

Sixth Mexican Housing Day

MEXICO CITY, Feb. 5 /PRNewswire/ -- Mexican Housing Day will be held for the sixth time in New York and London on February 6 and 9, respectively, and will be attended by the directors of the following institutions: Ernesto Cordero, Social Development Secretariate; Agustin Carstens, Treasury and Public Credit Secretariate; Ariel Cano Cuevas, National Housing Commission; Under-Secretary of Economy Lorenza Martinez; public housing institutions and agencies such as Infonavit, Fovissste and the Federal Mortgage Corporation (Sociedad Hipotecaria Federal); Mexican Association of Banks, Mexican Mortgage Association (Asociacion Hipotecaria Mexicana) and lawmakers from the housing commissions of the Senate and Chamber of Deputies.

At this gathering, the Mexican delegation will present to investors and representatives of the international financial community prospects and foundations of the Mexican government's housing policy, as well as business opportunities in the area in Mexico.

It should be emphasized that as a result of the government's fiscal discipline and a strict control of inflation, over the past ten years macroeconomic stability has been solidified, allowing mortgage interest rates to fall, which in turn has resulted in a diversified range of mortgage loan offerings.

Within this scenario, the Mexican housing sector has been an engine of economic growth, even within the context of the global economic crisis.

In Mexico, Federal Government programs, such as the National Trust Fund for Low Income Housing, National Housing Commission, and Federal Mortgage Corporation, already have their budgets ready for use.

Characteristics of financial housing institutions in Mexico:

-- The 1994 economic crisis forced private banks to pull out of the mortgage market. Limited purpose financial corporations (sofoles) filled this void by becoming specialized private financial intermediaries.

-- The establishment of the Federal Housing Corporation in 2001 accelerated development of these intermediaries, thereby solidifying a supply of credit for the purchase of homes.

-- The main housing funds, Infonavit and Fovissste, have undergone major changes in recent years, turning them into the principal providers of home finance (70%), with special attention to the low income population.

-- Private banks have decidedly begun financing medium and high income housing again, consolidating the national credit supply.

-- As far as housing construction is concerned, there are a broad range of development companies all over the country that operate with an appropriate degree of public-private coordination and compete to offer better products and prices that have provided the sector with dynamism and general good health.

Condition of the housing sector in Mexico

As a result of the experience of recent years, Mexican mortgages have been designed to mitigate the effects of economic shifts, which confer on them a distinctive character.

Noteworthy features include verification of income and socio-economic appraisal, the value of the guarantee is greater than the value of the loan, payment ability is kept constant in real terms (without abrupt changes, through adjustments pegged to the minimum wage, inflation, or with fixed rates), the payment-to-income ratio varies between 25 and 30 percent, mortgage payments are made through payroll deductions, loan management with affordable arrangements: social collection - restructuring and unemployment insurance, automated bank transfer payments, payment via payroll or deduction from bank accounts, among others.

The California Public Employees' Retirement System, the largest public pension fund in the United States, finances projects in Mexico, where returns on investments are higher, and has invested more than 300 million dollars in Mexican real estate funds. (Statement by Clarck McKinley, spokesman for CALPERS).

The housing sector in Mexico is currently in the initial stages of expansion, with many areas still to be developed with demand still so great.

There is currently a large sector of the population demanding a solution to the housing issue; the economic policy of the Felipe Calderon government counts on the housing sector to confront the global economic crisis.

Current circumstances present an opportunity to invest in the Mexican housing market.

SOURCE Comisión Nacional de Vivienda (National Housing Commission)

-0- February 5, 2009

/CONTACT: Juan Sebastian Burelo Ruiz, Social Communications, +9138 9991 ext. 67202, cell, +044 55 9195 8398, jsburelo@conavi.gob.mx, for the Comisión Nacional de Vivienda/

/Sitio Web: <http://www.conavi.gob.mx/>