

FREQUENTLY ASKED QUESTIONS ABOUT BUYING PROPERTY IN MEXICO

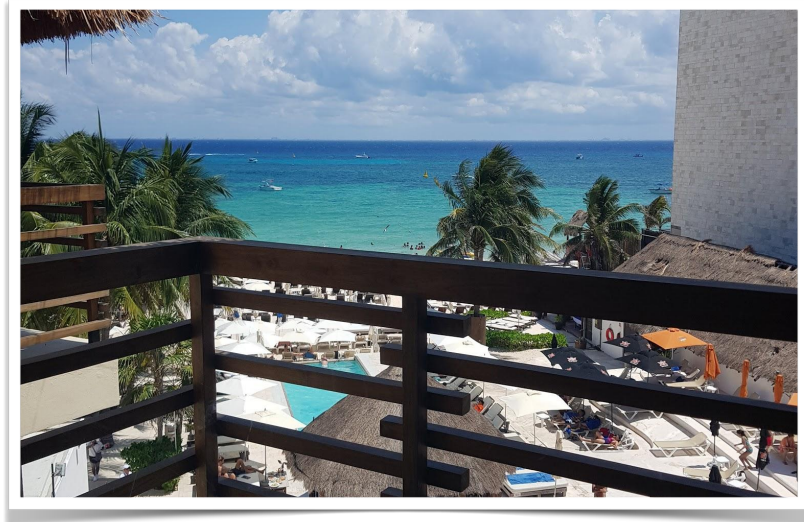
Can I get financing for my real estate purchase in Mexico?

Unfortunately, at this time, there are no financing or mortgage options for foreign buyers by Mexican banks in Quintana Roo, only a few options with other financial companies at rates about 11% interest rate per year.

There are a few developments offering direct financing up to 5 or 10 years maximum and interest rates are around 7%.

We normally recommend clients to get the funds back home in their country, then they can come and select the property they like.

However, this could change any time, so let's keep in touch to find out what options may arise!



Can Foreigners buy real estate in Mexico?

Yes. According to article 27 of the Mexican Constitution, a person of any nationality is able to legally buy real estate in Mexico. However, there is a restricted zone in which foreigners may not acquire direct ownership of the property. Nevertheless, it is possible to acquire ownership of property in this area indirectly through other legal entities such as trust (fideicomiso) or through a Mexican corporation with foreign capital and partners.

What defines Mexico's restricted zone?

Mexico's restricted zone comprises any property located within 30 miles of any coastline, and within 60 miles of any Mexican border. Seeing the inherent value of the property in the restricted zone, and realizing the need for foreign investment, since 1973 the government permitted the acquisition of residential properties by foreigners through the use of the fideicomiso.



Can foreigners buy real estate through a Corporation?

Yes, the second option for purchasing property in the restricted zone is forming a Mexican corporation to use the property for commercial purposes. The transaction would be considered "fee simple" meaning the purchase property is for commercial use and therefore a trust with a bank is not needed. Under certain conditions these corporations can be 100% foreign-owned.

However, we do not recommend using this way for the sole purpose of avoiding the trust (fideicomiso) since the paperwork to setup a company, the accounting fees to present each month file the taxes can end up being more costly and way more time consuming.

Do I need I residency in Mexico in order to buy property?

No, you can purchase a property having a tourist Visa. If later on you want to apply for a residency, owning a property will facilitate the process.

What is a FIDEICOMISO? (Mexican Bank Trust)

A trust is an agreement in which one person transfers to another certain goods or money for a specific and legal purpose. In Mexico, only certain financial institutions can act as a trustee, which gives additional security to the parties involved in the contract. This contract can be used for many purposes, and is commonly used by foreigners to acquire a property in the restricted area. Using a trust agreement, the trustor (seller) contractually transfers the ownership of the property irrevocably to the trustee (bank), who can only act in respect to that property with the express instructions of the beneficiary (foreign buyer). In practical terms, the beneficiary has full control of the property. In order to allow foreigners to enter into a legal agreement, Mexico requires all foreigners to apply for and obtain a permit from the Ministry of Foreign Affairs prior to contracting to acquire real estate in Mexico. This is currently done by the trustee/bank at the time a real estate trust is set up.

How long does the fideicomiso last?

Usually, a fideicomiso is set up for 50 years, and is then renewable for another 50 year. Fideicomiso in fact, can be renewed at any time just by application; Another mistaken belief and concern is that after 50 years bank-trust properties pass to the authorities, this is not true.

What is the cost of a trust?

The normal annual trust fees are approximately 800.00 USD to register it in the National Foreign Investment Registry and about 700.00 USD annually, the amount of the yearly fees can be different depending on the bank that is holding the trust. At closing you can expect to pay the set up of the trust and the first year of fees.

Keep the payment date on your calendar since most banks don't send reminders or bank statements unless they are requested by the client. The annual fee must be paid every year in the same month you closed the purchase and latency fees may pile up if you don't pay.

What is the typical purchase process in Mexico?

Generally speaking, the real estate transaction process is “open” once a written purchase offer has been accepted in writing by the seller and when a purchase-sale agreement contract has been signed by both, the seller and the purchaser.

A payment of 10 to 30% will generally be required as a deposit when the purchase-sale agreement contract is signed. The balance is normally paid during the period from the sale agreement upon the signing of the Trust Deed at the Notary’s office.

The final deed will be issued to you by the Public Registry within three or six months. I will follow up on the process until you get this document.

Closing costs are around 6.7% of the purchase price (for property value of \$200,000 USD up, there are fixed costs that may vary this percentage), this includes the 3% property tax acquisition, Notary fees, Trust fees, etc. Time of closing can take from 30 to 60 days on average.

Notice here in México, most re-sales are sold “as they are” and since Home inspections are not a requirement by law, sellers are not obligated to fix property flaws but often we can negotiate terms with them in the offer or in the purchase agreement. In any case, I always recommend my clients to hire a specialist, to perform a home inspection for you, we can make the arrangements for you. Only in the case of buying new construction properties, builders or developers must offer one year warranty on possible structural flaws.

Why should I consider buying property in Riviera Maya?

The coastal **real estate market in Mexico is booming**. According to the IMF Mexico's economy, the 11th largest in the world, values and encourages foreign investment dollars and especially tourism; Mexico is a top world-destination for both vacation and retirement among US and Canadian citizens.

Cost of living generally speaking is at least 30% cheaper or more compared with most cities in the US, Canada or Europe, to say the least.

Connectivity Cancun’s and Tulum’s International airports offer direct

What can I expect to pay in property taxes?

Property taxes have historically been low in Mexico because they have never been considered a source of governmental revenue. Known as Predial, the tax is calculated as a percentage (currently .25% of the assessed value), determined at the time of sale. Generally speaking, you can expect to pay \$100 usd per \$100,000 usd of assessed value yearly. For the last years local government has offered from 15 to 25% discount if paid in December or early January.

Who will manage my property when I am not using it?

Choosing the right Property Management company can mean the difference between an excellent appreciating investment and a huge liability. If you are a property owner in search of Property Management, we are happy to be able to refer you to the best, most professional Property Management companies and will gladly arrange a meeting with their teams. The right management company for you will take the time to build a plan that will best serve your particular needs and help you to realize your property's maximum potential and protect your investment.

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The **infrastructure** in terms of telecommunications, medical facilities among others is improving more and more, better than most other comparable destinations in the Caribbean or South America.

And simply because IT IS VERY **FUN!** you could find a wide variety of interesting and amusing activities for all ages:

Golf 14 different courses to choose from! www.playgolf.mx

- Diving at open waters or at caves
- Snorkeling
- Archaeological Sites
- Colonial towns
- Indigenous communities
- Nautical Activities
- Natural reserves



Find more details at [Visit Riviera Maya](#)

And what can you say about **the food?** Mexican cuisine is well known all over the world for its rich flavors, it is not just about hot and spicy it's about a wide variety of textures and styles. Fresh fruits, vegetables, sea food, condiments and spices are available at many markets for you to create your own. Even if you are a meat lover, fine steak houses have open doors on many locations to delight locals and visitors

Also because this area has become such an international hot spot you can find real Italian, french, Venezuelan among many others.

I will be very glad to assist you in the full process of getting you the perfect property

Happy property hunting!

Sincerely

Vanessa Rios Vega