



SOCIEDAD HIPOTECARIA FEDERAL

# Cross-Border Mortgages

2005



# MARKET OPORTUNITY

- Due to the increasing flow in remittances, the Mexican government has created a cross-border mortgage program that helps migrants build a patrimony for himself and his family.
- At the end of 2004 the remittances flow was of \$16.6 billion dollars. This flow is growing at an increasing rate.
- Different studies show that from 9% to 16% of the remittances are channeled to housing expenses. Assuming a 9%, the annual remittances flow is enough to fund 185,000 mortgages\*.

\*Considering a 20 year peso credit with a payment factor of 13.64 to thousand and a credit value of \$650,000 pesos.



# SHF PROGRAM FOR MIGRANTS

SHF cross border mortgage program is directed for the Mexican migrant that lives in the United States independent of the migrant legal/working condition.

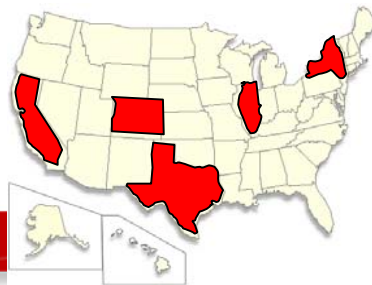
## PRINCIPAL CHARACTERISTICS OF THE PROGRAM

- It is oriented to the acquisition of a new house or a used one.
- The participation of a Co-borrower is required.
- The loan is up to \$1,700,000 pesos (aprox. USD\$ 155,000) at a fixed interest rate in UDIS or Pesos.
- The period of the loan is up to 25 years.
- The resources are lent by a financial intermediary, Sofol or Bank, with the support of SHF.



# SHF PROGRAM FOR MIGRANTS

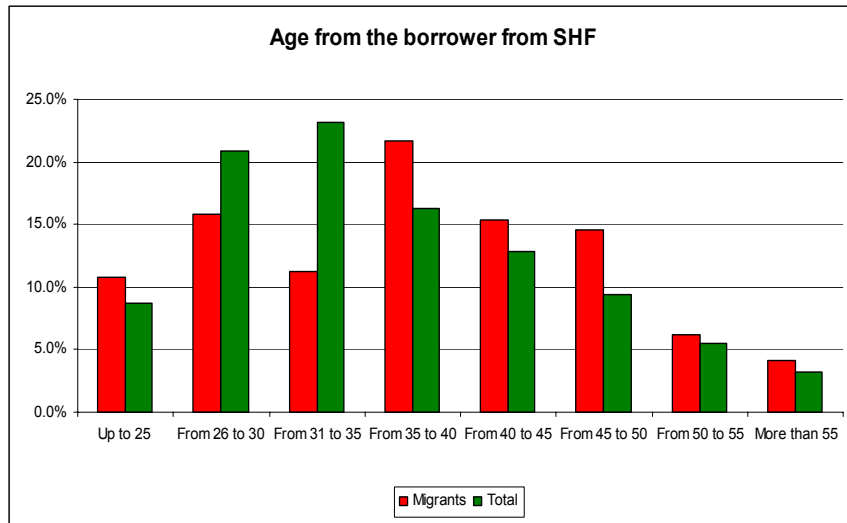
- Currently the program is operated by 3 private financial intermediaries.
- The intermediaries have invested in branches and alliances in the United States.
  - Su Casita has presence in Denver and Dallas, and has strategic alliance with Monterrey Funding in California and First Jersey Mortgages Services.
  - Hipotecaria Nacional has opened branches in New York and San Diego, and due to the acquisition by BBVA it working with Laredo National Bank in Texas and the Valley Bank in California.
  - Crédito Inmobiliario-Terras has alliance with Conficasa, with presence in Chicago, Las Vegas and Houston and a large network of mortgage brokers.
- The program has originated 450 mortgages and 750 are in the pipeline.



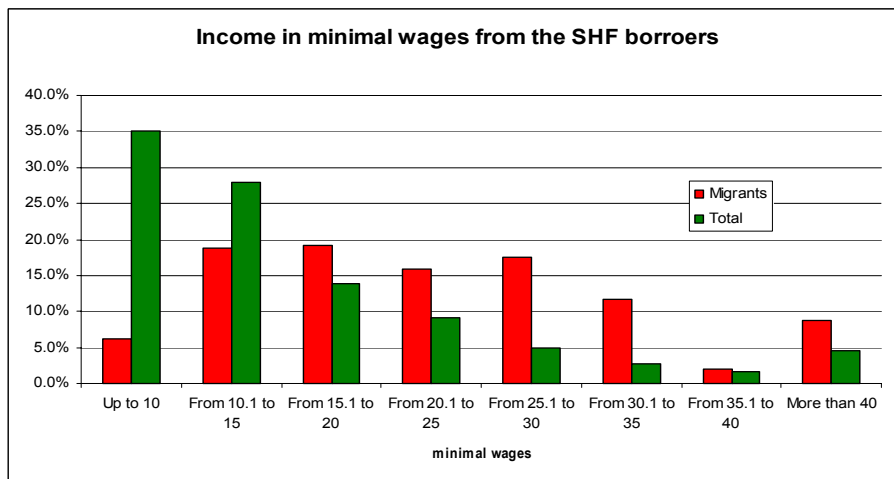
Of the 25 million of Mexicans that live in the United States (first and second generation) approximately 73% live in States where the Mexican Sofoles have presence (California, Colorado, Texas, Illinois y New York).



# CREDIT/SOCIOECONOMIC PROFILE



- The population 35 years old or less represents 52.8% of the total population of borrowers from SHF, and for migrants it only represents 37.9%.



- The average income for the migrant borrower is 47.2% higher than the income of the average domestic borrower.

# LOAN DIFFERENCES FOR THE MIGRANT AND DOMESTIC MORTGAGE

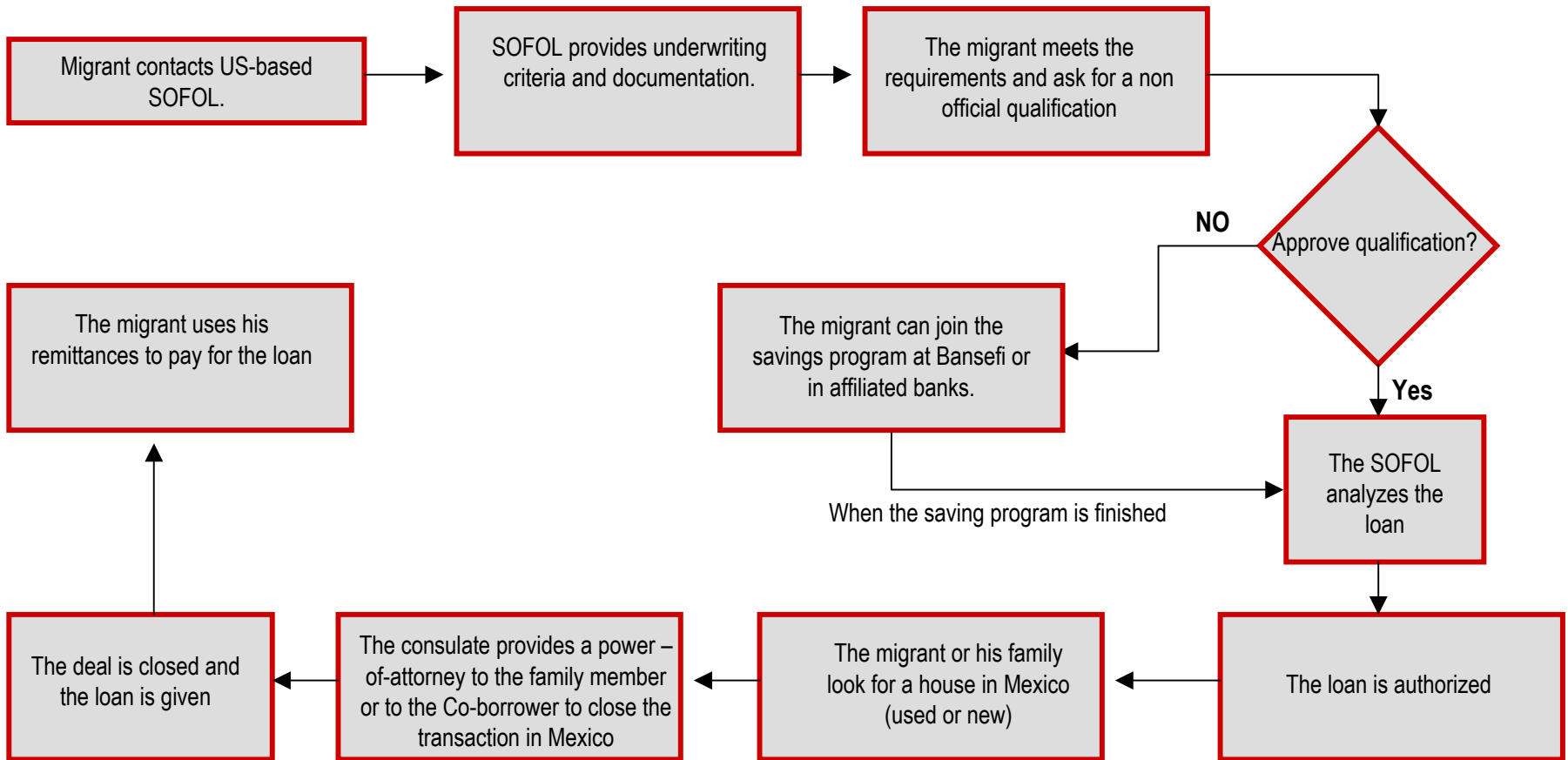
The average loan for the migrant is higher than the average domestic loan.

CHARACTERISTICS FROM THE MIGRANT AND THE NORMAL HOUSES		
Loan in pesos		
Concept	Normal	Migrants
Land	90 m2	138 m2
Parking lots	1	2
Bathrooms	1.5	1.5
Yard	service	backyard
Bedrooms	2	3
Living room	included	included
Dining room	included	included
Value of the house	\$ 435,000	\$ 650,000
Loan	\$ 369,750	\$ 552,500
Time	20 years	20 years
Payment factor in pesos*	13.64	13.64
Monthly payment	\$ 5,043	\$ 7,536
Exchange rate		\$ 11.20
Monthly payment in dollars		\$ 673

\* Average of payment factor from loans in pesos support by SHF in march 2005



# MORTGAGE ORIGINATION PROCESS



# FEDERAL COORDINATION

The federal government is coordinating efforts and institutions to scale-up the program.



- Simplify the loan applications; initiative to use Fannie Mae-like forms.
- Standardization of Power-of-attorney provided by the Mexican consulates.
- Use of US credit bureau information.
- Maximize impact of multilateral resources and know-how.
- Provide government “seal-of-approval” to overall program.
- Promote traditional commercial banks participation in program.
- Coordinate marketing and promotional efforts among private financial intermediaries.





# SOFOLES THAT CURRENTLY OPERATE THE PROGRAM

SOFOL	 <b>Hipotecaria su Casita</b>	 <b>Hipotecaria Nacional</b>	 <b>Crédito Inmobiliario Terras</b>
<b>NAME OF THE PROGRAM</b>	Su Pedacito de México	Tu Opción en México	Raíces
<b>BRANCHES ABROAD</b>	Denver, Colorado	NewYork and San Diego.	Strategic alliances (CONFICASA)
<b>SUPPORT TO CLIENTS</b>	México: 01 800 236 62 55 USA: 1 877 227 48 29 / 21	México: 01 800 225 26 27 USA: 1 866 614 53 54	México: 01 800 681 12 21 USA: 1 888 872 42 37
	E-mail: <a href="mailto:supedacito@sucasita.com.mx">supedacito@sucasita.com.mx</a> Internet: <a href="http://www.sucasita.com.mx">www.sucasita.com.mx</a>	E-mail: <a href="mailto:mguinchard@hipnal.com.mx">mguinchard@hipnal.com.mx</a> Internet: <a href="http://www.hipotecarianacional.com.mx">www.hipotecarianacional.com.mx</a> EUA: <a href="http://www.hipotecariamexicana.com">www.hipotecariamexicana.com</a>	<a href="http://www.conficasa.net">www.conficasa.net</a> <a href="http://www.credito-inmobiliario.com.mx">www.credito-inmobiliario.com.mx</a>
	En Denver: (303) 996 9880 al 83 En Mexico (55) 53 40 34 05	En New York: 1 212 3021 582 / 84	

