Infonavit/Fovissste Model (Mexico)

Model Summary Document (MSD)

1. Model Purpose and Description

The purpose of the model is to reflect the cash flow analysis, for both assets and liabilities, of new and existing transactions sponsored by two financial institutions related to the Mexican federal government, Instituto Nacional para la Vivienda de los Trabajadores (INFONAVIT) and Fondo de Vivienda de Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (FOVISSSTE). There are two versions of the model, one designed for Infonavit sponsored RMBS ("Infonavit Model") and the Fovissste sponsored RMBS ("Fovissste Model").

The model projects cash flows for different rating scenarios taking into consideration a default vector, stress multiples over a base case foreclosure frequency (FF), recovery rates and capital structure. Core outputs are obtained by rating scenario and include stressed FF, principal and interest shortfalls (if any) on each tranche (senior and mezzanine) and manual breakeven FFs are generated for each tranche as required.

2. Model Assumptions

The assumptions in the model are derived from Fitch's criteria "Latin America RMBS Rating Criteria", Appendix 3: Analysis of Portfolios Originated by INFONAVIT and FOVISSSTE. Fitch assumes that all loans are collected through a payroll deduction mechanism and that willingness to pay risk is mitigated. Fitch also considers that originations are highly standardized and transactions are very granular, thus derived the base case FF for Infonavit and Fovissste by originator and not in a loan by loan basis as for other Mexican RMBS.

3. Model Inputs

Key model inputs for the asset are mainly related to loan-by-loan data provided by the originator or the master servicer. Key data includes loan number, current loan amount, original loan amount, borrower's monthly salary, employer's monthly contribution, original term, seasoning, remaining term, interest rate, and months to retirement.

Input variables related to the financial structure (liability side) include initial bond balance, current bond balance, liquidity facility coverage (if any), available liquidity facility, disposed liquidity facility, interest rate of the bonds, monthly and annual fees. We also input stress multipliers according to the criteria.

4. Model Development Data

Not applicable to this rating model as it does not use historical data for its development and calibration, and it only uses transaction specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

This model is specific for RMBS transactions backed by mortgages granted by INFONAVIT and FOVISSSTE, as described in the Appendix 3 of the "Latin America RMBS Rating Criteria".

6. Material Changes

The current model version is 3.1.3. Any future material changes will be disclosed in this section.

Contact Information

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