



BUYING REAL ESTATE IN MEXICO

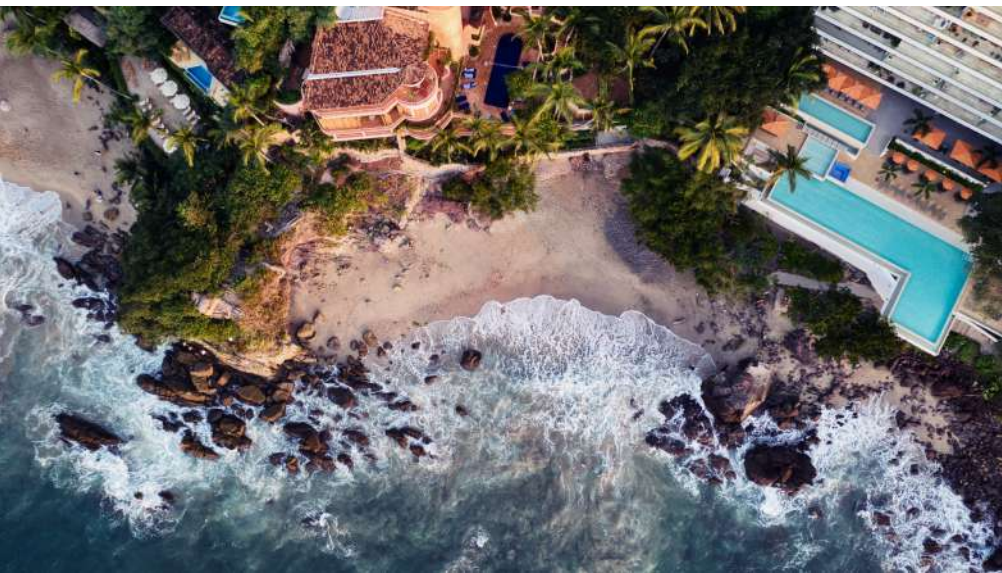


VALLARTA EXPERTS

By
Greg Moesser



TIMOTHY
REAL ESTATE GROUP



THE BUYING PROCESS

Once you find a property you would like to purchase, your Timothy Real Estate Group agent will...

- Research the property sales history.
- Research potential issues that could affect your investment.
- Determine the motivation level of the seller and their agent.

After these factors are discussed you may decide to move forward with the purchase process.

PURCHASE AND SALE AGREEMENT

Once an offer on a property has been made by a buyer and accepted by the seller, they enter into a legal contract known as a Purchase and Sale Agreement. It is required in Mexico that all legal contracts be in Spanish, so your contract will typically be in Spanish with an English translation. If a contract is only in Spanish, it is the buyer's responsibility to have the contract interpreted, as Spanish is the legally binding language. Your agent will explain the contract, contingencies and importance of adhering to timeframes.

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TAXES & CLOSING

How Much Are Property Taxes?

Good News! Property taxes have historically been low in Mexico and are generally much lower when compared to the USA & Canada. The average property tax is about .1%, or approximately \$100 per every \$100,000 of property value. In addition, you will receive a discounted rate if you pay your taxes early.

How Much Are Closing Costs?

The average closing costs for foreign investors can range from 4% to 6% of the purchase price. The Notary will provide an estimate of the real closing costs. Some closing costs are based on a percentage of the purchase price and others are fixed fees. The Buyers closing costs will usually include:

- Legal/Notarial Fees
- Escrow Account Fee
- Appraisal
- Cautionary Notice
- Provisional Notice
- Certificate of No Debt
- Certificate of No Property Tax Debt
- Fees to Constitute or Assume Trust
- Foreign Affairs Permit and Registry
- Prepaid Annual Trust Fee
- Property Transfer Tax
- Registration in Public Registry

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FOREIGN BUYERS & THE FIDELCOMISO



Can Foreigners Own Property in Puerto Vallarta & Riviera Nayarit, Mexico?

The answer is YES. Although Puerto Vallarta and Riviera Nayarit are located in Mexico's Restricted Zone, the areas that are within 31 miles of the coastline, there are two ways for foreigners to legally purchase properties. The most popular is through a trust that is called a Fidelcomiso. Another option is to purchase through a limited liability corporation (LLC) or a limited liability partnership (LLP), but these forms of purchase have specific requirements.

What Is The Fidelcomiso?

The purpose of the Fidelcomiso is to allow foreigners to buy coastal properties in the Restricted Zone. The process ensures a legal and secure purchase transaction. The Fidelcomiso is very similar to a Living Trust in the USA & Canada and bestows to YOU, the beneficiary of the trust, absolute and irrevocable control over the property, including selling, inheritance and will decisions. It's equivalent to a trust that you own and is administered by a Mexican bank on your behalf. The trust is not an asset of the bank, the trust belongs to the beneficiary.

The trust is initially established for 50 years and can be renewed anytime. The trust is easily renewable in 50 year increments and guaranteed renewable in perpetuity. The current annual fee for the trust administration is about \$500, depending on the bank.

Purchase Through A Corporation?

Another option is to purchase through a corporation, such as an LLC or LLP, if your main intent is to purchase the investment as a business. You should speak with an attorney and an accountant both in Mexico and USA/Canada to understand the benefits, requirements and costs.

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ESCROW & NOTARY



Is Escrow Used For A Purchase Transaction?

Yes. It is common practice to use an Escrow company in Mexico. After negotiations are completed and you have agreed on a purchase price, it is standard to deposit 10% of the purchase price into escrow. The average escrow time period is 30 to 60 days. The buyer will deposit the balance of the purchase funds a few days before closing and the funds will be held by escrow until the Title is transferred to the buyer.

What Does The Notary Do?

Most buyers from the USA & Canada believe a notary is someone who only certifies signatures on documents. This is NOT the case in Mexico. Notaries are considered some of the most important people in the country. They must pass the equivalent of a bar exam and are required to take two years of extensive study while practicing in a notary's office. The notary handles all legal aspects of the closing process. They perform the Title search, making sure the property you purchase is legally transferable, authentication of legal documents, calculation of capital gains taxes and is responsible for ratifying ALL real estate transactions in Mexico. Any real estate transaction not ratified before a Notario and recorded in the Public Registry is considered invalid and unenforceable.

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INSPECTION, DILIGENCE, & FINANCE

Should I Do A Home Inspection?

Yes. We always recommend a home inspection from a professional home inspector. The home inspector will verify that the systems are in good working order and that the home is in sound condition. They will make recommendations for maintaining the property in ideal condition. Should an issue arrive, you will work with your agent to negotiate repairs or concessions.

What's the Importance of Due Diligence?

Now that you have an accepted offer it's important that you do your due diligence to avoid any surprises after the closing. The average due diligence time period is usually from 10– 14 days. During this time period you will review property documents and conduct physical inspections. Some of the most important factors to review include your home inspection report, Escritura (Deed of Title), Certificate of no Liens, Condominium Regime (for condos), Federal Zone Commission (for oceanfront properties), and review financing if that is a contingency. At the end of your due diligence time period, you will decide whether to move forward with the transaction or cancel the purchase and request the return of your deposit.

Can I Finance My Property Purchase?

Although the majority of property transactions are still All Cash, there are some mortgage options available as well as developer short-term financing on new construction. For standard mortgages, you should be prepared for a larger down payment and to pay higher interest rates than in the USA & Canada, with current rates averaging between

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“Puerto Vallarta is not just another real estate purchase; it’s the ultimate dream for most Buyers! I know the excitement that I felt after my first Puerto Vallarta purchase, as well as the many questions I had about buying property in a foreign country, and I’m thrilled to assist my clients in making their Mexico home purchase a reality.” – Says Greg

With 20 years of real estate experience, he is proud to be a member of the Timothy Real Estate Group, Puerto Vallarta’s leading real estate office. Greg does not consider himself a deal-maker but a **“dream-maker”**. Greg has a reputation for treating all his clients – whether it’s the purchase of a small condo, a vacation rental investment, a home for retirement, or a luxury villa – with exceptional respect, loyalty, and professionalism. Greg is also highly respected among his peers, as over half his business comes from client referrals and his network of leading global agents.

Every Buyer and Seller deserves an agent they can rely on and, most importantly, trust. Another local advantage is that Greg is fluent in Spanish and is a Certified International Property Specialist. He understands a Mexico property purchase is a new experience for most Buyers, and he takes extra care to assist his clients during the entire process. It’s never about the sale, they come and go, it’s about the long term relationship. “My goal is to give my clients the tools to make their dreams come true.”

If you have thought about buying a Puerto Vallarta or Punta Mita property, Greg is knowledgeable about the various property options that are available, from an entry level condo to a luxury beachfront villa, and would be happy to give you some easy facts and information that may help you take that first step to achieve your dreams.

Certified International Property Specialist
ACA, Architectural Collection Accreditation
Consistently Ranked Among Top Agents
Experience, Knowledge and Professionalism
Who’s Who in Luxury Real Estate Recognition

Expertise in Condos, Homes, & Luxury Villas
Superior Marketing Strategies and Negotiating Skills
State of the Art Technology & Direct Worldwide Access
Extensive Personal Network of Agents & Specialists

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TIMOTHY REAL ESTATE GROUP

A Leading Brokerage in Puerto Vallarta & Riviera Nayarit

Timothy Real Estate Group is a locally-owned and operated real estate brokerage with strategic sales office locations throughout the Bay of Banderas from the Romantic Zone to Sayulita. Because the Banderas Bay area has varying neighborhood personalities, we practice localized real estate. With combined real property services experience of more than 35 years worth of real estate sales, accounting, management, and property services, Timothy Real Estate Group is unequalled in its professionalism and experience with foreign investors.

REPUTATION. Number one selling company since 2011 (MLS Statistics). Number one agency for recorded sales volume since 2011 (MLS Statistics). One of the fastest growing real estate companies in the Bay of Banderas.

FRIENDLY, FULL-TIME, PROFESSIONAL OFFICE SUPPORT STAFF. We are pleased to provide our clients with a responsible and professional staff to assure the quality real estate experience our clients expect.

FULL-TIME PROFESSIONAL LEGAL COUNSEL. Another way of protecting our clients throughout their real estate transaction.

HIGH STANDARDS. Not every company has the opportunities **Timothy Real Estate Group** has been presented. We are proud of the developments and properties we have represented and continue to represent today.

CURRENT STATE-OF-THE-ART TECHNOLOGY. We provide materials and programs that set the industry standard in Mexico real estate.

NETWORK STRENGTH. Our association with AMPI (local board of realtors). Leverage Global Partners and Luxury Real Estate provides a substantial network of potential homebuyers and sellers.

GLOBAL CUSTOMER BASE. We work with buyers and sellers from all over the world who enjoy the benefits of real property ownership in the Puerto Vallarta and Riviera Nayarit area.



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