



Canto Pacifico

Buying Property in Mexico

The following is designed as an overview. Every purchase will have its own unique features. If you require more detailed information we will be happy to connect you with a knowledgeable advisor in town to help you sort out questions concerning title and ownership in Mexico.

Foreigners can buy or invest in real estate in Mexico without any restriction, except in the coastal and border areas. There, foreign individuals and branches of foreign corporations can have 100% control of property through a real estate bank trust. Mexican corporations with foreign capital are allowed to buy directly if the property is to be used for profitable purposes.

***Definition and Mechanisms of Trust:**

A 'Fideicomiso' or bank trust is defined for real estate purposes as a transaction between a Mexican bank and foreign individual or firm investing in areas otherwise restricted to foreign investment, with the bank serving as a trustee or legal owner with respect to a certain real estate property interest and the investor serving as the legal beneficiary of the trust. The bank holds the title to the property in trust for the beneficiary who retains the exclusive right to use and control of the property.

As a trustee, the bank acts on behalf of the beneficiary in transactions involving the property, including the decision to transfer, assign or otherwise dispose of his or her interest in the property. The trust is essentially a contractual arrangement which, in most respects, is identical to the type of trust used in North America. Trusts are established for an initial 50 year periods and can be renewed.

***Investment in Real Estate through Trust:**

New rules governing foreign investment through Real Estate Trust were put into effect in 1993. These rules provided the stability and protection of legal certainty for foreign investments. Mexican law now expressly provides that at the end of the 50 year term of the trust, upon request, the Mexican government will issue a new permit which provides for a new 50 year term no matter how much time remains on the original trust.

While a Mexican bank holds title to the property in these transactions, the bank is legally obligated to follow terms outlined in the trust documents that comply in all areas with the request of the foreign investor who is the trust beneficiary.

As the beneficiary, the foreign investors have a personal and exclusive right to use, occupy and possess the trust property, including the right to build upon it, subject to applicable construction and zoning regulations. In addition, the beneficiary may transfer or assign his/her beneficial interest to any person and may keep the profits from the sale of the property according to the instructions given to the trustee, subject to applicable tax laws and expenses of sale.

Contact us at info@cantopacifico.com for additional information.