



CAPITAL MARKETS REFORM:

NEW OPPORTUNITIES FOR REAL ESTATE FINANCING

The Bill proposes new savings and financing mechanisms to improve access to housing and attract investment into the mortgage market. We examine the key measures and their implications for real estate companies, financial institutions and investors.



THE CONTEXT: WHY CAPITAL MARKETS MATTER FOR REAL ESTATE

On 9 September 2026, the Executive submitted the Capital Markets Reform and Home Ownership Financing Bill (Bill No. 18,643-05) to the Chamber of Deputies.

According to the presidential message accompanying the Bill, the weakening of the capital markets in recent years has increased the cost of mortgage financing, putting home ownership beyond the reach of thousands of families.

The Bill introduces new housing finance instruments and savings mechanisms designed to facilitate the purchase of a first home. The following four measures merit the attention of real estate market participants.

01. FONAVI: A PUBLIC FUND TO PROVIDE LIQUIDITY TO THE MORTGAGE MARKET

The Bill would establish the National Housing Fund (Fondo Nacional para la Vivienda, "FONAVI"), a legal entity governed by public law and administered by BancoEstado. Its mandate would be to facilitate long-term housing finance, provide liquidity to the mortgage market and channel public and private capital into housing.

HOW WOULD IT WORK?



Banks and other originators would be able to transfer a portion of their mortgage loans to funds established by FONAVI. By freeing up balance sheet capacity, they would be able to originate new loans, expanding the availability of financing.

These funds would be able to acquire mortgage loans, mortgage loans transferable by endorsement and other housing-related assets, and issue debt securities through public offerings, including securities backed by a State guarantee.

KEY CONSIDERATIONS

Approx. US\$250,500 cap

Financed loans must relate to homes valued at no more than this amount.

First home

Financing would prioritise first homes.

Competitive acquisition

Loans would be acquired through competitive processes among originators.

Risk sharing

Originators would retain part of the risk and bear a portion of the losses on transferred loans.

02. AVV: SAVINGS WITH A STATE BONUS TO FUND THE DOWN PAYMENT

Voluntary Housing Savings (Ahorro Voluntario para la Vivienda, "AVV") is a new instrument designed to address a major barrier to home ownership: the down payment. Housing capitalisation accounts could be administered by banks, fund managers, insurance companies, supervised cooperatives and authorised family allowance compensation funds (cajas de compensación).

THE FORMULA

30 months

Minimum contribution period, subject to continuity and stability requirements.

7%

Of the home's value accumulated as savings.

Up to 3%

Additional State bonus, exclusively to complete the down payment.

ILLUSTRATIVE EXAMPLE



US\$167,000

HOME



US\$11,700

(7%)



US\$5,000

(3%)

For a home valued at US\$167,000, the target savings would be US\$11,700 (7%), and the State bonus could reach US\$5,000 (3%). This illustrative calculation is based on the percentages in the Bill and is subject to its final wording.

OTHER CONDITIONS

- Available only for homes valued at up to US\$250,500.
- The benefit may be used only once, to purchase a first home.
- Savings may be individual or joint between spouses or civil union partners.
- Returns on accumulated funds would be exempt from tax.
- The State bonus would be protected from attachment.

03. ENDORSABLE MORTGAGE LOANS: FROM PAPER DEEDS TO ELECTRONIC BOOK ENTRIES

Mortgage loans transferable by endorsement (mutuos hipotecarios endosables, "MHE") are a well-established instrument used by insurance companies and institutional investors to finance housing. Their assignment currently requires the physical transfer of a certified copy of the public deed.

The Bill would allow MHE to be deposited with securities depository and custody companies and transferred through electronic book entries. It would also amend Law No. 18,876 to expressly recognise such deposit and transfer, and confer on certificates issued by depositories the status of enforceable instruments for summary enforcement proceedings.

INTENDED OUTCOMES



Lower operating costs.



Faster transfers.



Greater liquidity for these assets.

04. TAX INCENTIVE FOR HOUSING FINANCE INSTRUMENTS

The Bill would extend certain tax benefits to housing-related instruments. Specifically, it expressly includes MHE traded on commodity exchanges among the instruments eligible for treatment of gains realised on disposal as non-taxable income (ingreso no constitutivo de renta).

The measure seeks to make these instruments more attractive to institutional investors and expand the funding sources available to the housing market.

THE FOUR KEY MEASURES

Measure	Description	Key points
<i>FONAVI</i>	Public fund administered by BancoEstado that purchases mortgage portfolios from banks.	Homes valued at up to US\$250,500; priority for first homes.
<i>AVV</i>	Down payment savings account with a State bonus.	7% savings + up to 3% bonus; at least 30 months.
<i>Endorsable loans</i>	Transfer by electronic book entry, without a physical deed.	Lower costs and greater liquidity.
<i>Tax benefit</i>	Gains on disposal of MHE traded on commodity exchanges treated as non-taxable income.	Greater appeal to institutional investors.

WHAT COMES NEXT?

The Bill has only just begun its legislative passage through the Chamber of Deputies, and its provisions may change during parliamentary deliberations. We recommend that developers, real estate companies, originators and investors assess how these measures could affect their business models and financing structures, and closely monitor the progress of the Bill.

The proposals therefore seek to enhance the appeal of these instruments to institutional investors and broaden the funding sources available to the housing market.

USD CONVERSION NOTE

All US dollar amounts are approximate and rounded to the nearest US\$100. Conversions use the Central Bank of Chile values for 2 October 2026: 1 UF = CLP 41,073.57 and US\$1 = CLP 983.84 (1 UF $\approx$ US\$41.748). The statutory thresholds in the Bill remain denominated in UF; the USD equivalents are provided for reference only.

Source: Central Bank of Chile | www.bcentral.cl

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contacts



**Tomás
Rosemary**

trosemary@guerrero.cl



**Martín
Santa María**

msantamaria@guerrero.cl



**Macarena
Montt**

mmontt@guerrero.cl



**Francisco
Avaria**

favaria@guerrero.cl



**Francisca
Jofré**

fjofre@guerrero.cl



**Francisca
Rey**

frey@guerrero.cl



**Benjamín
Sims**

bsims@guerrero.cl



**Alonso
Chávez**

Legal Assistant