

## PROJECT ABTRACT

<b>Country:</b>	Mexico
<b>Sector:</b>	Financial Markets
<b>Project Name:</b>	Mexican Capital Markets Mortgage Financing
<b>Project Number:</b>	ME-L1179
<b>Borrower:</b>	Fideicomiso Hipotecario (FHIPO) número F/2061
<b>Sponsor:</b>	<i>Concentradora Hipotecaria S.A.P.I. de C.V.</i>
<b>Proposed A Loan:</b>	Up to US\$ 75 million
<b>Proposed B- Loan and/or Co-Loan:</b>	Up to US\$ 25 million

### PROJECT OVERVIEW

The main objective of the project is to contribute to the consolidation of the first Mexican Residential Mortgage Investment Trust (FHIPO) as a new asset class in the Mexican capital markets that would increase liquidity of residential mortgage originators.

### PROJECT DESCRIPTION

The project consists of a loan of up to US\$75 million with a maximum maturity term of seven years, which is expected to consist of a senior A loan of up to US\$75 million and cofinancing and/or a B loan of up to US\$25 million. The final amount of each portion of the financing will be defined during the preclosure phase, but the total joint financing (i.e. the A loan plus the cofinancing and/or B loan) will not exceed US\$75 million. Through this project, the Bank will enable FHIPO to gain access to financing sources that are generally limited for innovative instruments such as this; enabling it also to diversify its potential funding sources and thus help it to obtain the funds needed to finance its growth targets.

### DEVELOPMENT IMPACT

IDB's support will enable FHIPO to expand the scale of its investments, increasing the amount of residential mortgage portfolios acquired by the trust. This in turn will benefit residential mortgage originators that sell residential mortgages to FHIPO (obtaining access to liquidity and funding diversification to increase their operations) and, consequently, the families that have greater availability to mortgage financing. Finally, investors will also benefit from this project, since it will contribute to a wider availability of impact investment opportunities in the domestic capital markets.

### IDB'S ADDITIONALITY

IDB's support will provide FHIPO with stability of funding, which is crucial to its ability to continue acquiring residential mortgage portfolios. In addition, potentially, IDB will mobilize

resources from the China Co-Financing Fund, thus providing more competitively and diversified funding.

### **PROJECT CONTRIBUTION TO IDB OBJECTIVES**

The proposed project is aligned with the strategic objective of reducing inequality, defined in the Report on the Ninth General Increase in the Resources of the Inter-American Development Bank, by fostering access to housing; it is also aligned with the poverty reduction and equity enhancement target. The project is aligned with the Bank's 2013-2018 country strategy with Mexico, since it channels resources to promote access to financing for the purchase of new homes or to improve existing ones, thereby seeking to meet the demand for residential mortgage loans. It is also consistent with the strategy of the Bank's Structured and Corporate Financing Department (SCF) to improve the living standards of 20 million people by 2015. Lastly, it will support the accessBanking pillar of the beyondBanking program, specifically the financial products line of the access2People strategy, which targets financial operations supporting the housing sector.