

Buying Property in Mexico

Most foreigners interested in buying Real Estate in Mexico
ask this particular question;

"Can I own property in Mexico?"

The answer is

"YES!"

with some restrictions.

Foreigners may obtain direct ownership of property in the interior of Mexico. But, under Mexican law, foreigners cannot acquire direct ownership of residential property within the area 100 kilometers from the border and 50 kilometers from the coastline. This area is known as the restricted zone. It is possible, however, to acquire beneficial rights to use, improve, and enjoy property in the restricted zone through a Bank Trust or [Fideicomiso](#) authorized by the Mexican Government under the Ministry of Foreign Affairs. The [Fideicomiso](#) is established for a 50 year renewable term and grants the beneficiary the right to use, rent, modify, or sell the property. Two advantages of the bank trust are avoidance of probate and transfer tax upon sale.

Property acquired for commercial use by foreigners may be owned without the need for a [bank trust](#), provided that the property is held in a Mexican corporation. Depending on the type of business, it is often possible for a foreigner to own 100% of the Mexican corporation. In a typical transaction, a preliminary sales agreement will be used. This is like an agreement to agree and is subject to a formal sales agreement which will be executed at closing. The preliminary agreement should provide for a price and terms -- generally, cash as financing is not readily available -- and a closing date conditioned on the issuance of the trust permit if necessary. Escrow as it is known in the United States is not used in Mexico, and real estate salespeople are not licensed or regulated as they are in the United States, so be careful of making any deposits up front.

Real estate transactions in Mexico are "closed" by a Notario Publico, an official, highly respected government lawyer who acts as a neutral intermediary. Among other things, the notary is responsible for formalization of the final real estate contract, collection of transfer and capital gains and recordation of the transfer with the Public Registry. The notary is not your lawyer, however, and as with any investment, you may want to seek independent Mexican legal counsel before proceeding.

While not commonly used, American title insurance is available for Mexican real estate whether acquired directly or through a trust. The cost of the insurance depends on whether the property you are purchasing is covered by a master title commitment. The seller of the property should have this information.

A foreigner interested in acquiring real estate in Mexico should take care to follow all of the formalities under Mexican law. Seek competent legal, tax, and other professional advice before proceeding.