

Memorandum of Understanding

Between

**INSTITUTO DEL FONDO NACIONAL DE LA
VIVIENDA PARA LOS TRABAJADORES**

and

INTERNATIONAL FINANCE CORPORATION

Dated: August 1, 2017

MEMORANDUM OF UNDERSTANDING

MEMORANDUM dated August 1, 2017 between:

- (1) **INSTITUTO DEL FONDO NACIONAL DE LA VIVIENDA PARA LOS TRABAJADORES.** The Institute of the National Fund for Workers' Housing, hereinafter referred to as "INFONAVIT", is a Social Service Agency with legal personality and its own assets created by the Law of the Institute of the National Housing Fund for Workers, published In the Official Gazette of the Federation on April 24, 1972 and whose main purpose is to administer the resources of the National Fund for Housing and operate a financing system that allows workers entitled to obtain cheap and sufficient credit for the acquisition, Construction, repair, extension or improvement of comfortable and hygienic housing as well as payment of liabilities, to coordinate and to finance programs of construction of rooms destined to be acquired in property by the workers, in compliance with that indicated by the Fraction XII of Section "A" Of Article 123 of the Political Constitution of the United Mexican States and in the Law Of the Institute of the National Housing Fund for Workers, and located at Barranca de Muerto 280 in Mexico City ("Infonavit")
- (2) **INTERNATIONAL FINANCE CORPORATION,** an international organization established by Articles of Agreement among its member countries, including the United Mexican States ("IFC").

WHEREAS:

- (A) IFC, a member of The World Bank Group, is an international organization whose mission is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives. IFC's Climate Finance Program (the "Program"), managed by the Financial Institutions Group, provides investment and advisory services to help strengthen the private sector's participation in climate-smart and green finance activities, such as energy efficiency finance, renewable energy finance, green building and green mobility finance, among others.
- (B) Infonavit is the largest mortgage lender in Latin America, with over 5 million mortgages on its books. The reform and expansion of Infonavit led to a transformation of the housing production system in Mexico, whereby more houses are now built by developers and purchased with a mortgage than through a self-build process, and it enabled the growth of several national homebuilding firms such as Casas GEO, Homex and Consorcio Ara. Infonavit receives 5% of all formal workers' salaries and provides a series of housing-related mortgage products. These include a mortgage to buy a new or existing home, a mortgage to remodel a home or a mortgage to build a new home.

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(C) Infonavit and IFC are considering collaborating to produce:

- (i) A study of Infonavit's performance of green mortgage loan portfolios versus conventional loan portfolios, including an analysis of loan loss performances. The findings – if conclusive – would be published as an academic study.
- (ii) A case study of Infonavit's approach to green mortgages, including its savings for borrowers as well as benefits for lenders.

(D) The purpose of this Memorandum is to set out the framework for the possible future collaboration between the parties to develop both the academic study and the case study of Infonavit's approach, taking into account the benefits and performance of green mortgages based on its portfolio data of mortgage loans originated in 2009 and 2010 (the "Project").

I. Project Objectives and Proposed Timing:

Promptly after execution of this Memorandum, Infonavit and IFC shall discuss the main aspects of their future possible cooperation, in particular:

- (i) the Project's objectives as mentioned above;
- (ii) their respective roles and responsibilities with respect to the Project;
- (iii) the proposed timing for Project implementation; and
- (iv) the terms of the legal agreement to be entered into between them.

II. Anti-Fraud and Corruption.

IFC has always worked to avoid fraud and corruption in all of its activities and continues to strengthen its governance and anti-corruption work. IFC's procedures for addressing allegations of fraud and corruption in IFC projects can be found at www.ifc.org/anticorruption.

III. No Commitment.


The parties hereby acknowledge and agree that this Memorandum is not legally binding. It is not the parties' intention to create, and nothing herein shall be construed as creating, legal rights and obligations or any commitment whatsoever. Each party shall have the discretionary right to terminate at any time any discussion whatsoever regarding the Project or this Memorandum.

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IN WITNESS WHEREOF, the parties have caused this Memorandum to be signed in their respective names as of the date first above written.

**INSTITUTO DEL FONDO NACIONAL DE LA
VIVIENDA PARA LOS TRABAJADORES**

By: 

Name: Arq. Carlos Zedillo Velasco 

Title: Head of the Research Center for Sustainable
Development

INTERNATIONAL FINANCE CORPORATION

By: 

For: Name: Marcos Brujis

Title: Director, Financial Institutions Group