



BUYING REAL ESTATE IN MEXICO

How do foreigners buy property in Mexico?

Through a bank trust. The Mexican Constitution of 1917 designated the area within 100 kilometers (62 miles) of Mexico's borders and within 50 kilometers (31 miles) of the coastline as off limits to direct real estate ownership by foreigners. This is referred to as the "Restricted Zone".

Foreigners can purchase the right to use property or land in the Restricted Zone through a bank trust. The bank holds legal title to the real estate and acts as trustee while the beneficial interest in the trust is owned by the foreign individual who instructs the bank on their wishes.

The trust is willable, transferable and can be used as collateral.

For a foreigner purchasing in Mexico, a trust is a beneficial tool in providing security and a seamless in estate planning.

What are the fees associated with the trust:

The trust has an annual fee of \$500-\$1000 USD in addition to the origination set up fee, which is determined by a pre-set fee and the properties value.

What other fees are involved with purchasing real estate?

Closing Costs in Mexico are a little higher than most are accustomed to, around 4-6 percent. Closing time is approximately 30-60 days depending on contingencies, trust origination and other factors such as financing.

Property Taxes in Mexico, known as the Predial (pray-dee-al), are paid annually are fairly low compared to property taxes in the US and Canada, calculated as a percentage of the value of the property at time of sale

Property Maintenance: If you are purchasing the property and not planning to live full time, maintenance is a factor to be considered. We can help connect you to property management companies.

