

Mexican Mortgage Market Overview Foreclosure Process Primer Whole Loan Sales 1999-2006

November, 2006

Mission Capital Advisors, LLC

Wm. David Tobin – Principal
Joseph A. Runk, Jr. – Principal
Peter Tobin – Managing Director
J. Stephen Emery – Managing Director
Will Sledge – Managing Director
Scott Myers – Director
Luis Vergara – Director

Mission Capital Advisors, LLC

32 Avenue of the Americas
Suite 2100
New York, New York 10013
212.925.6692

11390 Jog Road
Suite 102
Palm Beach Gardens, Florida 33418
561.622.7022

1120 South Capital of Texas Highway
Building 3, Suite 150
Austin, Texas 78746
512.327.0101

23 Corporate Plaza
Suite 120
Newport Beach, California 92660
949.706.3001

Copyright 2006 Mission Capital Advisors, LLC. The information contained herein is solely intended to be informational in nature and although all information is from sources deemed reliable, such information has not been verified, and no warranty, expressed or implied, is made as to the accuracy of the information contained herein, and the same is submitted subject to errors and/or omissions. Any legal opinions, information or process overviews should not be relied upon, may not be legally enforceable or accurate and the reader is urged to seek and utilize legal counsel regarding any legal issues encountered in the referenced country.

Table of Contents

1. Market Overview..... 4

 Mexico Country Summary & Economic Overview..... 4

 The Mexican Real Estate Market 5

The Mexican Housing & Mortgage Market Opportunity 5

Public & Private Sources of Capital..... 6

The Future for Mexican Housing & Mortgages..... 10

 Mexico Loan Sale Overview 12

2. Mexican Legal and Foreclosure Process 15

 Flow Chart of Mexican Legal & Foreclosure Process..... 15

 Legal Process Overview & Stages..... 18

 Alternative Resolution Strategies..... 26

 Pooling Example from Previous Mission Capital Mexican Loan Sale 26

 Judicial Recovery Process 27

 REO Recovery Process 29

3. Appendix 30

 Bibliography and Additional Information Sources 30

1. Market Overview

Mexico Country Summary & Economic Overview

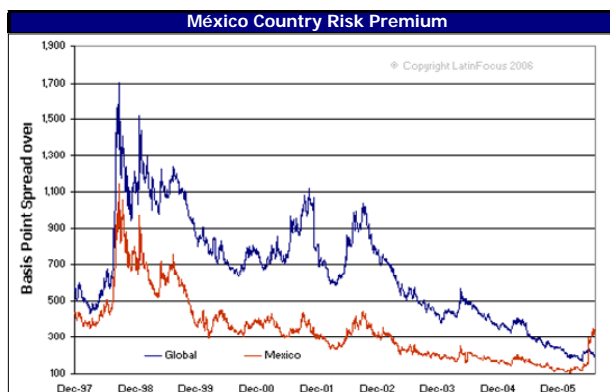
Mexico possesses a population of 105.4 million¹ covering a total land area of 1,964,375 square kilometers, or 758,349 square miles. The largest cities of Mexico City, Guadalajara, and Monterrey contain populations of 17.8 million, 3.7 million, and 3.2 million, respectively.² Mexico is currently the world's 14th-largest economy, 8th-largest exporter of goods and services, and 5th-largest oil producer.³ The country has established this global position due to extensive economic and structural reforms initiated in the late 1980s and accelerated throughout the 1990s. Since the Mexican peso devaluation in December, 1994, the Mexican economy has thoroughly transformed itself and exhibited stable macroeconomic conditions that have created an environment conducive to far greater foreign investment. In early 2000, Moody's Rating Services upgraded Mexico's sovereign credit rating from speculative to investment grade, followed by similar actions by Standard & Poor's and Fitch Ratings in 2001.

Mexico's annual GDP grew by 4.0% in 2004, faster than that of the previous two years and aided by the by the fact that 85% of Mexico's exports are linked to the growing U.S. market. Furthermore, Mexico's country risk has been on a favorable downward trend since 1998, and has consistently exhibited spreads over U.S. Treasuries that are significantly narrower than those of the rest of Latin America. Consumer prices and short-term interest rates (i.e., 28-day CETES rate) have decreased markedly since 1995 and have remained at moderate and stable levels since 2001. In addition, the Mexican peso has exhibited strong appreciation relative to the U.S. Dollar over the last decade; similarly, the Mexican stock market has demonstrated robust growth over the same time period. Provided below is data regarding Mexican macroeconomic indicators and the performance of the Mexican stock market as well as the Mexican Peso relative to the U.S. Dollar.

Annual Percentage Variation in Mexican GDP, Inflation, and Interest Rates⁴

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 YTD |
|----------------|-------|-------|-------|-------|-------|-------|-------|------|------|------|----------|
| GDP | -6.2% | 5.1% | 6.8% | 4.9% | 3.9% | 6.4% | -0.3% | 0.9% | 1.6% | 4.1% | 3.7% |
| CPI | 52.0% | 27.7% | 15.7% | 18.6% | 12.3% | 9.0% | 4.4% | 5.7% | 4.0% | 5.2% | 3.9% |
| Interest Rates | 48.6% | 27.3% | 19.0% | 31.2% | 16.3% | 17.6% | 6.8% | 7.0% | 6.0% | 8.6% | 8.1% |

Mexican Quarterly GDP Growth & Mexico Country Risk Premium⁵



¹ According to estimates from the Consejo Nacional de Población (Conapo), or the National Population Council.

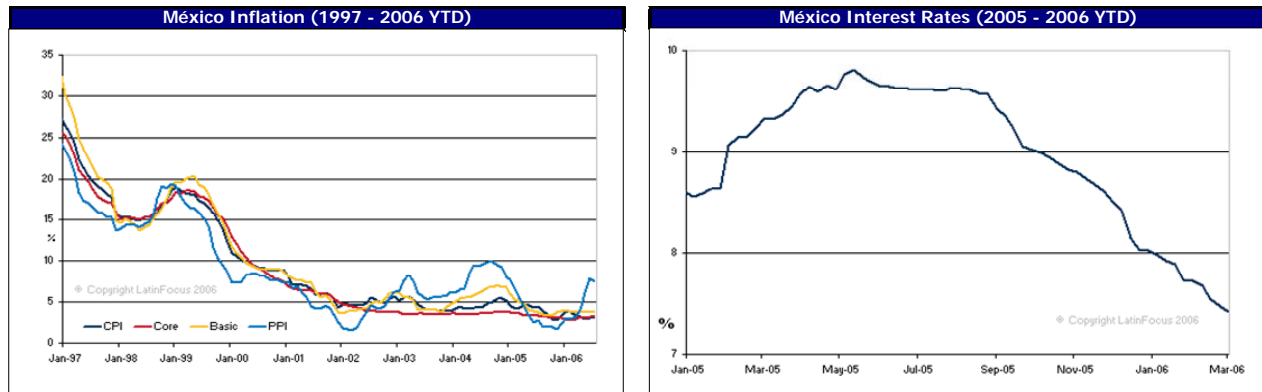
² The Economist Intelligence Unit, Mexico Country Profile 2005, December 7, 2005.

³ Ibid.

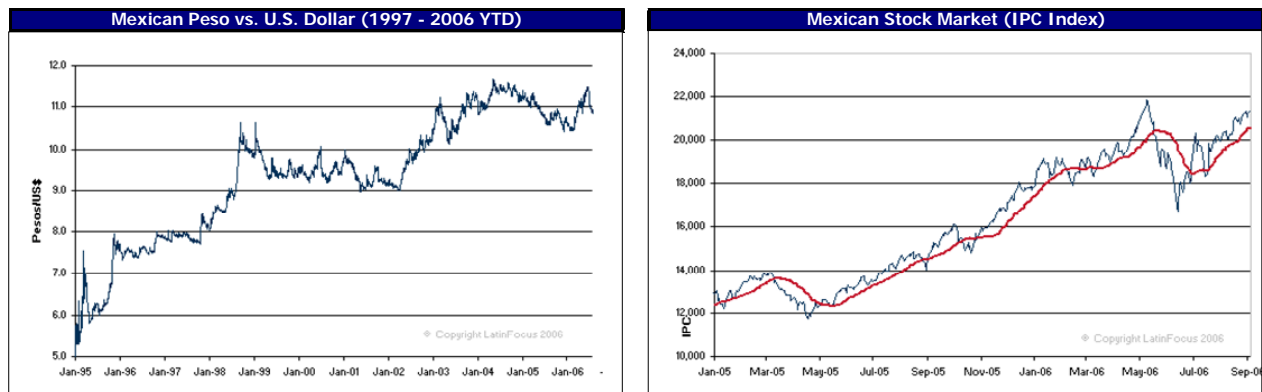
⁴ LatinFocus, www.latin-focus.com

⁵ Ibid.

Mexican Inflation and Interest Rates Quarterly GDP Growth & Mexico Country Risk Premium⁶



Performance of Mexican Peso vs. U.S. Dollar & Mexican Stock Market⁷



The stable macroeconomic environment has positioned Mexico for sustainable growth and enhanced investment opportunities. Please refer to the Appendix for a list of information sources containing more detailed information on the Mexican economy.

The Mexican Real Estate Market⁸

The Mexican Housing & Mortgage Market Opportunity

The Mexican housing sector is currently one of the country's most dynamic industries and has been a leading contributor to the recovery of Mexico's economy. Demand for housing in Mexico remains robust, which is not surprising in a nation with historically high population growth. Materials, products, financial, and mortgage services are vital to expanding the housing market, and these services have been growing in recent years. For example, the Mexican mortgage market grew a total of 100% between 1999 and 2004.⁹ With a current housing deficit of approximately 4 million dwellings, the Mexican housing sector represents an enticing opportunity for companies specializing in housing and construction and for investors interested in capitalizing on the growing Mexican mortgage market.

⁶ Ibid.

⁷ Ibid.

⁸ Please refer to the Appendix for supplementary material regarding the Mexican housing industry and mortgage market.

⁹ U.S. Commercial Service, "Housing Finance in México," July 6, 2005.

Mexico is currently well positioned to leverage its housing industry more fully. The presence of stable macroeconomic conditions, recent achievements in domestic capital formation, and enhanced trade opportunities with the U.S. and Canada under the North American Free Trade Agreement (NAFTA) all contribute to an auspicious economic environment for the Mexican housing industry. Moreover, political conditions at the moment are favorable for housing market growth. The strong interest in the sector by President Vicente Fox's administration, as evidenced by his stated goal of increased production (i.e., 750,000 homes per year by the year 2006), his establishment of Comisión Nacional del Fondo para la Vivienda (CONAFOVI) and the National Housing Council to oversee policy, and the emergence of Sociedad Hipotecaria Federal (SHF)¹⁰ as a development bank, all indicate the political will for progress.

Public & Private Sources of Capital

Current housing growth demonstrates how Mexico is benefiting from 10 years of economic stability and a revival of a mortgage market that was wiped out in the mid-1990s. Commercial bank liberalization, which began in 1991, precipitated broad expansion in mortgage credit until the end of 1994. During this period, commercial bank origination almost quadrupled, averaging approximately 130,000 loans per year. However, this swift expansion in mortgage lending was abruptly halted following the peso devaluation of December 1994. Commercial real estate credit in particular and credit in general all but vanished, and commercial banks were forced to restructure many of their outstanding loans. These events and the advent of NAFTA subsequently led the Mexican government to create a new special purpose entity or financial intermediary, the Sociedades Financieras de Objeto Limitado (SOFOL),¹¹ to provide individual mortgages and construction loans for the residential sector to effectively replace the Mexican commercial banks that had disappeared from the market.

The SOFOLES have instituted innovative loan origination and serving policies, and spurred greater competition and specialization in the financial sector. A series of government reforms that commenced in 1999 and a complete restructuring of the housing sector have encouraged special lenders like the SOFOLES to take aim and garner a greater share of the Mexican mortgage market. In fact, the SOFOLES have emerged as a substantial segment of lending to serve low- and middle-income households¹² and their profits over the last six years have experienced impressive growth, increasing from a sales market of \$90 billion pesos to an estimated market of \$170 billion pesos.¹³ The growth has been so impressive that 16 of the 20 SOFOLES mortgage institutions now are listed on the Mexican Stock Exchange, and collectively they've enjoyed noteworthy annual share price appreciation.

The SOFOLES, of which there are 49 in existence today, are focused on four specific areas: 3 in the automotive market; 6 for consumer loans; 20 for the entrepreneurial market; and another 20 for the mortgage market. Out of all the SOFOLES institutions, those focused on the housing market are the ones that have grown in a more consistent and structured manner. The SOFOLES' current participation in the mortgage market year-to-date (i.e., as of June 2005) represents 77,955 direct mortgages.¹⁴

The official government mortgage institutions continue to be the greatest competitor to the SOFOLES. The largest mortgage provider by far is Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONAVIT), the Mexican federal home financing agency. It was founded in 1972 as a mandatory

¹⁰ SHF's predecessor, Fondo de Operación y Financiamiento a la Vivienda (FOVI), was established in 1963 as a housing trust fund to channel federal government money and donations and loans from the World Bank to housing.

¹¹ The SOFOLES are private agencies and operate as non-bank financial institutions (i.e., they don't possess full banking licenses, and hence, aren't permitted to hold deposits). As is the case with other financial institutions, SOFOLES are regulated by the Mexican Credit Institutions Law and fall under the supervision of the Ministry of Finance (Secretaría de Hacienda y Crédito Público – SHCP), the Securities and Exchange Commission (Comisión Nacional Bancaria y de Valores – CNBV), and the Central Bank (Banco de México).

¹² Mortgage financing for lower income housing is often referred to as "social interest" loans.

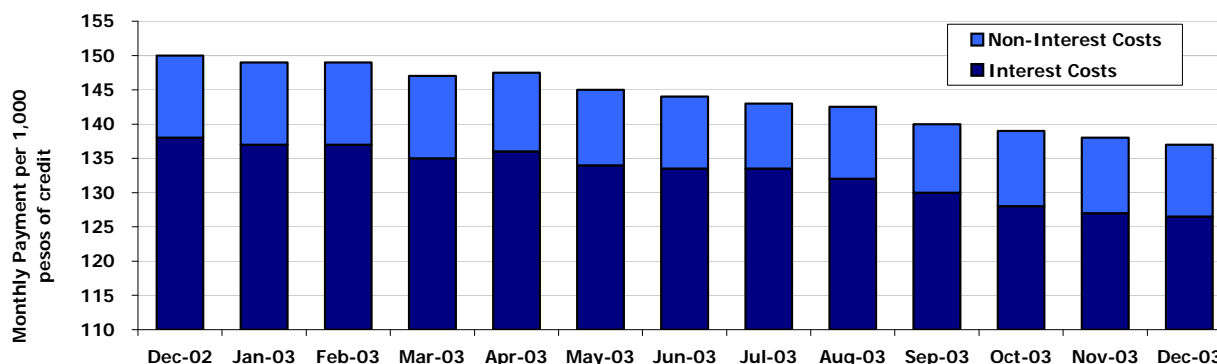
¹³ U.S. Commercial Service, "Housing Finance in México," July 6, 2005.

¹⁴ Ibid.

pension program for private sector workers. In 1992 and due to Congressional reforms, INFONAVIT became a mortgage financing institution for individuals—as opposed to acting as a lender to developers and construction companies, as it had done so during the first 20 years of its existence. In addition to collections on its 2.1 million loans, INFONAVIT is funded by an obligatory 5% payroll deduction that employers pay into a special account.¹⁵ It's important to note that employers directly contribute another 5% on behalf of the employee. Practically every worker that meets INFONAVIT requirements can obtain a mortgage from the institution.¹⁶

The second largest provider of mortgages is the previously mentioned Sociedad Hipotecaria Federal (SHF), an agency that was created in 2001 as a federal development bank that covers housing. It effectively serves as Mexico's mortgage bank and assumes a role tantamount to that of Fannie Mae in the U.S. SHF does not deal directly with the general public (as does INFONAVIT), but rather directs funds to commercial banks and SOFOLES, acting as a second-tier bank and guarantor. Loans are available in UDIs¹⁷ and more recently pesos at fixed rates or indexed to minimum wage. SHF receives direct budget appropriations and funding from international donors. Aside from offering a relatively high volume of mortgages, the agency's main goal is to serve the broadest market of all Mexican mortgage participants. Those Mexicans who qualify for SHF loans range from earning as little as US\$3,000 to as much as US\$75,000 per year. It's currently the sole formal lender that offers loan products for which informal workers are eligible. In its lower range, SHF competes with INFONAVIT, although on less attractive terms; at its higher end, it competes with commercial banks. As demonstrated below, interest rates on SHF loans have declined steadily, making such loans more affordable.

Interest Rates, Monthly Costs of SHF Loans Declining (2003 – 2004)¹⁸



Fondo de la Vivienda del Sistema de Seguridad Social de los Trabajadores del Estado (FOVISSTE), the third largest lender, was established in 1972. It's the public sector equivalent of INFONAVIT, and as such, is oriented to granting loans only for public sector workers. FOVISSTE is also funded from the same mandatory 5% payroll deduction that employers fund into a special account. Employers also directly contribute another 5% on behalf of employee. Unlike INFONAVIT's current system, FOVISSTE loans are allocated by lottery from among eligible workers. Since 2002, the lottery has been altered to avert disproportionate allocation in central regions, which have a predominance of civil servants and have

¹⁵ Ibid.

¹⁶ INFONAVIT has shifted from a system of awarding mortgages by lottery to an open loan system based on qualifying points, with weights given to income, number of dependents, and employment stability, among other factors. The new criteria are intended to be a better approximation of borrowers' creditworthiness.

¹⁷ Unidad de Inversion (UDI) loans are made in a currency indexed to the Mexican Consumer Price Index.

¹⁸ Data provided by SHF. This applies to standard loans with the following terms: 25 year term with 10% down payment; house prices of 70,000 to 110,000 UDIs. The non-interest costs include loan servicing and insurance by SOFOLES and exclude one-time origination costs.

historically enjoyed favorable treatment. FOVISSTE has begun using SOFOLES to service its mortgage loans.¹⁹

Several other public agencies also offer housing-related loans; however, most of these programs are small in loan volume and value. Fondo de Habitaciones Populares (FONHAPO), created in 1982, is the agency that targets the lowest income levels in the formal sector. Funding for FONHAPO is generated from federal and tax revenues. It serves also as conduit for international non-governmental organization (NGO) grants directed at the lowest income segments of the population. FONHAPO tends to lend for home improvement and what can be considered “progressive housing projects” such as self-built homes. Organismos Estatales de Vivienda (OREVIS), or State Institutes, are state housing agencies funded by state tax revenues. OREVIS issue a large number of loans at the state level, albeit small in individual size. Due to its state-by-state local focus, the agency assists significantly in balancing lending between heavily populated urban areas of Mexico and less populated rural poor areas. Banco Hipotecario y de Obras Públicas (BANOBRA) is primarily a development bank for infrastructure and public services. It’s not a strong source of mortgage lending—and is unlikely to become one—although it does issue loans for the provision of urban services.

The seventh entity, the SOFOLES, as previously mentioned are broken down into single-purpose financial entities that serve as conduits to finance automobiles, consumer loans, housing, and small business. Nevertheless, their main contribution is on the housing market. The SHF government loans have been SOFOLES’ major source of capital to date; however, private capital is entering into the SOFOLES given their participation in the stock market. As shown below, the mortgage portfolio of SOFOLES has been approaching that of banks and exceeds bank loans in sheet number loans as of 2003.

SOFOLES Lag Banks but Increasing Portfolios (2003)²⁰

| Banks | Value (millions of pesos) | Sofoles | Value (millions of pesos) |
|---------------------|------------------------------|-------------------------------|------------------------------|
| BBVA Bancomer | \$40,669 | Hip. Nacional | \$24,412 |
| Banamex / Citibank | \$25,991 | Hip. Su Casita Credito y Casa | \$14,486 |
| Bital (HSBC) | \$11,890 | Mexicana | \$11,789 |
| Banorte | \$15,489 | All Others | \$30,878 |
| Santander Serfin | \$9,355 | | |
| ScotiaBank Inverlat | \$11,078 | | |
| Total | \$114,472 | Total | \$81,565 |

Source: CNBV 2003; SHF2004

Since they serve largely as a conduit for funds from SHF, SOFOLES’ target market segments coincide with those discussed previously mentioned (i.e., private sector employees with annual incomes greater than 5 minimum salaries and self-employed workers up to 50 minimum salaries, or US\$3,000 to US\$75,000 per year). Initially, SOFOLES targeted low-income households but have been raising the ceiling of their market and now compete with the lower range of commercial banks.

SOFOLES’ means of loan origination and servicing offer them an advantage in two ways among self-employed and low-income households who are unconnected with or leery of banks. Firstly, they’ve developed underwriting criteria suitable for self-employed or informal workers. For example, households can pay a monthly sum equal to their desired mortgage payment into an account for a designated period of time, demonstrating consistent ability to pay and amassing funds for a down payment. Secondly, in-

¹⁹ According to a report by Prudential Real Estate Investors (“Ten Trends in Mexican Housing,” November 2004), INFONAVIT, SHF, and FOVISSTE collectively are responsible for about 90% of all mortgages in México.

²⁰ Joint Center for Housing Studies of Harvard University, “The State of México’s Housing 2004,” June 9, 2004.

person delivery of statements, acceptance of payments at on-site locations and outside of traditional business hours offers convenience and greater comfort than traditional servicing mechanisms. Moreover, SOFOLES have exhibited strong ability to keep down the rate of delinquencies; they use personal delivery of late notices and social pressure to encourage repayment, push for partial payments at frequent intervals, and attempt to keep disputes out of the lengthy and costly legal system of foreclosure. As a result, they boast much lower rates of delinquency than either INFONAVIT or banks.

Although past macroeconomic vacillations have caused Mexican borrowers today to rely heavily on the aforementioned publicly mandated agencies and specialized housing lenders for housing finance, the trend is moving towards greater involvement by private sources of capital. Commercial banks, which constitute the backbone of housing finance in many countries, currently play a relatively minor role in Mexican housing finance. However, the vitality of the mortgage market now has prompted the commercial banks to get back into the sector. There is evidence that commercial banks are even extending mortgage offerings of new fixed-rate and fixed-term peso-denominated loans.²¹

Commercial banks' interest level is such that they've even begun to acquire or partner with some SOFOLES in an effort to penetrate low- and middle-income housing and increase market share. For instance, BBVA-Bancomer purchased Hipotecaria Nacional (Hipnal), the largest SOFOLES home mortgage institution, for \$375 million in September, 2004. Hipnal, which was recently assigned the long-term national scale credit rating of AAA from a previous A by Fitch, plans to fund the construction of 75,000 homes in 2005, representing an increase of 84% over 2004. Furthermore, Mexico's second largest SOFOLE, Hipotecaria Su Casita (HSC), announced on January 23, 2005 that it will start a joint venture with the U.S. mortgage bank First Jersey Mortgage Services. The Canadian bank, Scotiabank Inverlat, reportedly also wants to delve into the market and is in due diligence to acquire 80% of the third leading SOFOLE Credito y Casa. Commercial banks also have engaged in co-financing structures with Mexico's main mortgage lender, INFONAVIT, in an effort to expand their reach and diversify their risk.

Moreover, recent attempts have been made by several of the major public agencies to access capital markets directly, indicating potentially greater future involvement of private sources of funds. The SOFOL Su Casita in conjunction with General Motors Acceptance Corporation (GMAC) USA created the first ever mortgage-backed security (MBS) in December, 2003 for USD \$53 million. In the fourth quarter of 2004, the SOFOLES Metrofinanciera and Su Casita (alongside GMAC) each issued MBS offerings of approximately USD \$44 and USD \$104 million, respectively.²² In addition, INFONAVIT sold USD \$109 million in MBS in July, which included participation by Mexican and, for the first time, foreign investors (mostly pension funds, insurers, and investment funds). INFONAVIT also conducted a follow-up placement of another USD \$130 million in MBS in early October.²³ According to SHF, non-bank mortgage lenders are expected to issue USD \$550 million in MBS in 2005, while INFONAVIT has stated that it will issue an additional USD \$350 million.²⁴

Visual representations of the organization of Mexico's housing finance system, the spectrum of capital sources for housing finance, and the target market and volume of major Mexican housing lenders is provided below.²⁵

Organization of Mexico's Housing Finance System (2003)

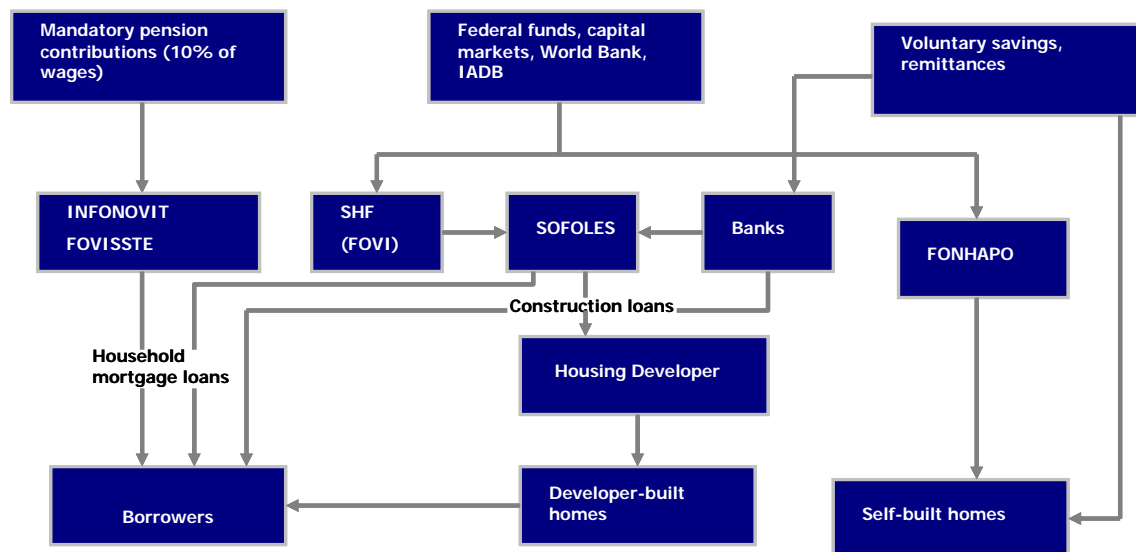
²¹ Previously, commercial banks had originated loans in UDIs, which tied the loan variable interest rate to inflation.

²² Pramerica Real Estate Investors, 2005 Latin American Outlook. Moody's Investors Service, 2004 Review and 2005 Outlook: Latin American ABS/MBS, January 7, 2005.

²³ Pramerica Real Estate Investors, Latin American Quarterly, October 2005.

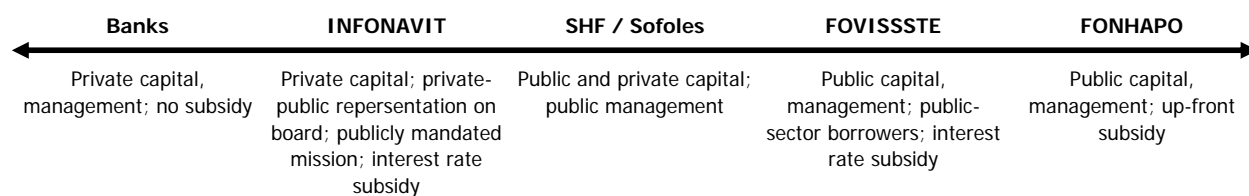
²⁴ Pramerica Real Estate Investors, Latin American Quarterly, July 2005 and October 2005.

²⁵ Joint Center for Housing Studies of Harvard University, "The State of Mexico's Housing 2004," June 9, 2004.



Sources: Bradley 2000, Merrill Lynch 2003

Primary Capital Sources from Purely Private to Purely Public (2003)



Target Market & Volume of Major Lenders (2003)

| | Banks | INFONAVIT | SHF / Sofoles | FOVISSTE | FONHARPO |
|---------------------------|--|---|---|--|---|
| Eligible Market | Middle and upper-income households; up to two million at current interest rates. | 12 million private sector workers. | 75% of all households; high-end of Sofoles overlap bank customers. | 1.5 million public sector workers. | Lower income households. |
| Volume of Activity | 15,000 loans in 2002; fewer than 2000/year in previous 5 years. | Over 300,000 loans in 2003; portfolio of \$363 billion pesos. | SHF: 52,000 mortgages per year; Sofoles average 5,000 mortgages/year. | In 2003 more than 60,000 loans; prior years around 20,000. | 140,000 loans in 2002; under 10,000/year through 2000; low total value. |

Sources: Softec 2003, Merrill Lynch 2003

The Future for Mexican Housing & Mortgages

Important changes have occurred in the Mexican housing sector; however, broader changes have also affected the country as a whole in terms of its political and economic framework. In all, the housing sector is now at a much more mature stage. Although Mexican housing demand is abundant, it's often difficult for households to qualify for a mortgage. This is critical in a country where the vast majority of the population depends on some type of financing to purchase a home. Nevertheless, substantial improvements have transpired during the past 10 years, ones that have prepared Mexico's housing sector for the next level of development.

The risk always exists that progress abates, but it's important to not lose sight of the fundamental facts that have supported the housing market over the recent years. On the demand side, demographic trends indicate strong household formation rates in the years to come. At the same time, economic stability is permitting more families to consider purchasing a new home for the first time. On the supply side, Mexico boasts a collection of homebuilders that have developed the capacity to efficiently link potential homebuyers with the country's public and private mortgage financing sources. The active participation of mortgage providers is paramount to the industry's prosperity. Their growing participation in recent years, coupled with the fact that Mexico has been establishing more sound institutional foundations, allows for sustainable growth in the Mexican housing sector.

Mexico Loan Sale Overview

Previous Mexican Loan Sales

2006 & Forecasted Sales

| Seller | Bid Date | Loan Type | Size (MXP\$) | Comments |
|--------------------------------------|-------------|------------------------------|---------------|--|
| HSBC | Nov/Dec-06 | Commercial, Residential | 1,540,000,000 | The portfolio consists of two pools of loans. The commercial pool (MXP\$ 988 million) includes 1,172 credits while the residential pool (MXP\$ 552 million) is comprised of 1,189 credits. This sale was initially planned to close in March/April 06 but HSBC postponed the deal. CBRE was the loan sale advisor. It is expected that HSBC will come out with offering again in the Q4 2006 or Q1 2007. |
| Banamex | July-06 | Commercial, Residential | 2,600,000,000 | The portfolio consisted of 4,691 (MXP\$ 2 billion) and 1,900 (MXP\$ 600 million) residential and commercial credits, respectively. Only the commercial credits traded, as the residential portion didn't meet seller's reserve price. The portfolio was acquired by Deutsche Bank/Cresmont Advisors. |
| BBVA Bancomer, S.A. | July-06 | C&I | 1,000,000,000 | The portfolio consisted of 2 pools of primarily REO property. CBRE acted as the loan sale advisor and the offering was ultimately pulled. |
| Infonavit | June-06 | N/A | 6,600,000,000 | The portfolio consisted of approximately 33,400 credits, which included the 30,000 credits related to the Infonavit pools I & II that didn't trade in December 2005. The portfolio was acquired by Pendulum. |
| IPAB-Serfin-Banco Del Centro-Banorte | May-06 | C&I, Residential | 9,133,000,000 | The portfolio consisted of 28,074 credits and 3,744 REO properties; it was purchased by Banorte (IPAB mandated that the credits be put up for sale/auction). |
| Lone Star Funds - Hudson Advisors | Apr-06 | Commercial, Residential | 2,350,000,000 | The portfolio consisted of 2,890 and 1,246 residential and commercial credits, respectively. The portfolio was acquired by Deutsche Bank. |
| Banorte & Banco Santander | February-06 | Commercial, Residential, C&I | 6,000,000,000 | This offering was pulled. |

2005

| Seller | Bid Date | Loan Type | Size (MXP\$) | Comments |
|---|--------------|----------------------------|----------------|--|
| Infonavit | December-05 | N/A | 9,800,000,000 | The portfolio was comprised of 49,000 credits of mostly middle to low income residential housing assets separated regionally into three pools totaling MXP \$9.8 billion in UPB. Pool I of the "public auction" consisted of 19,000 credits primarily located in the southern or southeastern states of Mexico summing MXP \$4 billion in UPB. The states in this pool included: Campeche, Chiapas, Distrito Federal, Estado de México, Guerrero, Hidalgo, Morelos, Oaxaca, Puebla, Quintana Roo, Tabasco, Tlaxcala, and Yucatán. Pools II and III comprised a total of 30,000 credits totaling MXP \$5.8 billion. Pool II credits were predominantly located in the northern region of Mexico (the states represented were: Chihuahua, Coahuila, Durango, Nuevo León, Sinaloa, Tamaulipas, Veracruz, and Zacatecas). Pool III assets were located mostly in the central and western states of Mexico (the states included: Aguascalientes, Baja California Norte, Baja California Sur, Colima, Guanajuato, Jalisco, Michoacán, Nayarit, Queretaro, San Luis Potosí, and Sonora). Only Pool I traded to GMACCM; other pools didn't meet reserve price. |
| First City | November-05 | N/A | 10,670,000,000 | The sale included 13 pools with one pool trading to Deutsche Bank at the end of the sale. Cargill, Cerberus and Promecap (former CFO to Carlos Slim) were the portfolio owners. First City was the servicer and Sayco acted as loan sale advisor. Banorte, Basilisk, Pendulum and Mex-Dam were also participated in the loan sale. |
| Gramercy / Pendulum | N/A | N/A | 400,000,000 | The portfolio previously was purchased from Fenix (JER/DB joint venture) several years ago. |
| Banamex P1 | October-05 | Residential | 1,205,000,000 | The portfolio was acquired by Banorte. |
| Banamex P1, P2, P3 | October-05 | C&I | 3,269,500,000 | GMAC-CM / Pendulum acquired the portfolio of 894 assets through Deloitte. |
| Banamex P2 | October-05 | Residential | 321,200,000 | The portfolio was acquired by Banco del Bajío. |
| Banco Union/ Banco Obrero | October-05 | Commercial | 6,362,000,000 | Auction suspended. |
| HSBC - Bitel | September-05 | C&I | 1,956,000,000 | The portfolio was acquired by Secorse. |
| Banorte - Mercantil Del Norte, S.A. | September-05 | C&I, Residential | 1,393,000,000 | GMAC / Pendulum acquired the portfolio of 3,384 assets. |
| Banorte, S.A. | September-05 | Commercial | 671,910,000 | The portfolio was acquired by Pendulum. |
| Banorte, S.A. | September-05 | Commercial | 200,000,000 | The portfolio was acquired by GMAC-CM. |
| Banorte, S.A. | September-05 | C&I | 691,000,000 | The portfolio was acquired by GMAC-CM. |
| HSBC - Bitel | September-05 | Commercial | 807,400,000 | Pendulum acquired the portfolio through Deloitte. |
| BBVA Bancomer, S.A. | August-05 | Performing Residential | 2,470,600,000 | Bancan acquired the portfolio through Deloitte. |
| BBVA Bancomer, S.A. | August-05 | Non-Performing Residential | 2,375,000,000 | The portfolio was acquired by Mex-Dam. |
| BBVA Bancomer, S.A. | August-05 | Consumer | 275,000,000 | The portfolio was acquired by Moneización de Activos, S.A. |
| BBVA Bancomer, S.A. | August-05 | Commercial | 1,800,000,000 | GMAC-CM acquired the portfolio through Deloitte. |
| Banorte - Bancentro - Banpais | June-05 | C&I, Residential | 8,435,000,000 | The portfolio was acquired by GMAC-CM. |
| Banorte - Mercantil Del Norte, S.A. | June-05 | C&I, Residential | 8,711,000,000 | The portfolio consists of 8,554 loans. No other information is available. |
| Banorte - Mercantil Del Norte, S.A. | June-05 | Residential | 38,000,000 | The portfolio was acquired by Gándara Administración Jurídica, S.C. |
| Banco Union/ Banco Obrero | May-05 | Commercial | 6,800,000,000 | The portfolio was acquired by MFI Capital. |
| CIBA Especialidades Químicas de Mexico | May-05 | Litigious Rights | 25,000,000 | The loan sale was conducted by Sayco. No other information is available. |
| Banco Union | April-05 | C&I, Residential, Consumer | 6,412,130,484 | The portfolio was acquired by Basilisk Seis, S.A. |
| Banamex | March-05 | Residential | 830,800,000 | Auction suspended. |
| IPAB - (Cremi, Banco de Oriente, Banco Capital, Banco Interestatal, Banco Industrial) | March-05 | C&I, Residential, Consumer | 335,000,000 | The portfolio was acquired by First City. |
| CE Calpulli - Mortgage & Commercial Portfolio | February-05 | C&I, Residential | 3,330,000,000 | The portfolio consists of 15,157 loans separated into 6 pools. GMAC-CM was the winning bidder. |

2004

| Seller | Bid Date | Loan Type | Size (MXP\$) | Comments |
|-------------------|--------------|-----------------------|---------------|---|
| BBVA Bancomer | December-04 | Residential | 833,000,000 | The portfolio consists of 1,111 loans. Banorte acquired the portfolio beating out First City, Pendulum, Banco del Bajío |
| Banamex P1 | November-04 | Commercial, Consumer | 4,067,420,800 | The portfolio was acquired by Banorte. |
| Banamex P2 | November-04 | Residential | 810,595,100 | The portfolio was acquired by Banorte. |
| Banamex P3 | November-04 | Residential | 493,526,500 | The portfolio was acquired by Banorte. |
| BBVA Bancomer | November-04 | Residential | 1,065,000,000 | The portfolio was acquired by Banorte. |
| HSBC | October-04 | C&I, Residential | 1,756,000,000 | The portfolio was acquired by Banorte. |
| Banco Obrero | September-04 | N/A | 357,600,000 | The portfolio was acquired by Banco del Bajío. |
| Banamex | September-04 | Residential | 771,000,000 | The portfolio consists of 2,023 loans acquired by Banorte over competing bids by First City, Pendulum, and Banco del Bajío. |
| Banamex | September-04 | Residential (Current) | 499,000,000 | The portfolio consists of 1,430 loans acquired by Banco del Bajío over competing bids by Banorte, First City and Pendulum |
| Banco Unión | September-04 | Residential | 422,000,000 | The portfolio was acquired by Banorte. |
| Banco Obrero | August-04 | Commercial | 124,600,000 | The portfolio was acquired by MFI Capital. |
| Bancomext | July-04 | Commercial | 1,098,305,500 | The portfolio was acquired by First City. |
| Banca Intervenido | June-04 | Social Interest | 1,900,000,000 | The portfolio was acquired by Banco del Bajío and FINCASA. |
| Banamex | April-04 | Residential | 2,200,000,000 | The portfolio was acquired by First City. |
| Banamex | April-04 | Residential | 2,111,104,541 | The portfolio consists of 3,008 credits predominately located in Sonora, Puebla, Distrito Federal, and Estado de Mexico. Banorte was the winning bidder while First City and Basiliisk also participated. |
| Bitel | January-04 | N/A | 5,000,000,000 | The portfolio was acquired by Banorte. |

2003

| Seller | Bid Date | Loan Type | Size (MXP\$) | Comments |
|----------------------|-------------|-----------------|---------------|---|
| Bitel | December-03 | Residential | 2,381,000,000 | The portfolio consisted of 4,768 loans. Banorte acquired the portfolio over participants such as Auritec and First City. |
| IPAB Social Interest | December-03 | Residential | 848,000,000 | The portfolio consisted of 5,479 loans and was acquired by Auritec over Banorte and First City. |
| Banca Intervenido | November-03 | Social Interest | 800,000,000 | The portfolio was acquired by GMAC-CM. |
| BBVA Bancomer | November-03 | Residential | 1,337,000,000 | The portfolio consists of 1,300 loans purchased by Banorte. Auritec and First City also participated in the sale. |
| BBVA Bancomer | October-03 | Other | 1,200,000,000 | The portfolio was acquired by Banorte. |
| Banco Industrial | August-03 | C&I, Others | 1,118,900,000 | The portfolio was acquired by Banorte. |
| Bancrecer | February-03 | C&I | 540,000,000 | No information is available. |
| BBVA Bancomer | Jan-03 | Commercial | 370,583,279 | This 48 asset commercial portfolio originated by Bancomer was acquired by Lone Star in a public NPL auction. The portfolio is geographically concentrated in the Mexico City and Guadalajara regions. |

2002

| Seller | Bid Date | Loan Type | Size (MXP\$) | Comments |
|---|--------------|------------------|---------------|--|
| Auritec | December-02 | Residential | 814,913,906 | Lone Star acquired the portfolio in a negotiated transaction with Auritec, an affiliate GMAC-RFC. The portfolio contained 1,580 loans originated by a variety of Mexican banks including Serfin, Inverlat, Crimi, Oriente, and others. The assets are predominately located in Mexico City, Monterey and Western regions. |
| Banca Cremi | December-02 | C&I | 4,973,000,000 | No information is available. |
| BBVA Bancomer | December-02 | C&I | 370,000,000 | No information is available. |
| Banca Intervenido | November-02 | N/A | 648,000,000 | The portfolio was acquired by Banorte and Habitat (GE). |
| IPAB | October-02 | Residential | 1,079,000,000 | The portfolio was acquired by Banorte and GE. |
| Quadrum | October-02 | C&I | 428,000,000 | No information is available. |
| BBVA Bancomer | September-02 | C&I | 1,254,000,000 | The portfolio acquired by Secorse. |
| Bancrecer (Fenix) | July-02 | C&I | N/A | No information is available. |
| Scotia - Inverlat | June-02 | Commercial | 1,757,910,580 | The portfolio acquired by Lone Star, consisted of 1,933 loans originated and sold by Scotia Inverlat in this private auction. The auction was divided into three pools: a large balance, small balance, and single large asset pool. The single large asset pool was not sold. Geographically, the portfolio was spread nationwide, although the largest concentrations were in Veracruz, Chihuahua and Mexico City. |
| Banca Cremi/ Banco Unión/ Banco Obrero/ Banco Oriente | March-02 | C&I, Residential | 1,103,500,000 | The portfolio was acquired by First City. |
| Grupo Sidek | February-02 | Residential | N/A | No information is available. |

2001

| Seller | Bid Date | Loan Type | Size (MXPS) | Comments |
|---|--------------|------------------|---------------|---|
| Bancrecer | December-01 | Commercial | 2,646,500,000 | The portfolio was acquired by GMAC |
| Grupo Sidek | November-01 | Residential | N/A | No information is available. |
| Bancrecer | October-01 | Commercial | 8,281,200,000 | The portfolio was acquired by Lend Lease. |
| BBVA Bancomer | September-01 | Commercial | 8,304,000,000 | No information is available. |
| Goldman Sachs - Worldwide Collection | October-01 | Residential | 749,580,297 | The portfolio was acquired from Goldman Sachs in a private auction held between Lone Star and Banorte. The loans were originated by various Mexican lenders including Serfin, Cremi, Obrero and Orietler. The portfolio was comprised of 1,480 mostly middle income residential loans, as well as a small mix of Social Interest loans. |
| Bancrecer | August-01 | Residential | 1,001,357,767 | The portfolio contained 2,243 residential assets divided into 6 pools. Lone Star acquired 4 pools, three of which were middle income pools divided by geography in the North, Northwest, and Central regions. The fourth pool contained Social Interest loans primarily located in the Central region. |
| Banco Santander | June-01 | Commercial | 3,075,800,000 | The portfolio was acquired by First City. |
| BBVA Bancomer | June-01 | N/A | 2,230,000,000 | No information is available. |
| Serfin Mixta | June-01 | C&I, Residential | 2,753,000,000 | No information is available. |
| Banca Cremi/ Banco Unión/ Banco Obrero/ Banco Oriente | April-01 | Others | 577,000,000 | Professional Collections / Legaxxi / Jose Luis Martinez were the winning bidders. |
| Bancrecer (Serviced by Brimco-Fenix) | March-01 | Residential | 2,839,000,000 | The portfolio consists of 9,793 loans acquired by Banorte. |
| Serfin Mixta | March-01 | Residential | 700,000,000 | The portfolio was acquired by Banorte. |
| Bancrecer | March-01 | Residential | 210,952,013 | The portfolio acquired by Lone Star consists of 622 mostly middle income residential assets geographically concentrated in the Northwest region of Mexico. |
| IPAB (Banca Intervenida, Cremi, Oriente) | January-01 | Residential | 508,856,221 | The portfolio of 1,081 mostly middle income residential assets was acquired by Lone Star. The assets are primarily located in the Northwest region of Mexico. |

Historical

| Seller | Bid Date | Loan Type | Size (MXPS) | Comments |
|---|--------------|------------------|-----------------|---|
| Banca Cremi/ Banco Unión/ Banco Obrero/ Banco Oriente | December-00 | Others | 509,000,000,000 | N/A |
| Banco Intervenidos and Serfin (Cartera Meseta) | December-00 | Residential | 4,947,000,000 | N/A |
| Inverlat | November-00 | C&I | 1,195,400,000 | The portfolio was acquired by ILQ. |
| Banca Cremi | October-00 | C&I | 2,491,900,000 | The portfolio was acquired by First City. |
| BITAL (No IPAB) | September-00 | Residential | 1,800,000,000 | The portfolio was acquired by Goldman Sachs. GMAC-Auritec also participated in the sale. |
| Serfin - Cartera Gris | August-00 | C&I, Residential | 7,798,000,000 | The portfolio consists of 19,972 loans. GMAC-Auritec acquired the portfolio over participants Goldman Sachs / GE Capital, Amresco, Promecap, and Secured Capital. |
| Inverlat | June-00 | Commercial | 6,988,200,000 | No information is available. |
| Serfin Mixta | March-00 | C&I | 2,053,000,000 | The portfolio consists of 258 loans acquired by First City. |
| Serfin | October-99 | Residential | 11,250,000,000 | The portfolio was acquired by Banorte. |
| Serfin | October-99 | C&I, Residential | 13,750,000,000 | The portfolio was acquired by Banorte. |
| Inverlat | December-98 | Residential | 8,000,000,000 | Goldman Sachs, GMAC, First City, and Cargill acquired pools of the portfolio. |

2. Mexican Legal and Foreclosure Process

The Mexican legal and foreclosure process involves a sequence of stages that a creditor must follow in order to take possession of the property serving as collateral for the loan in question. A creditor has the right to commence the legal process once the borrower has stopped paying the loan for a period of over 90 days.²⁶

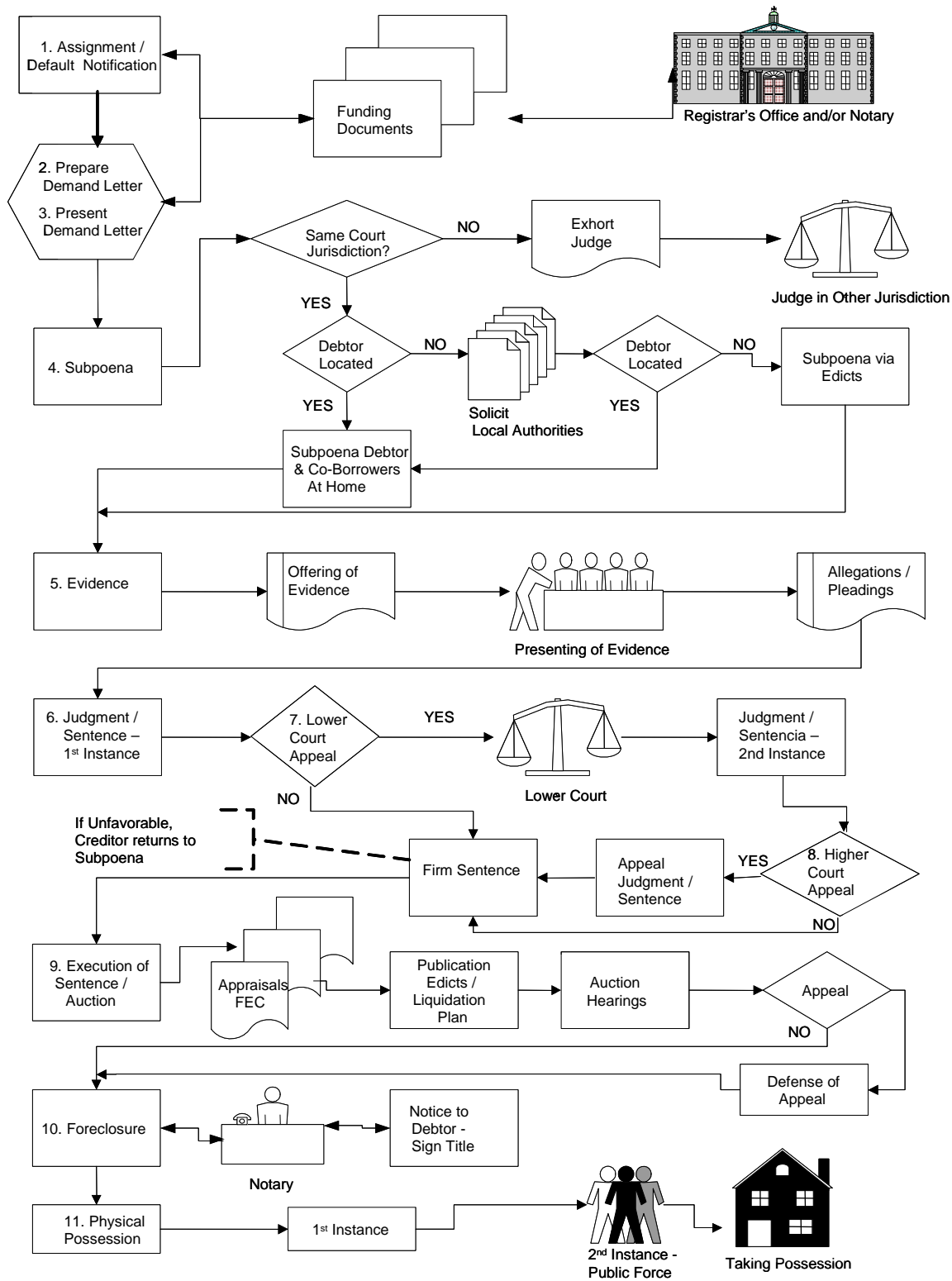
The following **Legal Flow Charts** and the **Legal Process Overview** (in English and in Spanish) have been created from the Hudson servicing manuals, research and interviews with State of Jalisco court officials and is intended to act as an overview and guide to the foreclosure process in Mexico. It is important to note that it has been translated literally from Spanish so as to provide a very basic comparison to the US foreclosure process and as such, certain elements may be "lost in translation". It is not meant to be a rigorous guideline or relied upon from a legal perspective and the reader should seek qualified legal advice in (a) reviewing any loan in foreclosure and (b) formulating any opinion from same.

Flow Chart of Mexican Legal & Foreclosure Process

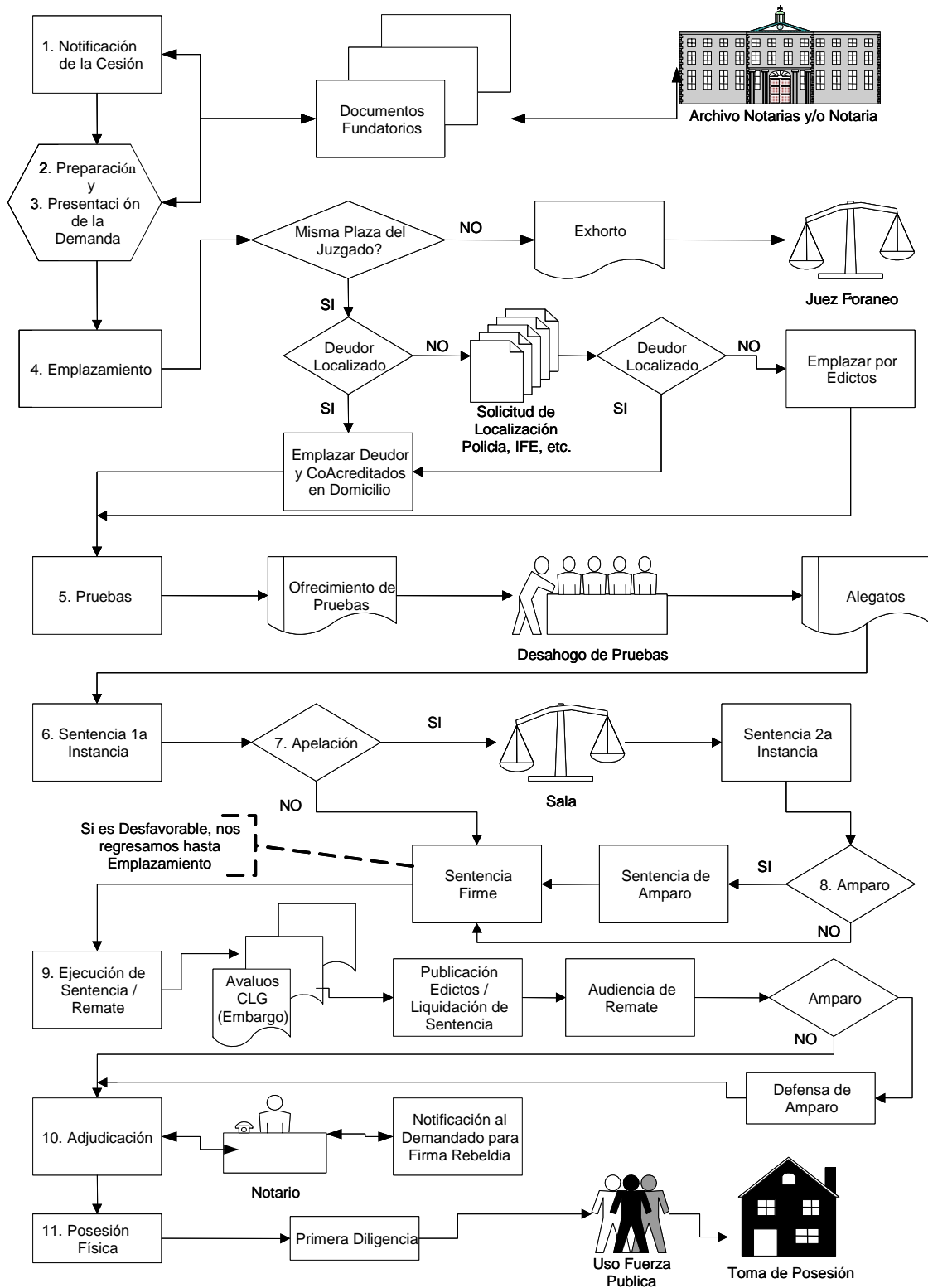
Legal Flow Charts of the various general stages that encompass the Mexican legal and foreclosure process are included below. In certain instances, the individual stages contain sub-stages that are not depicted in the flow charts below; however, an explanation of all stages and sub-stages is contained in the **Legal Process Overview**. Please note that there are occasions when a lawsuit skips some stages given the outcome of the previous stage(s).

²⁶ For the purposes of this discussion, the label "creditor" is the same as lender or plaintiff. Likewise, borrower and defendant are one and the same.

Stages of the Mexican Legal & Foreclosure Process (English)



Stages of the Mexican Legal & Foreclosure Process (Spanish)



Legal Process Overview & Stages²⁷

| Process Stage And Sub Stage | Etapas Y Subetapas Procesales | Estimated Min / Max Days | Description |
|--------------------------------|-------------------------------|--------------------------|--|
| Documents | Documentos Fundatorios | | |
| Documents and Jurisdiction | Documentos Fundatorios | | The basic documents consist of the "pagare" (promissory note) and "contrato" (mortgage). For residential loans, the "testimonio" is a written document incorporating both of these items and signed before the Notary, who recognizes the amount received and the form of payment. These documents also specify the appropriate Court ("Juzgado") and jurisdiction(s) where creditor should file the complaint to initiate the lawsuit. |
| Registrars Office | Archivo Notarias | | In the event that the creditor does not already possess the aforementioned documents, then creditor can go to the Notary in order to obtain them. Should the Notary no longer have these documents on record (e.g., because of the age of the loan), creditor can acquire them at the Registrar's Office ("Archivo Notarias"), which holds all of the loan documents pertaining to every loan. Creditor would obtain a copy of the documents from the Registrar's Office and subsequently get them notarized. Once these documents have been attained, creditor is required to follow specific steps dictated by the Mexican legal system. |
| Assignment Notification | Notificación Cesión | 30 / 60 | |
| Via the Courts | Jurisvol | 30 / 60 | The process of filing complaint/lawsuit via the Courts is called "Jurisvol" in Mexico. Original creditors like banks, the demand may be made directly through a Notary. For subsequent investor, the Jurisvol approach must be utilized. The creditor goes to the appropriate Court and presents the complaint. Once presented, said Court assigns a Judge to whom the lawsuit must be presented. The relevant Judge will analyze said complaint and ascertain if it has basis and is written properly (see below for more specific information on the lawsuit, or demand letter). |

²⁷ In Mexico, there exist two classes of lawsuits related to residential and commercial loans: (1) Civil Lawsuits ("Juicios Civiles"); and (2) Mercantile Lawsuits ("Juicios Mercantiles"). Each class contains sub-classes of lawsuits, which are discussed in pgs 27-28.

| Process Stage And Sub Stage | Etapa Y Subetapa Procesal | Estimated Min / Max Days | Description |
|-----------------------------------|---|--------------------------|---|
| Via Notary | Via Notario | 15 / 30 | If creditor decides to proceed via this route, then it's the Notary who presents the default notice to borrower and notifies borrower of the exact amount owed. In Mexico, a Notary is an attorney who has passed a series of rigorous exams in order to obtain this credential and is considered to be reputable and someone of authority. |
| Lawsuit Turn | | 10 | |
| Lawsuit or Complaint Preparation | Preparación de Demanda | 10 | The Creditor prepares the complaint for the Court, which, in order for the lawsuit to proceed, must contain or specify the following: <ul style="list-style-type: none"> • Type of lawsuit being filed and addressed to the Court pertaining to the lawsuit in question; • Names of both borrower and creditor; • Payment history of the loan; • Precedents and facts of the case; • Basis for complaint and reasons why creditor is entitled to funds; and • Amount being claimed. |
| Lawsuit Filing | | 5 / 15 | |
| Admission | Admisión de Demanda | 5 / 10 | If lawsuit is prepared correctly, then the Judge will issue a Court Order ("Auto de Admisión") admitting and recording the lawsuit. ²⁸ |
| Prevention | Prevención | 10 / 15 | The Judge may issue a Prevention Notice ("Auto de Prevención") informing the creditor's attorney of any errors or omissions in the complaint, and providing a specified number of days (typically three) to correct same. Otherwise, the lawsuit is null and void. This only occurs at the beginning of the lawsuit. |
| Rejection (Return To Preparation) | Desechamiento (Regreso a Turno A Demanda) | 5 / 10 | If creditor's attorney didn't fix the errors or omissions in the manner or within the required time period dictated by the Court, then the Judge would reject the complaint due to non-compliance. |
| Summons / Seizure-Lien | | 30 / 180 | |
| Diligence | Diligencia | 10 / 15 | A court official must be present when serving the borrower with a subpoena. The Court must be formally requested to do so. |
| Request By One Court to Another | Exhorto | 10 / 20 | Testimonios or other documents dictate the jurisdiction where a borrower may be sued. Similarly, borrowers may reside in a different state from where a case may be heard but need to be subpoenaed. Courts speak to one another or "exhort" one another to assist in subpoenaing borrowers. |

²⁸ "Auto" is merely a legal term that refers to the Court's response, akin to an "Order" in the U.S., and may appear along with other responses.

| Process Stage And Sub Stage | Etapas Y Subetapas Procesales | Estimated Min / Max Days | Description |
|--|---|--------------------------|--|
| Official Communication to Authorities | Oficios a Autoridades | 30 / 60 | If plaintiff can't locate the borrower or determines that borrower doesn't reside at the address subpoenaed (whether it be in the original jurisdiction or in another jurisdiction), then plaintiff can ask Judge to formally request that the local authorities (e.g., the police, IFE – Instituto Federal Electoral, telephone company) provide a borrower address and/or indicate where borrower can be located. These authorities are obligated to respond to and comply with the Judge's request. |
| Preparation of Edicts (Advertising) | Preparación Edictos | 30 / 75 | As in the US, if the local authorities aren't able to locate a borrower, then the creditor is required to advertise indicating that the borrower is being sought, in certain Judge-dictated places and times. |
| Fine | Multa | 15 / 30 | This rarely, if ever, occurs. |
| Arrest | Arresto | 15 / 45 | This rarely, if ever, occurs. |
| Plea / Counterclaim | Contestación De Demanda / Reconvencción | 20 / 30 | In what is essentially the "answer", the borrower indicates his/her awareness of the lawsuit and presents himself/herself to the Court in order to answer the complaint (i.e. stating innocence, attempting to refute the validity of the lawsuit and providing an overview of evidence. The success of a case is highly dependent upon the quality of the borrower's response to the lawsuit (i.e., it can tell the plaintiff whether or not borrower is honest or if the borrower is trying to "game" the creditor). |
| Response Hearing | Vista a Contestación | 5 / 10 | The Judge provides creditor with a copy of the borrower's response. |
| Contempt | Acusar Rebeldía | 5 / 10 | If the borrower doesn't respond or present a response, then creditor asks the Court to declare the borrower in contempt of Court. |
| Objections and Defense Against the Admission Decree (Appeal and Proceeding for Relief) | Medios e Impugnación y Defensa Contra Auto Admisorio (Apelación a Amparo) | 45 / 90 | In this instance, the borrower appeals the fact that the Judge admitted the lawsuit. In an example where the loan has been sold to a subsequent investor, the borrower will say, "Bancomer loaned me the money and I don't recognize this new company. Why are they suing me? Their complaint is unfounded." Please note that "apelación" and "amparo" refer to the Local/Lower Court of Appeals and Federal/Higher Court of Appeals, respectively. Borrower may file an appeal at the local level and, if that is denied, at the federal level. |
| Previous and Special Pronouncement Exceptions | Excepciones de Previo y Especial Pronunciamiento | 30 / 60 | This refers to the plaintiff's response to the borrower's appeal. Using the example above, the plaintiff would present evidence that it had acquired the loan in the secondary market and the appurtenant rights to collect funds from the borrower. |

| Process Stage And Sub Stage | Etapa Y Subetapa Procesal | Estimated Min / Max Days | Description |
|--|--|--------------------------|---|
| Interlocutory Judgment | Sentencia Interlocutoria | 20 / 45 | This is the Judge's decision regarding the borrower's appeal and the plaintiff's reply to that appeal. If plaintiff loses, then next recourse is to return to the lawsuit preparation stage (Turno a Demanda). Alternatively, the case continues should the decision favor the plaintiff. |
| Previous and Conciliatory Hearing | Audiencia Previa y de Conciliación | 20 / 45 | At this point, the Judge has decided to allow the lawsuit to continue but invites both parties to attempt to settle their issues in Court at a specific time and place. Typically a magistrate-type Judge would preside and intermediate. |
| Evidence | Pruebas | 120 / 180 | Not every stage occurs in every case as they depend on the types of evidence involved in the case. |
| Decree That Opens the Evidence Stage | Auto Que Abre Juicio a Pruebas | 5 / 10 | The Court has admitted the complaint and issues a Court Order informing both parties to present their respective evidence (Pruebas). |
| Evidence Offered | Ofrecimiento de Pruebas | 10 / 15 | Both parties submit their respective evidence in a discovery type process. The borrower can reject the evidence by saying, for example, that it's not his/her signature on the loan agreement, which can be verified by using a Court-certified handwriting expert ("Pericial Grafoscopica"). |
| Confessionals and Testimonials | Confesionales y Testimoniales | 30 / 60 | Written and verbal depositions. |
| Accounting Expert | Pericial Contable | 30 / 60 | A Court-certified accounting expert (e.g., independent accountant or someone hired by lender) is summoned to conduct an audit in order to confirm or prove the payment history on the loan/credit, demonstrate the amount that has and has not been paid by borrower, and verify the amount owed to lender. |
| Judicial Inspection | Inspección Judicial | 30 / 60 | The creditor and borrower are allowed to ask the Court to provide a Court worker (e.g., Secretary of the Court) for the purposes of validating or refuting that the borrower's assets are commensurate with what is claimed in the complaint/lawsuit. |
| Objections and Defense (Appeal and Proceeding For Relief) | Medios de Impugnación y Defensa (Apelación y Amparo) | 45 / 90 | The appeal the results of the judicial inspection or handwriting expert. |
| Interlocutory Judgment | Sentencia Interlocutoria | 20 / 40 | This refers to the Judge's decision(s) with respect to the evidentiary stage. |
| Hearings of Law | Audiencias de Ley | 30 / 120 | The Judge informs both parties as to the date and time when they should be present in Court in order to hear the decision rendered by the Judge vis-à-vis all of the evidence presented and any other material related to lawsuit. Assuming everything is copasetic, the lawsuit continues. |

| Process Stage And Sub Stage | Etapas Y Subetapas Procesales | Estimated Min / Max Days | Description |
|---|---|--------------------------|--|
| Pleadings | Alegatos | 10 / 15 | In this instance, the Judge states to both parties that he/she is allowing a summary of the evidence/allegations submitted/made, whereby both parties are permitted to submit such presentation. At this point, no further evidence may be introduced into the lawsuit. |
| Judgment | Sentencia | 60 / 75 | |
| Summons for Definitive Judgment | Auto Que Cita Para Sentencia Definitiva | 5 / 10 | The order or decree that the Judge issues to indicate that a rendering of a definitive judgment is going to occur. |
| Definitive Judgment | Sentencia Definitiva | 20 / 30 | This is the actual judgment rendered by the Judge. |
| Personal Notification Of Judgment | Notificación Personal de Sentencia | 15 / 30 | The Judge sends personal notification to both parties that he/she is ready to render the decision and that both parties should present themselves in Court. |
| Decree That Declares the Judgment As Executable | Auto Que a Decreta Ejecutoriada | 10 / 15 | This corresponds to the Court Order that the Judge issues in order to decree the definitive judgment executed and final. |
| In Case of Edicts | En Caso de Edictos | 45 / 45 | In certain cases, the judgment may be advertised. |
| Appeal (Lower Court) | Apelación | 45 / 60 | In Mexico, there is a certain period of time that plaintiff or defendant can appeal (typically 10 days). If the party wishing to appeal doesn't officially do so by such time, then it's understood that said party agrees to accept the terms of the definitive judgment. An appeal to the Lower Court ("La Sala") is called an "apelación." The Lower Court is comprised of 2 judges in total. |
| Decree/Order Admitting the Proceeding for Appeal | Auto Que Admite el Recurso | 5 / 10 | This is the order/decreed that the Lower Court of Appeals produces in order to allow the appeal to move forward. It also acknowledges that the borrower has filed his/her appeal in the required amount of time. |
| File Remittance to the Courtroom | Remisión Del Expediente a la Sala | 15 / 20 | The Judge transmits all of the information related to the complaint/lawsuit to the Lower Court of Appeals and allows the appeal to be heard by Court. |
| Expression and Response of Injuries | Expresión y Contestación de Agravios | 15 / 30 | This refers to the act of presenting the reasons for the appeal to the Lower Court of Appeals. |
| Second Instance Judgment | Sentencia de Segunda Instancia | 30 / 45 | The Magistrate Judge renders his/her judgment regarding the appeal. |
| Proceeding For Relief (Appeal – Federal Level) | Amparo | 90 / 120 | An appeal to the Higher Court ("El Tribunal Colegiado") is called an "amparo." The Higher Court contains 4 judges in all. |
| Decree/Order Admitting the Proceeding for Appeal | Auto Que Admite el Juicio de Amparo | 5 / 10 | This is the order/decreed that the Federal Court of Appeals produces in order to allow the appeal to move forward. It also acknowledges that the borrower has filed his/her appeal in the required amount of time. |

| Process Stage And Sub Stage | Etapas Y Subetapas Procesales | Estimated Min / Max Days | Description |
|--|---|--------------------------|--|
| File Remittance to the Federal Court | Remisión Del Expediente Al Tribunal Colegiado | 15 / 20 | The Judge transmits all of the information related to the complaint/lawsuit to the Lower Court of Appeals and allows the appeal to be heard by Court. |
| Procedure Steps | Tramitación Del Procedimiento | 60 / 90 | The Federal Court Judge transmits to both parties the procedures for hearing the case in the Appeals Court. |
| Proceeding for Relief Judgment | Sentencia de Amparo | 5 / 10 | The Federal Court Judge renders his/her judgment regarding the appeal. If the appeal is accepted (i.e., favorable for borrower), then plaintiff goes back to the subpoena stage. However, if the appeal finds in favor of creditor, then the case moves toward the execution of sentence stage. |
| Judgment Execution/Auction | Ejecución De Sentencia/Remate | 90 / 180 | |
| Presentation of the Freedom of Encumbrance Certificate | Presentación de Certificado Libertad Gravámenes | 5 / 10 | The Judge asks the creditor to see if there are other creditors who might have claim to the collateral (i.e., other liens on property that have been recorded). The creditor would typically conduct a title search to determine same. If so, the Judge issues a Freedom of Encumbrance Certificate, which officially states that another creditor has right to the collateral. The Judge contacts those other creditors, informs them the collateral will be auctioned, and encourages them to be present at the auction. |
| Plaintiff's Appointment of an Appraisal Expert | Designación Perito Valuador Parte Actora | 5 / 10 | The creditor and borrower each have the right to name an appraiser to value the collateral. The Judge must approve both appraisers. If both parties agree to the appraisal values, then the Court would take the highest value. |
| Acknowledgement of Defendant's Contempt to Appoint an Expert Defendant | Acuse de Rebeldia Para Designar Perito Demandada | 5 / 10 | If the defendant fails to name an appraiser, the Court acknowledges same. |
| Appointment Of An Appraisal Expert At Defendant's Contempt | Designación Perito Valuador En Rebeldía De La Demandada | 15 / 20 | If the defendant fails to name an appraiser (i.e. in contempt of a court order), the Court appoints one. |
| Appraisal Rendering From Both Experts | Rendición de Avaluos Ambos Peritos | 10 / 15 | Both appraisals are presented to the Court. |
| Appointment Of A Third Expert | Designación Perito Tercero En Discordia | 10 / 15 | In the event that there is discord between the parties regarding the two appraisals, the Judge can designate a third appraiser. However, this can only occur if the discrepancy between the two original appraisals is greater than 10%. The third appraiser's determined value will be weighed alongside that of the other two previous appraisals. |
| Third Expert's Appraisal Rendering | Rendición de Avalúo Perito Tercero En Discordia | 10 / 15 | The third appraiser's value is presented to the Court. A final value of the property will be determined after the third appraiser's rendering. |

| Process Stage And Sub Stage | Etapa Y Subetapa Procesal | Estimated Min / Max Days | Description |
|--|--|--------------------------|---|
| Motion for the Settlement of Interests | Incidente de Liquidacion de Intereses | 10 / 15 | As with the pruebas/evidentiary stage, this refers to the accounting of the debt that the creditor has re-calculated by an accounting expert (essentially a "planea de liquidación" in the form of a "certificado de contable"). Because the auction can occur months or even years from the evidentiary stage, the borrower typically owes significantly more at the time of the auction. The creditor presents the information to the Judge, and more often than not, it incorporates not only the updated debt amount owed, but also the legal costs incurred. The Judge reviews this and decides exactly what the borrower is required to pay from the proceeds of the auction. |
| Settlement Approval Interlocutory Judgment | Sentencia Interlocutoria de Aprobación de Liquidación | 20 / 30 | The Judge issues official approval or confirmation of the liquidation plan ("planea de liquidación"). The liquidation plan is the document describing the total amount that the borrower is obliged to pay. |
| Request for Auction Date | Solicitud de Fecha de Remate | 5 / 10 | This is when the creditor asks the Court to provide the auction date. |
| Edicts Publication | Publicación de Edictos | 20 / 30 | The pending auction must be advertised in certain Judge-dictated places and times. |
| Auction Hearing | Audiencia de Remate | 1 | This is the occurrence of the auction itself. |
| Interlocutory Judgment Indicating Auction Approval | Sentencia Interlocutoria de Aprobación de Remate | 20 / 30 | The Court's verification and approval of the auction process and the actual winner. |
| Decree That Declares the Auction Approval Judgment as Executable | Auto Que Decreta Ejecutoriada la Sentencia de Aprobación De Remate | 3 / 6 | The Court Order decreeing the auction approved and effective. |
| Adjudication by Third Party | Adjudicación Por Tercero | 1 | The third party that won the auction deposits the funds (in the Court) that will be applied towards paying creditor the amount owed. |
| Decree That Orders the Recovery of Deposit Bills | Auto Que Ordena Recoger Billetes de Deposito | 10 / 30 | The Court Order that orders the creditor to pick up the deposit check after the auction has occurred. |
| Means of Defense Against the Auction | Medios de Defensa en Contra del Remate | 90 / 120 | There are delay tactics ("tácticas dilatorias") that borrowers use in order to contest the auction outcome. For example, the borrower may claim that the auction was conducted improperly and appeal the auction result. |
| Intervention of Third Parties | Terceras | 60 / 90 | A third party also may show up and state claim to the auctioned property. For instance, a wife may show up and state that 50% of the house was left to her, and subsequently, appeal the auction outcome. |
| Adjudication | Adjudicación | 90 / 130 | |
| Decree That Orders to Give the Documentation to the Notary | Auto Que Ordena Poner a Disposición de Notario los Autos | 5 / 10 | The Court's request to relinquish papers to the Notary in order to notarize that the property belongs to the new owner or creditor and to prepare the deed ("escritura") in the name of the new owner. |

| Process Stage And Sub Stage | Etapa Y Subetapa Procesal | Estimated Min / Max Days | Description |
|---|--|--------------------------|---|
| The Notary Picks Up the Decrees | Notario Recoge Los Autos | 1 / 5 | The Notary goes to Court in order to pick up the Court papers. |
| Adjudication Deed Preparation | Preparación De Escritura De Adjudicación | 45 / 60 | The Notary prepares the deed in the name of the new owner or creditor. |
| Notification to the Defendant to Sign the Deed | Notificación a Demandado Para Firmar Escrituras | 10 / 15 | The Court sends a notice to the previous owner/borrower to sign the deed and legally surrender title to the property. It's worth noting that the previous owner/borrower generally doesn't comply with this request. |
| Notary Returns the Orders with the Deed for Signature In Contempt | Notario Regresa Autos Con Escritura Para Firma en Rebeldía | 5 / 10 | If the previous owner/borrower didn't show up to execute the deed, the Notary returns the court papers and deed to the Judge. |
| Solicitation to Acknowledge Contempt of Signature | Promoción Para Acusar Rebeldía en Firma | 5 / 10 | The new owner or creditor solicits the Judge to execute title papers/deed due to the fact that borrower didn't show up to execute. |
| Judge Signs In Contempt Of The Defendant | Juez Firma en Rebeldía de la Demandada | 10 / 15 | The Judge signs title papers and the deed on behalf of previous owner/borrower, who is in contempt of Court. |
| Notary Delivers the Deed To Court | Notario Entrega Escritura al Juzgado | 5 / 10 | The Notary provides the deed of the property to the Court for official records. |
| Means Of Defense (Proceeding For Relief) | Medios De Defensa (Amparo) | 60 / 90 | An appeal to the Federal Court level (i.e., borrower's last appeal). |
| Physical Possession | Posesión Física | 30 / 120 | |
| Commence Taking Of Possession | Promueve Toma De Posesión | 5 / 10 | The new owner or creditor requests from the Court to commence the taking of possession and evict the tenants or former owner. Nevertheless, the new owner or creditor must respect tenant rights when notifying tenant that he/she must leave. Valid leases are binding on the new owner. |
| First Diligence | Primera Diligencia | 15 / 30 | In the first "eviction" step, the new owner (or its representative) goes to the property, accompanied by a Court official and their attorney to formally serve the eviction notice and determine the occupancy status (borrower, tenant, squatter, etc). |
| Second Diligence (Public Force) | Segunda Diligencia (Fuerza Publica) | 15 / 30 | The second instance when the eviction party goes to the property to actually consummate the eviction. In this case, the new owner, the Court official and the owner's attorney are joined by the police, who have discretion to remove the occupants via force, if necessary. |
| Means Of Defense (Appeal) | Medios De Defensa (Amparo) | 70 / 90 | The tenant often hides or otherwise avoids being served in order to impede new owner or creditor from entering the property or taking possession. The former borrower or tenant may also appeal the taking of possession at the Federal Court level (i.e., borrower's last appeal). |

The case ends once new owner or creditor takes possession of the house or property.

Alternative Resolution Strategies

Judicial Agreement (Convenio Judicial). It should be noted that sometimes settlements are reached between both parties during the course of the legal process in order to bring an end to the legal process. This settlement, which must be approved by the Court, is referred to as a Judicial Agreement (“Convenio Judicial”) in Mexico. In general, the borrower makes a proposal to the creditor. If the creditor agrees to the proposal, then the specifics of the settlement are presented into the Court. Assuming that the Court deems the settlement to be fair, it will issue an order indicating the Judicial Agreement formally approved. In the event that the borrower breaches the Judicial Agreement, the creditor must pursue a progression of legal steps—similar in nature to what has been described above, albeit shorter. Accordingly, it is attractive to enter into such an agreement from a creditor perspective because it can shorten the path to gaining title upon a subsequent default.

Deed in Lieu (Dación en Pago). There also are instances when the borrower willfully relinquishes the property as payment toward resolving the debt owed, and this can occur in the presence or absence of a lawsuit. In such instances, borrower and creditor agree to a settlement (“Convenio de Dación en Pago”) stating that the deed to the property has been proffered in lieu of the debt owed. This settlement is presented to the Court, which, upon approval, informs the Notary to notarize the settlement and prepare the new title. The creditor then asks the Court to move forward the taking of possession. Subsequently, the creditor would take action to inform any tenants or people in the property to leave (i.e., as previously explained, via first instance and second instance if necessary).

Pooling Example from Previous Mission Capital Mexican Loan Sale

In the pooling of a previous Mexican loan sale conducted by Mission Capital, we chronologically divided the assets (in various legal stages) as follows:

| Legal Stage | English Translation | Legal Stage | Pool | Pool Explanation |
|-------------------------------------|---|-------------|------|--|
| Etapa Nombre | English Translation | Order | Pool | Pool Desc |
| Blank | No Legal Stage | 0 | A | No Legal Stage |
| Avance no determinado | Undetermined Legal Stage (In Litigation) | 1 | B | Pre FC Judgment |
| Medios Preparatorios | Pre Lawsuit Preparations | 2 | B | Pre FC Judgment |
| Presentación de Demanda | Lawsuit Filed | 3 | B | Pre FC Judgment |
| Emplazamiento | Lawsuit Served | 4 | B | Pre FC Judgment |
| Contestación de Demanda | Debtor Answer Filed | 5 | B | Pre FC Judgment |
| Apertura Juicio a pruebas | Evidentiary Stage | 6 | B | Pre FC Judgment |
| Desahogo de pruebas | Evidentiary Stage III | 7 | B | Pre FC Judgment |
| Ofrecimiento y Admisión de pruebas | Evidentiary Stage | 8 | B | Pre FC Judgment |
| Alegatos | Evidentiary Stage - Written Support of the Proofs | 9 | B | Pre FC Judgment |
| Conclusión Termino Probatorio | Time to Present Proofs Ends | 10 | B | Pre FC Judgment |
| Citación Sentencia | F/C Ruling Issued | 11 | C | FC Judgment / Pre FC Auction |
| Sentencia Definitiva | F/C Sentence Definitive | 12 | C | FC Judgment / Pre FC Auction |
| Causa Ejecutoria | Case Adjudicated, awaiting auction | 13 | C | FC Judgment / Pre FC Auction |
| Peritos Valuadores | F/C Auction Appraisers assigned | 14 | C | FC Judgment / Pre FC Auction |
| Emisión del dictamen | Submission of Appraisal Values | 15 | C | FC Judgment / Pre FC Auction |
| Admisión | Admission / Acceptance of Appraisal Value | 16 | C | FC Judgment / Pre FC Auction |
| Remate | Collateral Posted for FC Auction | 17 | D | FC Auction / Title Transfer / Eviction / REO |
| Aprobación de Remate | Approval of the Auction | 18 | D | FC Auction / Title Transfer / Eviction / REO |
| Escrituras en Rebeldía | Awaiting Title to Property | 19 | D | FC Auction / Title Transfer / Eviction / REO |
| Prevencción Otorgamiento Escrituras | Request of Title From Notary (Borrower does not surrender Title freely) | 20 | D | FC Auction / Title Transfer / Eviction / REO |
| Presentación Escritura Juzgado | Awaiting Title Transfer | 21 | D | FC Auction / Title Transfer / Eviction / REO |
| Toma de Posesión | REO - Eviction | 22 | D | FC Auction / Title Transfer / Eviction / REO |
| Liquidación en Efectivo | DPO in Process | DPO | D | FC Auction / Title Transfer / Eviction / REO |
| Convenio Judicial | Judicial Agreement (Restructure) | Restructure | C | FC Judgment / Pre FC Auction |
| Ejecución de Convenio Judicial | Execution of Judicial Agreement | Restructure | C | FC Judgment / Pre FC Auction |
| Dación en Pago | REO - Deed In Lieu | DIL | D | FC Auction / Title Transfer / Eviction / REO |
| Cesión de Derechos | Assignment of the Claim to Another Party | Assignment | C | FC Judgment / Pre FC Auction |

Judicial Recovery Process

Advancing the Loan through Legal Procedure

Prior to pursuing recovery via judicial means, it's important to thoroughly review all loan documentation and previous analyses in order to determine the appropriate legal channels through which the loan should be litigated and thereby maximize the probability of recovery. There exist two classes of lawsuits related to residential and commercial loans in Mexico: (1) Civil Lawsuits ("Juicios Civiles"); and (2) Mercantile Lawsuits ("Juicios Mercantiles"). Each class contains sub-classes of lawsuits, which are enumerated and briefly described in the table below.

Types of Lawsuits / Methods of Defense in Mexico

| Lawsuit Type (Eng.) | Lawsuit Type (Span.) | Description | Relevant in Resi, Comm, or Both |
|--------------------------------------|------------------------------|---|--|
| Executive Mercantile | Ejecutivo Mercantil | Reserved strictly for banks or other financial institutions. Servicers who purchased their assets in the secondary market are restricted from pursuing collection recovery through this route as it relates to new lawsuits. However, servicers can do so if the financial institution who sold the loans to the servicer had initiated the lawsuit through this route prior to selling loan(s). Creditor must provide originals of both the loan agreement and mortgage. | Comm |
| Ordinary Mercantile | Ordinario Mercantil | Venue for handling of all mercantile contracts and commercial credit issues. The requirements for suing via this route are less stringent than those in Executive Mercantile, where creditor is required to furnish original copies of both loan agreement and mortgage. For instance, a creditor can sue by providing a certified <u>copy</u> of the loan agreement; nevertheless, the mortgage document must be an original. | Comm |
| Summary/Special Residential Mortgage | Sumario/Especial Hipotecario | Relates to those lawsuits involving the establishment, extension, division, registration or extinction of a residential mortgage. As a general rule, this type of complaint should be accompanied by an Account Certificate ("Certificación Contable") and the loan agreement related to said residential mortgage. Note that there are certain states in Mexico (e.g., Chihuahua) where this type of lawsuit is not utilized; in such cases plaintiff should file suit via the Ordinary Mercantile or Executive Mercantile routes, or wherever designated by local legislation. Creditor must possess originals of the loan agreement and mortgage in order to sue via this route. | Primarily Resi, but can be Both |
| Ordinary Civil | Ordinario Civil | All legal disputes relating to credit collection are initiated via this route and begin with a demand letter. Any commercial or residential loan can be recovered through this route, but it is the lengthiest of all options. It is the appropriate route to take should creditor not have all of the documents required by alternative, faster legal routes (e.g., Special Residential Mortgage Lawsuit). A creditor can sue via this route by providing a certified <u>copy</u> of the loan agreement; nevertheless, the mortgage document must be an original. | Both |
| Executive Civil | Ejecutivo Civil | Same as Executive Mercantil. In certain jurisdictions the code for pursuing legal action is both mercantile and civil vs. one or the other. For example, in the D.F., the Executive Mercantile Judge and Civil Executive Judge hear the same cases. | Comm |
| Serving of Subpoena | Diligencias de Notificación | The legal stage that corresponds to physically presenting subpoena to the borrower. | Method of Defense |
| Third Party | Tercera | Legal stage that presents itself in a lawsuit (generally in the Auction or "Remate" stage), where someone other than borrower or creditor states claim to the collateral in question. | Method of Defense |

| Lawsuit Type (Eng.) | Lawsuit Type (Span.) | Description | Relevant in Resi, Comm, or Both |
|--|--|--|---------------------------------|
| Judicial Examination or Voluntary Jurisdiction | Interpelación Judicial o Jurisdicción Voluntaria | Legal procedure (i.e., conducted by Judge) through which certain rights are conveyed in the absence of litigation or judicial proceedings. For example, this is used to notify borrower of the new creditor of his/her loan. | Method of Defense |
| Suspension of Payments (Bankruptcy) | Suspensión de Pagos | Refers to the suspension of payments on the part of the borrower and is a means of dealing with insolvency in Mexico. It bears a certain resemblance to arrangements under Chapter 11 of U.S. bankruptcy law. | Method of Defense |
| Bankruptcy Liquidation | Quiebra | Another means of dealing with insolvency in Mexico. Unlike with suspension of payment proceedings, bankruptcy contemplates the liquidation of the debtor's business and/or assets. | Method of Defense |

Contingencies

It's important to note that instances arise where a case becomes subject to a contingency that may adversely affect the outcome of the litigation. A list of the most common contingencies can be found in the table below. If the contingency is due to another lawsuit that has a claim on the subject collateral, one possible remedy is to review records held at the Public Registry with the intention of placing an embargo on any other real estate or personal property of the borrower (this assumes, of course, that the expense associated with such a contingency still makes the lawsuit a profitable endeavor).

Common Contingencies

| Procedural | Economic |
|--|--|
| A higher court appeal due to improper procedure in serving subpoena. | Did not credit the judicial proceeding |
| Receipt of payment(s) prior to serving of the subpoena, and not having re-filed the lawsuit. | Did not follow up on the judicial proceeding |
| | If there is any labor suit, tax issue, IMMS, INFONAVIT, alimony. |
| | If there is any other lawsuit involving the collateral property. |
| | If the borrower declares Bankruptcy or Suspension of Payments. |

REO Recovery Process

Recovery can also occur through the acquisition of real-estate owned (REO) property via foreclosure, deed-in-lieu, and power of attorney. The tables below list the property and occupancy status of REO property obtained via such means (i.e., conditions under which these properties are acquired).

| REO Property Status | | |
|----------------------------------|--|--|
| Spanish | English | Description |
| Escritura en Trámite Notaria | Title in Process with Notary | Awaiting title issuance from the Notary Public's office |
| Listo Para Venta | Ready to Sell | Clean title has been obtained, property is ready to sell and is being actively marketed |
| Declara Firme Remate | Auction Executable | The Foreclosure Auction has taken place and the court has declared it as firm, however, is awaiting the Judge to garner Title. |
| Venta Autorizada Listo Escritura | Sale Authorized - Title Ready | A sale to third party has been authorized and title is already in creditor's name |
| Escritura en Trámite RPP | Title in Process at Public Registry | Title currently in process of being registered in Public Registry and awaiting title in creditor's name |
| Venta Autorizada Esperando RPP | Sale Authorized - Awaiting Title | A sale to a third party has been authorized and creditor is awaiting receipt of title |
| Invadido x Terceria | Third Party Claim | A third party has filed a claim against the property |
| Problemas de cuotas | Maintenance fee problems | Creditor is working through maintenance fee problems in order to gain title. |
| Espera Orden Toma Posesión | Awaiting Taking of Possession Order | Awaiting eviction notice in order to take possession of property |
| Dación Judicial en Tramite | Judicial Deed-in-Lieu in Process | The deed-in-lieu is currently in process with the Court(s) |
| Amparo, Apelacion, Embargo | Foreclosure Stay of Action, Appeal or Third Part | Borrower either has been granted a Stay from Foreclosure, has appealed a court decision or a third party lien exists |
| Tramite Administrativo Pendiente | Administrative Action Pending | Errors in the documentation, survey or title that need to be resolved by the original Judge that granted the foreclosure Title |
| Escriturado a otro Banco | Title with Previous Bank | Property titled to previous bank Note Holder |
| Firme Promesa de Venta | Sale Commitment Firm | Signed sale agreement to third party |
| Esperando firme remate | Awaiting Auction Executability | Awaiting auction to be declared valid by Judge (could be a listed property) |

| REO Occupancy Status | | |
|-----------------------------|-------------------------|---|
| Spanish | English | Description |
| Deshabitado | Not Occupied | Property not being occupied by borrower and/or third party |
| Habitado Acreditado | Borrower Occupied | Borrower is physically occupying the property |
| Invadido x Tercero | Occupied by Third Party | Property is being inhabited by someone other than borrower (e.g., tenant) |
| Rentado | Rented | Borrower has rented to a third party |

3. Appendix

Bibliography and Additional Information Sources

Commercial / Residential Mortgage Market Overview - 2005

| Title | Source | Date |
|--|---|----------------|
| Affordable Housing Opens Doors in Mexico | John Lyons - Wall Street Journal | 1/19/05 |
| Housing Finance in Mexico | Adrian Orta – U.S Commercial Service | 7/6/05 |
| Latin American Quarterly | Prudential Real Estate Investors | October - 2005 |
| Mexican Banks Bulletin | Yolanda C. Courtines, Adrian E. Huerta, Magdalena L. Stoklosa – J.P. Morgan | 9/2/05 |
| Mexican Real Estate Has Changed Dramatically | Mitch Creekmore - Stewart Title | 2/2005 |
| Mexico's Real Estate Landscape Undergoes Changes | David Hendricks - Expansion Management | 8/10/05 |
| Mexico: The Land of Institutional Investment | Gary R. Garrabrant and Thomas J. McDonald - Equity International Properties, Ltd. | Winter – 2005 |
| Positive Outlook for Mexican Mortgage Market | Infoamericas | N/A |
| Structured Finance Review | Maria I. Muller, Brigitte Posch, Christian A. Corcino - Moody's | 1/7/05 |
| 2005 Latin American Market Outlook | Pramerica Real Estate Investors | 2005 |

Commercial / Residential Mortgage Market Overview - 2004

| Title | Source | Date |
|---|---|--------|
| Real Estate Market Overview – Mexico City | Colliers International | N/A |
| The State of Mexico's Housing | Joint Center for Housing Studies – Havard | 6/9/04 |
| Ten Trends in Mexican Housing | Prudential Real Estate Investors | 11/04 |
| U.S. Developers, Stores Eager to Reap Mexico Market | Anna Robation | 11/04 |

Commercial / Residential Mortgage Market Overview - Historical

| Title | Source | Date |
|--|-----------------------------------|----------|
| Revisiting the Mexican Market | Debra Erb | 11/99 |
| Structured Finance – Mexican RMBS | Moody's Investors Service | 11/17/03 |
| The Sofoles: Niche Lending or New Leaders in the Mexican Mortgage Market | Natalie Pickering – Goldman Sachs | 5/2000 |

Miscellaneous

| Title | Source | Date |
|---|---------------------------------|--------------------------------|
| Ancillary Closing Process | Stewart Title | 10/2004 |
| Challenges and Opportunities in the Mexican Mortgage Market | Benjamin Metcalf | Spring - 2003 |
| Creating a Secondary Mortgage Market in Mexico | Federal Reserve Bank of Atlanta | 1 st Quarter - 2004 |
| Current Trends in Real Estate Title Insurance in Mexico | Mexico Committee – ABA | Spring 2005 |

| Title | Source | Date |
|--|--|--------------------------------|
| Leap of Faith? Buying Real Estate in Mexico Through a Bank Trust (Fideicomiso) | Patrick Kelly – International Law Group | 5/2004 |
| Mexico Attains a Securitization Milestone | Federal Reserve Bank of Atlanta | 1 st Quarter - 2004 |
| Mexico – Country Profile | The Economist Intelligence Unit Limited 2005 | 8/8/05 |
| New Joint Venture Will Capitalize on Mexico's Housing Opportunities | PR Newswire | 9/29/05 |
| Residency Requirements in Mexico for Tax Exemption Purposes | Stewart Title | 5/2004 |
| Third Party Escrow in Mexico is a Must | Stewart Title | 5/2002 |
| Understanding Real Estate in Mexico | Texas Realtor | 5/2001 |
| When Does Real Estate Close in Mexico? | Stewart Title | 8/2001 |