

# ATTACHMENT J

## CODE OF BEST CORPORATE PRACTICES

### ATTACHMENT J-1

#### *i) Regarding the functions of the Board of Directors (see section I, Principle 1)*

This section should include remarks on the functions of the Board of Directors within the company, explaining what the Board's vision is and how it fits into the overall management process. Within this general framework, a description should be given of the specific duties of the board, indicating why they are considered important and necessary.

**Response:** The Board of Directors defines the Company's strategic vision.

The Board considers that the fundamental objective of the Company is to expand its operations by acquiring land reserves in new cities, and enter the middle-income housing market starting in the year 2002.

The Board reviews the operating reports prepared by the Company's management team on a regular basis (every 3 months). In this task, it is assisted by intermediate bodies.

Specifically, the Board of Directors must discuss and vote on: 1) any transactions submitted for its consideration and which are to be carried out between the Company and any subsidiary of the company or any related parties referred to in article 14 Bis 3, section IV, point d) of the Securities market Act; ii) any purchase or sale of assets by the Company that are equivalent to 10% (ten percent) or more of the Company's total assets; (iii) any extension of guarantees by the Company or one or more of its subsidiaries, for an amount higher than 30% of the Company's total assets; and (iv) transactions by the Company or a subsidiary not referred to above, equivalent to more than 1% (one percent) of the Company's total assets.

#### *ii) Regarding the Structure of the Board of Directors (see section I, Principles 10, 11 and 14)*

This section should include remarks on how the Board of Directors is structured. It should indicate whether there are intermediate bodies that assist it in performing its duties. It should also indicate the number and nature of their functions. The description should also explain how the intermediate bodies report to the Board on their activities.

**Response:** The Company has four intermediate bodies, which are listed below:

**EXECUTIVE COMMITTEE:** This committee has the following faculties and obligations: to carry out general and financial planning not reserved exclusively for the Board of Directors, including appointing and removing the Chief Executive Officer, members of the Board of Directors and any officer of the Company; to enter into credit contracts on behalf and in representation of the company; and to call stockholders' meetings.

**COMPENSATION COMMITTEE.** This committee has the following faculties and obligations: to review and approve proposed corporate goals and objectives relevant to the consideration received by the Company's Chief Executive Officer (CEO); to evaluate the performance of the CEO in accordance with the established goals and objectives; to determine and approve the compensation paid to the CEO of the company, on the basis of the above-mentioned evaluation; and to make suggestions to the Board of Directors regarding the compensation to be paid to officers other than the CEO.

**GOVERNANCE AND DESIGNATION COMMITTEE.** The Corporate Governance and Designation Committee has the following faculties and obligations: to identify individuals qualified to be members of the Board of Directors; to make recommendations to the Board of Directors and Stockholders' Meeting regarding the designation of Company officers; to develop and recommend to the Board of Directors a series of corporate governance principles applicable to the Company, and to supervise the evaluation of the Board and its administration.

**AUDITING COMMITTEE.** The Auditing Committee has the following faculties and obligations: to issue an opinion on transactions with related parties mentioned in numbers 18 and 19 of article thirty-two of the Company's corporate bylaws; to review the most significant accounting principles adopted for the preparation of the Company's financial statements; to help define the general guidelines of the Company's internal control system; and to coordinate the work of the external auditors and Statutory examiners, among others.

<b>Regarding the Composition of the Board of Directors</b>	YES	NO	Remarks
1) Is the Board of Directors made up of between 5 and 15 regular members? (Principle 2)	X		
2) Is the Board limited to only Regular Members? (Principle 3)		X	There are alternates
3) May alternate members replace only one previously established Board Member? (Principle 3)	X		
4) May regular members suggest to the Board of Directors the alternate that would replace them? (Principle 2)	X		
5) Do independent and investor members together make up at least 40% of the Board of Directors? (Principle 7)	X		
6) Do independent board members make up at least 20% of the Board of Directors? (Principle 7)	X		
7) Does the annual report presented by the Board of Directors mention which board members are independent and which are investors? (Principle 8)		X	No precedent; it will be done in the future
8) Does the annual report indicate the category to which regular members belong?		X	No precedent; it will be done in the future
9) Does the annual report of the Board of Directors indicate the principal posts held by each board member as of the report date?		X	No precedent; it will be done in the future

<b>Regarding the Structure of the Board of Directors</b>	YES	NO	Remarks
10) Does the Board of Directors perform the functions of Compensation and Evaluation, Auditing and Planning, and Finances? Principle 10	X		
11) Are intermediate bodies made up only of regular members? (Principle 12)	X		
12) Does each intermediate body have between 3 and 7 members? (Principle 13)	X		
13) Does each independent board member, in addition to his or her duties on the Board, sit on at least one of the intermediate bodies? (Principle 16)	X		One of the independent board members does not participate in intermediate bodies.
14) Is the intermediate body in charge of auditing presided over by an independent board member? (Principle 17)	X		

<b>Regarding the Operation of the Board of Directors</b>	YES	NO	Remarks
15) Does the Board of Directors meet at least 4 times a year?	X		
16) Is at least one of the meetings of the Board of Directors devoted to defining the Company's medium- and long-term strategy? (Principle 18)	X		
17) Can a meeting of the Board be called with the agreement of at least 25% of the board members? (Principle 19)	X		
18) Do board members have access to all Material Information at least 5 business days before the meeting? (Principle 20)	X		
19) * Is there some mechanism to ensure that board members can evaluate questions about strategic matters, even if they do not receive the necessary information at least 5 business days in advance? (Principle 20)	X		
20) * Are first-time board members given an induction, explaining their responsibilities and the status of the company? (Principle 21)	X		

<b>Regarding the Duties of Board Members</b>	YES	NO	Remarks
21) Do board members notify the Chairman and the Secretary of the Board of any conflict of interest that would prevent them from voting, and do they in fact refrain from taking part in the deliberations or voting on matters in which they have a conflict of interest? (Principle 22)	X		
22) Do board members use the assets or services of the company solely for the pursuit of its corporate purpose? (Principle 23)	X		
23) Are there clear policies for any exceptional use of	X		

company assets for personal reasons by board members? (Principle 23)			
24) * Do board members devote time to their duties, attending at least 70% of the meetings to which they are called? (Principle 24)	X		
25) * Do board members keep the corporate matters of which they become aware through the meetings they attend in absolute confidentiality? (Principle 25)	X		
26) Do regular members and their alternates keep themselves mutually informed about the matters dealt with in the board meetings? (Principle 26)	X		
27) Is the Board of Directors supported with opinions, recommendations, and orientation arising from analysis of the company's performance? (Principle 27)	X		

## COMPENSATION AND EVALUATION FUNCTIONS

### *iii) Regarding the Functions of Evaluation and Compensation (see section II, Principle 28)*

This section should contain remarks on how the CEO and upper-level executives are evaluated and compensated, describing the processes used to fulfill those duties.

**Response:** Recommendations to modify compensation packages of the CEO and upper-level executives are submitted to the Compensation Committee, which is in charge of deciding which measures to take.

<b>Regarding the operation of the body that handles the duties of evaluation and compensation</b>	YES	NO	Remarks
28) Does the intermediate body that handles the duties of evaluation and compensation check that the conditions of upper-level executives' contracts and the likely severance pay are consistent with guidelines approved by the Board? (Principle 29)	X		
29) Are the structure and policies used to determine compensation packages for board members and officers of the company disclosed? (Principle 30)		X	No, this information is kept confidential

## AUDITING FUNCTIONS

### *iv) Regarding Auditing Functions (see section 3, Principles 31, 37, 38, and 40)*

This section should contain remarks on how the functions of auditing are carried out, describing the processes used to carry out those duties. Specifically, it should describe how the intermediate body interacts with the Board with regard to the Company's accounting practices and the mechanisms available to ensure high quality financial information.

**Response:** As of June 1, 2004, the creation of an auditing committee was approved.

<b>Regarding the selection of Auditors</b>	YES	NO	Remarks
30) Are the revenues the external auditor, or any other external examination, receives for their audit of the company, equivalent to or less than 20% of the total revenues of the firm(s) in charge of these duties? (Principle 32)	X		
31) Is the auditors' partner who issues the opinion on the company rotated at least every 6 years? Principle 33)	X		
32) Is the person who signs the auditors' opinion on the company's annual financial statements different from the person acting as Statutory Examiner? (Principle 24)	X		
33) Does the annual report contain information about the professional background of the company's Statutory Auditor? (Principle 35)		X	No precedent; it will be done in the future.

<b>Regarding Financial Information</b>			
34) Does the company have an internal auditing area? (Principle 26)	X		
35) Does the intermediate body in charge of auditing submit accounting policies for approval of the Board? Principle 37)	X		
36) Does the intermediate body in charge of auditing check that the public financial information is prepared in accordance with the same principles, criteria, and practices used in preparing the annual reports? (Principle 39)	X		

<b>Regarding Internal Controls</b>			
37) Is there an internal control system? (Principle 41)	X		
38) Are the general guidelines of the internal control system submitted for approval by the Board? (Principle 41)	X		
39) Does the intermediate body in charge of auditing evaluate and issue an opinion on the effectiveness of the internal control system? (Principle 42)		X	A program will be implemented for this purpose.
40) Do external auditors validate the effectiveness of the internal control system and issue a report on those controls? (Principle 43)		X	Will be done starting in December 31, 2004 financial statements

<b>Compliance Review</b>			
41) Does the intermediate body in charge of auditing check that there are controls in place to determine whether the company is in compliance with the applicable provisions, and report on this regularly to		X	In process.

the Board? (Principle 44)			
42) Does a review of compliance with all provisions take place at least once a year? (Principle 44)		X	In process.
43) Is the Board of Directors informed periodically regarding the legal situation of the company? (Principle 45)	X		

## THE FINANCES AND PLANNING FUNCTION

### *v) Regarding the Finances and Planning Function (see section IV, Principle 46)*

This section should contain remarks on how the functions of Finances and Planning are carried out, describing the processes used. Specifically, the description should explain the interaction of the intermediate body with the Board to support it in decision-making.

**Response:** Each month, the Finance Department analyzes the financial information produced by the accounting department, transmitting this in a document that is delivered, presented, and explained to all members of the Executive Committee, which based on this information express their agreement with the progress of the business or issue very specific recommendations aimed at correcting whatever aspects they deem necessary.

<b>Regarding the operation of the intermediate body in charge of Finances and Planning</b>	YES	NO	Remarks
44) Does the intermediate body in charge of Finances and Planning issue an evaluation of the viability of the primary investments and financial transactions of the company? (Principle 47)	X		
45) Does the intermediate body in charge of Finances and Planning regularly evaluate the company's strategic position in accordance with the terms of the strategic plan? (Principle 48)	X		
46) Does the intermediate body in charge of Finances and Planning support the Board by overseeing the consistency of investment and financing policies with the company's strategic vision? (Principle 49)	X		
47) Does the intermediate body in charge of Finances and Planning support the Board by reviewing the company's financial projections and ensuring they are consistent with the company's strategic plan? (Principle 50)	X		

### *vi) Optional Question*

If the company has corporate governance practices in addition to those recommended in the Code of Best Corporate Practices, in this section the Company has the option of listing them.

**Response:** A Corporate Governance and Designation Committee was created on June 21, 2004; its functions are mentioned in question ii) of this Questionnaire.

## ATTACHMENT J-2

### QUESTIONNAIRE ON STOCKHOLDERS' MEETINGS STOCKHOLDERS' RIGHTS (See section V)

Regarding Information and Agenda for Stockholders' Meetings	YES	NO	Remarks
1) Has the agenda item entitled "Various matters" been removed from the agenda of stockholders' meetings? (Principle 51)	X		
2) Does the agenda avoid grouping matters concerning different subjects under a single item? (Principle 51)	X		
3) Is every item on the agenda of stockholders' meetings available 15 days in advance? (Principle 52)	X		
4) Are stockholders provided with a form containing detailed information and possible voting choices on the agenda items, so they can draft instructions to their proxies? (Principle 53)		X	This will de done in the next meeting.
5) Does the information delivered to shareholders include the proposed composition of the Board of directors, accompanied by information regarding the professional background of candidates? (Principle 54)	X		

Regarding information and communication between the Board and Stockholders			
6) Does the annual report from the Board of Directors include aspects regarding the work of each intermediate body and the names of its members? (Principle 55)		X	This will be done in the next meeting.
7) Are the reports of each intermediate body to the Board available to stockholders along with the material on the meeting? (Principle 55)		X	This will be done in the next meeting.
8) Does the company have policies, mechanisms and persons responsible for informing investors and keeping channels of communication open with shareholders and potential investors? (Principle 56)	X		

**ATTACHMENT J-3**

**LETTER SIGNED BY THE SECRETARY OF THE BOARD OF DIRECTORS**

Mexico City, March 15, 2005

National Banking and Securities Commission  
Vice President of Market Supervision  
Insurgentes Sur 1971, Torre Sur, Piso 10  
Col. Guadalupe Inn  
01020 México D.F.

We, the understand, certify that we have reviewed the report on the degree of compliance with the Code of Best Corporate Practices of Desarrolladora Homex, S.A. de C.V., dated March 15, 2005, which was prepared based on information supplied by board members and executives of this company, and are in agreement with its content.

Sincerely,

(signature) Eustaquio Tomás de Nicolás Gutiérrez  
Eustaquio Tomás de Nicolás Gutiérrez  
Chairman of the Board of Directors