

Reform on housing for socially oriented workers

Mexico City, February 24, 2024

On February 21, 2025, the "Decree amending, adding and abrogating several provisions of the Law of the National Workers' Housing Fund Institute and the Federal Labor Law, regarding socially oriented housing" (the "Reform"), was published in the Federal Official Gazette, which came into force the day after its publication, February 22, 2025.

The Reform grants the National Workers' Housing Fund Institute ("INFONAVIT" as per its acronym in Spanish) the faculty of building housing through a subsidiary company which, although associated to it, will not be considered a parastatal entity. This company will have full management capacity in accordance with the provisions of private law. In addition, the real estate built or recovered will be offered for social leasing, with the purpose of supporting eligible employees.

According to the Reform, upon one year of continuous contributions, employees will be entitled to participate in the social leasing program for housing built or administered by INFONAVIT that is located near their workplace, as well as to participate in the purchase option programs for such housing.

Employees who can apply for loans from INFONAVIT may choose between three options: (i) a new home, (ii) an existing home, or (iii) a plot of land to be used for the construction, repair, or extension of a home. Prior to exercising their credit, employees must be informed about the legal and financial conditions of the credit. If the worker has already received the credit and no longer receives any salary income, he/she will be granted extensions to pay the instalments of the credit without being charged additional interest. Such extensions may not exceed 24 months. Likewise, if an employee has paid a credit for a period of more than 30 years as of the date on which the credit was granted, INFONAVIT will release the beneficiary from the outstanding balance.

As a result of the Reform, the Federal Labor Law now provides that, discounts to minimum wages may not exceed 20% of the monthly base salary for loans and 30% of the monthly base salary for leasing.

Finally, the head of the INFONAVIT's General Management must carry out the necessary acts for the incorporation of the subsidiary company within 30 calendar days following as of the date in which the Reform becomes effective. INFONAVIT's General Assembly and Board of Directors will have 180 days to issue the policies and rules according to which housing will be granted in social leasing.

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