	:	EC$100,000
4. Maximum loan amount	:	EC$750,000
5. Loan to value ratio	:	90% or less
6. Property type	:	New and existing homes

Currently, the majority of loans originated by lenders must comply with the purchasing criteria established by the Bank. However, there are alternative products with varying maturity terms and other features, including: 15-, 20-, and 21-year fixed-rate mortgages and three-year adjustable-rate mortgages, based on prime; 95% loan-to-value ratio; mortgages with terms based on the age of the borrower; and rehabilitation mortgages for disaster relief.

ECHMB has also promoted business transaction in the form of bonds for mortgage swaps with primary lenders. In such a transaction, ECHMB purchased loans from primary lenders in exchange for ECHMB bonds. By so doing, the primary lender has replaced its mortgage for the guaranteed cash flow of ECHMB tax-free corporate bonds.

BOND MARKET IN THE EC$ AREA

The securities market in the EC$ Area is relatively underdeveloped and for the most part involves primary market issues of government Treasury bills and bonds (debentures) within each member territory. In fact, the ECHMB is a pioneer institution involved in the placement of corporate debt in the region.

In view of the fledgling nature of the securities market, data concerning corporate securities is not readily available. Table 3 provides Schedules I and II, which show the Treasury bills and bonds outstanding by the member countries of ECHMB as of March 31, 1999.

As part of the development of the capital market, there is a concerted effort to exempt the proceeds from securities issued by one government from being taxed by another member government. This arrangement would be similar to the facility currently offered to ECHMB.

At present, three member territories in the EC$ Area—St. Lucia, Dominica, and St. Vincent and the Grenadines—have enacted legislation to exempt from taxation all income earned on securities issued by all member governments. This development emphazises the requirement for establishing a uniform benchmark yield and pricing for the capital market operations.

In the current arrangement, each territory has a relatively different economic environment wherein fiscal policy, wage price policy and structural policies are carried out independently by the member states. It is therefore possible that the banking system in each territory would have different average interest rates for mortgages, and there would be different benchmark yields on bonds.

Consequently, government bonds which are identical in terms and structure, and issued at the same time by different member countries, may be priced differently, irrespective of the level of investor participation. In that environment, ECHMB has been able to raise resources at yields considerably lower than what is offered on comparable government securities. ECHMB provides an avenue for the integration of the money and capital market with the housing market across the economies in the EC$ Area.

UPDATE ON THE BUSINESS OF ECHMB

At the end of August 1999, the mortgage portfolio of ECHMB stood at about $23 million, representing five transactions for the purchase of existing mortgages in three countries.

The successful foray that ECHMB has made in the secondary mortgage market has been achieved through collaboration between the retail and wholesale lending sectors, creating an integrated system. ECHMB is

Table 3. Treasury Securities Outstanding by Issuing Country and by Holder

Schedule I:

Treasury Bills and Bonds Outstanding as of March 31, 1999, by Issuing Country (EC$'000)

	Treasury Bills	*% Share*	*Bonds*	*% Share*
Anguilla	0	0.00	0	0.00
Antigua & Barbuda	54,124	18.62	78,575	18.10
Dominica	46,810	16.10	63,837	14.70
Grenada	39,717	13.66	128,946	29.70
Montserrat	0	0.00	6,000	1.38
St. Kits & Nevis	81,283	27.96	19,409	4.47
St. Lucia	61,764	21.25	77,412	17.83
St. Vincent and the Grenadines	7,000	2.41	60,000	13.82
TOTAL	290,698	100.00	434,177	100.00

Schedule II:

Treasury Bills and Bonds Outstanding as of March 31, 1999, by Holder (EC$'000)

	Treasury Bills	*% Share*	*Bonds*	*% Share*
ECCB	71,013	24.43	40,796	9.40
Commercial Banks	57,728	19.86	80,896	18.63
Other Financial Institutions	38,169	13.13	63,064	14.52
Government Institutions	96,662	33.25	188,983	43.53
Private Investors	27,125	9.33	51,077	11.76
Foreign Investors	0	0.00	9,361	2.16
TOTAL	290,698	100.00	434,177	100.00

Source: *ECCB Financial Newsletter*, April–June 1999

operating in a developing financial services market, but there is high potential for market growth.

There are about 70 financial institutions across the EC$ Area being targeted as potential lenders. However, the banking sector in the region is quite conservative. It is expected that it will take some time for banks to utilize the funding opportunities available through ECHMB as their preferred source.

By issuing short-term deposits to make long-term mortgage loans, banks are exposed to a funding risk due to the mismatch of asset and liability maturities. On the other hand, the resources which are assigned to purchase mortgages are generally raised in the capital markets through bonds of medium- and long-term duration. The intervention by ECHMB in the secondary mortgage market translates into ECHMB's effectively assuming the funding risk and alleviating the asset-liability mismatch for commercial banks, whose lending decisions are deposit driven. To date, ECHMB has made five successful placements of bond issues on the regional market to raise $57.3 million. These bonds have been taken up by institutional investors in the OECS, as well as institutional investors with headquarters in Barbados, Guyana, and Trinidad and Tobago but with business operations in the EC$ Area. Some commercial banks operating in Barbados have also shown interest in ECHMB Bonds.

Table 4 reflects the outstanding assets and liabilities position of ECHMB.

After its first year of commercial operations, the Bank reported a net profit amounting to $225,000. At the end of its second year of commercial operations, i.e., March 31, 1999, the Audited Financial Statements show the Bank generating a profit of $784,000. The indications are that steady growth is expected in the profitability position of ECHMB.

ECHMB has cemented its place as an important catalyst for the development of the secondary mortgage market in the EC$ Area. But in doing so, the Bank has had to confront major challenges, stemming largely from the multi-island structure and operations of the market and the traditional banking practice.

The technical justification for primary lenders to engage in business with ECHMB is compelling:

1. By selling qualified mortgages on a voluntary basis, the sellers are able to reduce the concentration and liquidity risks associated with mortgage lending.

2. By continuing to service mortgages for ECHMB, the sellers retain the relationship with the customers for cross-selling

Table 4. ECHMB Outstanding Assets and Liabilities (as of August 31, 1999)

Assets

Mortgages	$23.0 million
Term Deposits	$46.0 million

Outstanding Bond Issues

	Amount	Duration	Interest Rate	# of Investors
1st	$20.27 million	3 years	5.5% tax free	20
2nd	$13.50 million	3 years	6.75% tax free	13
3rd	$ 6.70 million	10 years	7.0% tax free	9
4th	$ 5.50 million	10 years	7.0% tax free	8
5th[1]	$11.30 million	15 years	7.75% tax free	1

[1] Bond-for-Mortgages Swap

Table 5. Banking System Loans-to-Deposits Ratios (March 1997 to March 1999)

Quarter Ending	*Loans and Advances ($'000)*	*Deposits ($'000)*	*% Increase in Loans and Advances*	*% Increase in Deposits*	*Loans to Deposits Ratio %*
March 1997	4,874,525	5,683,137	2.4	3.4	85.8
June 1997	4,989,461	5,829,855	2.4	2.6	85.6
September 1997	5,136,511	5,902,494	2.9	1.2	87.0
December 1997	5,343,260	6,032,382	4.0	2.4	88.6
March 1998	5,424,306	6,299,263	1.5	4.4	86.1
June 1998	5,532,533	6,465,134	2.0	2.6	85.6
September 1998	5,701,067	6,517,007	3.0	0.8	87.5
December 1998	5,898,557	6,857,045	3.5	5.2	86.0
March 1999	5,956,165	6,979,297	1.0	1.8	85.4

Source: *ECCB Economic and Financial Review*, March 1999

opportunities and can secure servicing fee income.

However, despite the liquidity constraint experienced by commercial banks and the increasing demand for mortgages, they have not taken advantage of the additional funding provided by ECHMB.

Over the period March 1997 to March 1999 the liquidity situation in the banking system improved marginally. There was a faster growth in deposits (22.8%) compared with the growth in loans and advances (22.6%). The liquidity position, measured by the loans-to-deposits ratio has risen above the comfort zone of 75%–80%. The loans-to-deposits ratio improved from 85.8% in March 1997 to 85.4% in March 1999. Table 5 illustrates the situation.

ECHMB is currently operating within an eight-island economy. The structure of the financial system in the EC$ Area is built around the domestic banking sector. There are 44 licensed banks, of which 21 are locally incorporated and 23 are branches of international banks.

The management of the liquidity position remains a challenge for commercial banks in some countries; some banks are showing signs that their resources are being stretched. However, they continue to rely primarily on the interbank market, and the pooling of resources within the branch network to alleviate the pressure on their liquidity.

Within that banking system, there is the underlying cultural practice that banks generate mortgages for their own account and not for sale. In the circumstances, ECHMB may not be the preferred option for primary lenders in the management of their liquidity. However, the nature of their operations necessitates the availability of resources to meet their long-term funding requirements, especially for residential mortgages. ECHMB is currently well positioned to meet the demand.

There is evidence that the housing and mortgage finance markets are in a favorable state. Commercial banks are generally involved in lending for a wide range of productive activities. But the largest share of loan portfolios is taken up in mortgages.

Table 6 shows the total amounts of loans and advances made by commercial banks, compared with loans made for the purchase of land, houses and house construction.

On average, commercial banks have held about 25% of their loan portfolios in investments in the property sector. Between March 1997 and March 1999, long-term loans for the acquisition of property increased by 19.3%.

But, the increase in mortgages is not matched by similar increased demand by the commercial banks for funding by ECHMB. In addition to the concentration risk, the commercial banks face liquidity risk because the actual average life of mortgage loans is much longer than the average maturity of the underlying funding sources, short-term customer deposits and interbank borrowing. ECHMB can provide a more systematic approach to managing both of these risks.

Notwithstanding these constraints, the prospects are good for the business of ECHMB. Many of the governments have announced their long-term housing strategy, aimed at achieving a 50% homeownership ratio by the year 2005.

To achieve that target will require a substantial increase in the supply of new housing units and a rising demand for mortgage loans associated therewith. On the other hand, the increasing high concentration of mortgage loans on the balance sheets of some banks tends to constrain their credit appetite for mortgage lending. In the aftermath of the financial turmoil in some countries due to over investing in mortgages, the banking sector in the region is becoming more aware of the need for a reliable avenue to off load their mortgage loans.

OTHER CHALLENGES

Sale of Mortgages With Recourse

There is growing evidence of primary lenders' interest in the facility of ECHMB. However, some banks have indicated their discomfort with the condition that "purchasing of mortgages is made with recourse to the primary lender." It is argued that since ECHMB would be purchasing only high quality mortgages and since ECHMB determines the mortgages which are eligible for purchase, any risks which arise thereafter should be for ECHMB and not the primary lender.

The underlying principle on this issue relates to the separation of functions between the primary lender and the secondary market. Primary lenders are in close proximity to, and have regular contact with the mortgagors within a national/local jurisdiction.

ECHMB, on the other hand, has no direct interface with the mortgagors; its business is conducted through its relationship with primary lenders. After the mortgages are sold, there is still the need for servicing and administration of mortgages, as well as attending to delinquent and defaulting mortgagors and foreclosure proceedings.

ECHMB is not physically positioned to determine the circumstances surrounding the performance of the mortgages and/or to offer an informed solution. It has therefore instituted an arrangement whereby defaulting mortgages are replaced or bought back by the primary lenders.

It is expected that as ECHMB achieves financial growth and the partnership with primary lenders deepens, it would consider offering the option for nonrecourse or partial recourse. Under this option, ECHMB would assume some or all of the credit risk from the primary lenders in exchange for a fee—possibly a reduced administration fee. In cases where mortgages are in default, ECHMB would assume all costs and losses associated with foreclosure on the property.

However, the multi-island structure of ECHMB's operations would present an administrative challenge in initiating and executing foreclosure proceedings. Given this, it

Table 6. Commercial Bank Property Lending as a Percentage of Total Lending (March 1997 to March 1999)

Quarter Ending	*Loans and Advances ($'000)*	*Acquisition of Property ($'000)*	*% Increase in Acquisition of Property*	*% of Long Term Loans to Total Loans*	*% of Property Loans to Total Loans*
March 1997	4,884,525	1,201,744	1.3	48.3	24.6
June 1997	4,989,461	1,275,659	6.2	48.6	26.6
September 1997	5,136,511	1,297,813	1.7	47.3	25.3
December 1997	5,343,260	1,308,677	0.8	48.8	24.5
March 1998	5,424,306	1,322,310	1.0	50.8	24.4
June 1998	5,532,533	1,388,268	5.0	49.5	25.1
September 1998	5,701,067	1,425,402	2.7	48.2	25.0
December 1998	5,898,557	1,401,637	(1.7)	49.1	23.8
March 1999	5,956,165	1,433,825	2.3	49.7	24.1

Source: *ECCB Economic and Financial Review*, March 1999 would be more practical to develop an arrangement whereby ECHMB is relieved of the business and operational responsibilities for default management. Instead, the lender would continue to be responsible for delinquency and default management, and ECHMB would be financially responsible for the costs associated therewith.

Administration and Servicing Fee

As part of its pricing structure, ECHMB pays the lender a monthly administration fee equivalent to 1.5%. This fee is intended to cover the costs incurred by the lender for loan administration and credit risk. With regard to loan administration, the lender is responsible for collecting the mortgage payment from the borrower, remitting the monthly mortgage payment and default management activities. From the perspective of credit risk, the lender is responsible for holding ECHMB harmless against all losses and expenses related to the mortgages sold, including the expenses incurred as a result of borrower default.

Some banks have been comfortable with the administration and servicing fee. But others have reported that the fee is inadequate for the work required to service the loans and to cover the credit risk that is maintained by the primary lender. Evidently there are varying opinions on the valuation of credit risk from one island to the next.

However, in an environment where primary lenders are generally characterized as making high quality loans, and where the delinquency and default rates are low, credit risk would be minimal. The administration fee of 1.5% seems adequate, given the experiences with managing the current pools of mortgages.

The argument that the reporting requirements of ECHMB and the additional effort required of primary lenders is a factor prohibiting the sale of mortgages is not supported by the facts. The servicing and administrative functions that are required after a pool of mortgages is sold are not over and beyond what would have been done if the mortgages were still on the books of the primary lender. Moreover, the reporting system is a simple PC-based spreadsheet, with payment predetermined and agreed upon between the two parties. The system works as follows:

1. ECHMB and the primary lender determine which are the eligible mortgages.
2. ECHMB determines the average maturity and yield for the entire pool.
3. ECHMB develops the amortization schedule for the pool and seeks verification by the primary lender.
4. On a monthly basis ECHMB forwards to the primary lender a remittance schedule and asks the primary lender to verify and accordingly remit the required payment.
5. For that facility the primary lenders are paid a fee to do what a lender is generally required to do.

Considering ECHMB's cost of borrowing, the policy requirement of a stable spread of at least 2% between the return on its assets and the cost of both its liabilities and the services involved, the administration fee is currently set at the optimum rate.

Economic Value in the Sale of Mortgages

Some banks have indicated that they have not reached their ceiling or used all the funds they have committed to mortgages. They perceive the selling of mortgages as equivalent "to giving up their income-earning assets." Essentially, they explain, there is a time lag between the receipt of cash proceeds on the sale of mortgages and the reinvestment in new productive activities.

Whereas ECHMB would prefer the cash proceeds to be recycled into new residential mortgages, there is no prohibition or specific stipulation on how the resources should be assigned. In accordance with the profit orientation of banks, it is possible that the cash proceeds would be assigned to higher yielding ventures such as commercial mortgages or consumer loans, e.g., motor cars, to the extent that prudential ratios will allow. In the circumstances, the financial performance of primary lenders is likely to improve after mortgages are sold.

The two most significant profit opportunities that arise from the sale of mortgage loans to ECHMB are:

1. Re-investment Opportunities; and
2. Income from Servicing Stream.

ECHMB's primary mission is to provide replenishment of liquidity and expansion of the lending capacity of the region's residential mortgage lenders. By investing in mortgages, ECHMB provides additional resources for the originating institutions to re-lend their initial funds, thereby creating increased opportunities for homeownership and new profit opportunities for the primary lender. But more important, by selling mortgages, the originating institutions would have effectively transferred the risks inherent in long-term-interest-rate-risk management to ECHMB.

The other noteworthy means by which economic value is created for the originating institutions is through maintaining the financial service relationship with the borrower. In that regard, profit opportunities are created as follows:

- The payments which are collected from borrowers prior to the end of the month can be re-invested in short-term investments earning a positive stream of income.

- The payment of late fees charged on delinquent loans represents an additional source of income to the servicer.

Commercial banks in the region have traditionally originated mortgages for their own books, and have held them to maturity. But that environment and practice is changing; there is an institutional arrangement for trading mortgages. There is, therefore, financial wisdom in primary lenders engaging in a transaction whereby some mortgages on their books are off-loaded to ECHMB to create the "headroom" for new lending.

Expanding the Market for ECHMB Business

Active consideration is currently being given by the authorities in Barbados for the establishment of a secondary mortgage market. A feasibility study has been carried out by the firm KPMG Peat Marwick, and the government is weighing the options. As of December 31, 1998, the mortgage market in Barbados was estimated at Bds$726 million or EC$ equivalent at $980 million, with a market potential of about 250,000 population.

There are already concerns that on its own the Barbados market may be too small to meet the liquidity requirements of secondary mortgage operations and to have a significant impact on economic development. In that regard, consideration is being proposed whereby primary lenders in Barbados are given access to the ECHMB facility.

ECHMB's current policy would prohibit it from taking on foreign exchange risk, inherent in the purchase of mortgages originated in Barbados. However, appropriate foreign-exchange-risk management measures can be put in place.

At the same time, the Barbados economy is operating a regime of foreign exchange control. ECHMB would need to make special arrangements with the Central Bank of Barbados for the purchase of mortgages denominated in Bds$. But, there is adequate parity in the exchange rate between the two currencies, and those rates have been sustained for a considerably long time, so as to make the transaction for purchase of Bds$ denominated mortgages a feasible proposition.

CONCLUSION

The foregoing presentation is not intended to be a blueprint for an effective secondary mortgage system. It is mainly an attempt to identify some of the more practical requirements for an integrated system, as well as an illustration of some of the nuances and peculiarities of the financial sector in the EC$ Area that have influenced the operation of the secondary mortgage market.

REFERENCES

ECCB Economic and Financial Review, Volume 18, No. 1, March 1999.

ECCB Financial News Letter, Volume VX, #2 April–June, 1999.

Fannie Mae Advisory Services Project with ECHMB.

Lea, Michael J., "The Applicability of Secondary Mortgage Markets to Development Countries," *Secondary Mortgage Markets: International Perspectives,* International Union for Housing Finance.

NOTES

[1] Editor's note: The ability to conduct business across the islands on a uniform basis was codified through a treaty signed by the respective governments.