



BUYING IN MÉXICO RIVIERA MAYA HAS NEVER BEEN THIS SIMPLE



BUYING SAFELY IN MEXICO

Some people come to Mexico on vacation, see the beautiful real estate opportunities and gorgeous beachfront property, only to quickly get lured in by enticing presentations and seemingly low prices. They are so impressed with Mexico's natural beauty, the climate and the friendly people that they decide to "throw caution to the wind" and wind up making careless mistakes that they would never have made at home.

This has – quite appropriately – been referred to as "Margarita Fever," because people sometimes really do seem to lose their minds and "leave their brains at the border."

This insider's guide to buying safely in Mexico has been written to help you avoid catching Margarita Fever and learn from the pain of others.

Unfortunately, over the years many people have come to Mexico with high hopes and dreams, only to have them quickly turn into the stuff of nightmares and cautionary tales. Mexico is indeed a wondrous and enchanting place to visit, live, invest and play. But as with any beguiling and beautiful thing, there can be challenges along the way, especially if you don't have professional guidance, and that's where we come in. Our experienced property experts are here to ensure a smooth and secure real estate transaction for each of our clients in every property purchase.

Read the following pages carefully, follow our advice closely and you'll already be well on the way to buying safely in Mexico.



1. ALWAYS USE A BUYER'S AGENT



In Mexico, only real estate agents who are “Buyer’s Agents” will truly protect your interests throughout the entire process of purchasing property. A Buyer’s Agent is responsible for reviewing all terms of the purchase to ensure everything is truly in the buyer’s best interest. A listing or other type of Mexico real estate agent is typically under contract to the seller and so he or she will be naturally be working to get the highest price and best terms in favor of the seller. Beware of any real estate agency or brokerage firm in Mexico that is not strictly dedicated to being a “Buyer’s Agent.”

We Are Buyer’s Agents, So as a Buyer, Our Services Cost You Nothing

We are one of the few 100% Buyer Agent Brokerages in Mexico, which means we always represent you, the buyer, not the seller in every real estate transaction. Our commitment to put the buyer first has resulted in at least a 10% average savings for our clients compared to any of our competitors. Of course, you will never have to pay us for this service, because our commissions are always paid by the Seller.

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2. ALWAYS HIRE AN ATTORNEY



When buying property in Mexico, you need to be very smart; some have even compared investing in Mexico real estate to the gun slinging days of the Wild West! Although times have changed nowadays, buying real estate in Mexico without an attorney could still be compared to going into a gun fight without a gun. For example, in Mexico, some of the real estate transaction safeguards that we take for granted in the U.S. and Canada are not mandatory, although they are available. We encourage every buyer to get an attorney and take other safe steps, which are very similar to what would take place in any real estate transaction back home.

Still, there are some important differences. Although you may not always need an attorney to close a real estate purchase in the U.S. or Canada, you must always have an attorney on your side when buying property in Mexico. In fact, GMB real estate solutions will not even sell real estate without securing the legal representation of an attorney on your behalf. It is essential to be well informed about every step of the purchase process and any respective legal implications. You simply cannot do this properly without a attorney

We Never Work With a Client Who Doesn't Have an Attorney

We have completed millions of dollars in real estate sales over the years, involving everything from small condos, to large developments, to raw land deals. The reason we can stand behind every sale is the satisfaction of knowing that these transactions were completed in accordance with all Mexican, U.S. and International laws. We have a variety of well-established procedures in place, designed to safeguard your investment and make sure every purchase is safe and secure.

3. ALWAYS SECURE A CLEAN AND CLEAR TITLE



Under Mexican law, tax or utility liens are connected and passed on with the title of land. This makes it extremely important that the attorney performs a series of checks to ensure the property you are purchasing has a clean history with no pre-existing liens, unpaid mortgages or taxes. The attorney should also verify that land taxes have been paid for the last 5 years and utility bills have been paid for the previous 2 years. Your Mexican attorney should also check to ensure all structures on the property have been installed and constructed in legal fashion. Failure to identify and correct construction outside of existing Mexican building codes can lead to significant fines and penalties that can easily be avoided.

Invest with Confidence!

We will help you find a proper attorney and notary who will vigorously perform a series of critical checks to make sure your title is free and clear of encumbrances and authentic. In fact, GMB real estate solutions will only represent properties that can be covered by a U.S. Title Insurance Policy. We guides each of our clients through the entire real estate transaction process, ensuring that everything is done legally, safely and securely.

Every transaction is also guided by an English- speaking closing agent who will ensure the integrity of all closings from start to finish. We oversee all closings to make sure everything is done just right and all questions are properly answered. Your money remains secure until the property title is transferred to you.

We fully understand the local laws regarding ownership of real estate in Mexico and we will put this knowledge to work for you, making sure your investment is protected and secure. It's your money... It's your investment... It's our job to protect it. That's why GMB real estate solutions is the most trusted name in Mexico real estate!

4. ALWAYS SECURE YOUR TRUST



With the creation of NAFTA, the Mexican government realized the importance and benefits of allowing non-Mexican citizens to easily invest in the country. Previously, the Mexican constitution protected Mexican land within 60 miles of any international border and 30 miles from the coastline from any type of foreign ownership. These areas are still referred to as “restricted zones” and make up some of the most desirable property in Mexico. So, the government created a method of ownership that did not amend the constitution but still allowed (even encouraged) foreigners to legally own property and hold titles within that area.

This new instrument, fashioned after a similar one used in Monte Carlo, Monaco, gives foreign citizens the right to legally own property in Mexico.

The ownership is done through a type of Property Trust known as a “Fideicomiso” in Mexico. But how does it work?

Simple: The Mexican Federal Government issues a permit to the Mexican Bank of your choosing. The bank then acts as a “Trustee” for the Trust. As the Buying Safely in Mexico purchaser, you are the “Beneficiary” of the trust, which means you are the legal owner of the Trust, NOT the bank. In addition, you are the ONLY one who controls the trust. You have the same rights any property owner has in the U.S. or Canada. You can sell, rent, improve or will the property. The Trust is automatically guaranteed to be renewable every 50 years, giving the owner perpetual control. This is NOT to be confused with a land lease. You are NOT a lessee. You are the true owner.

Don't Buy Without a Trust

It might surprise you to learn how many real estate transactions in Mexico are done dangerously, outside of this Mexican Trust provision. This leaves only a simple buyer / seller agreement as evidence of ownership. The bottom line: If someone tells you that it's possible to buy property directly within the restricted zone without a Trust, it's undoubtedly a scam.

5. NEVER BUY LAND WITHOUT A TITLE



Whenever you hear horror stories and problems associated with a piece of property purchased in Mexico, in almost every case it is because they bought the property WITHOUT A TITLE. This land is sometimes referred to as “Ejido land,” but there are also other types of land in this category. Don’t fall for it!

Ejido land is property that was given to certain Mexican citizens and communities by the Mexican Agricultural Department to be used for farming, which gave the Ejido the means to sustain a living. In those days, Ejido land was considered by many to be virtually worthless, but now this land has become some of the most sought after real estate in Mexico.

This land can only be owned by a Mexican citizen. However, and Mexicans living on Ejido land can use the land, but they cannot sell or lease it.

The exception to this is if the Ejidatario (the actual inhabitant of the Ejido land) undergoes a very long and tedious legal process of converting the Ejido land into private land; an option made possible by a 1992 Constitutional Amendment.

This means that only the Ejidatario can privatize and sell land to non-Mexican buyers. If you knowingly (or unknowingly!) purchase property in Mexico that is still registered as Ejido land, you will either lose all rights to the property and any permanent structures which have been built on it, or face an extremely long and costly legal battle, which you will have little or no chance of winning since you are not a Mexican citizen.

6. ALWAYS CONSIDER CLOSING COSTS IN YOUR BUDGET



Closing costs are significantly higher in Mexico and should be in the budget from the beginning of the buying process. Closing costs in Mexico tend to run about 7-10% higher than the U.S., but in reality it may not be as much as it seems at first glance. Here's why: In the United States closing costs are lower but the ongoing costs are much higher because of higher property taxes.

Also, in Mexico, unlike the U.S. and Canada, most fees are upfront charges and property taxes are very low. So ultimately, you will have significant savings over your period of ownership. The proper way to look at it is, you might have to pay a little bit more up front so you don't have to pay a lot in the long run. The truth is, you will come out with huge savings in the long run.

With that being said, it is important to find a real estate company that is knowledgeable and well connected with closing agents who can help

you negotiate the closing fees. A knowledgeable real estate agent always knows which fees are negotiable and which fees are a fixed cost. The bottom line? Properly negotiated closing costs can save you significant dollars in the buying process.

9. NEVER MAKE A 100% EMOTIONAL PURCHASE



According to the latest research, 80% of all real estate buying decisions are based almost entirely on an emotional response. Properties almost seem to call out to potential buyers. From the moment they get out of the car, they become spellbound and are enchanted with the property. That kind of emotional attraction is a powerful force and too many overeager real estate agents are more than happy to encourage the grand illusion.

Imagine visions of golden weekends frolicking on the beach, grilled fresh fish from the patio BBQ, sandy flip-flops by the front door. All of these lovely images seep into the mental picture of even the most jaded investors and suddenly they find themselves looking at more expense, more maintenance, and fewer rooms or worse rental prospects than they had bargained for.

Emotional real estate purchases in Mexico rarely work out. Buyers can get stuck with a property that they ultimately do not really like, doesn't appreciate the way they had envisioned and is much more difficult to sell than they thought. The bottom line? Love at first sight may be perfect for selecting a puppy, but perhaps not so much for investing in a new home or property in Mexico!

When buying real estate in Mexico, emotion will play a part. With that, we encourage our clients not to "leave their brains at the border" and ask whether they are just looking for a home or if they would like to make money on their Mexico real estate investment. Almost without exception, we hear, "Of course we would like to make money!" And we also happen to think that's the smart answer.

GMB real estate solutions is committed to helping every client find the right home or real estate purchase that will at the very least, pay for itself, or even better, make a lot of money over time. We will ask you to engage your brain and think about what would be the smartest buying decision for you and your family; not necessarily just the most emotionally-appealing one.

10. NEVER BELIEVE EVERYTHING YOU HEAR



Everyone has an opinion and opinions are usually worth the price you pay for them. We all have friends and family, associates, partners and even spouses who may have our best interests at heart but do not always have the most accurate information.

There are few other subjects that can generate such heated conversation and opinions among family and friends as the prospect of buying real estate in Mexico. Ask any acquaintance and see for yourself. They'll tell you things like:

- Foreigners cannot own property in Mexico
- You need a Mexican partner
- You can only have a lease but can never own • Mexico is dangerous
- You cannot get title insurance
- There is no real escrow in Mexico
- You cannot get a mortgage in Mexico

All of the above information about buying real estate in Mexico is designed to help clients make smart decisions about the type of property they purchase and the people who help make their dreams a reality. Beware of blindly listening to any advice about owning property that may unduly encourage you (or discourage you!) from buying real estate in Mexico. Instead, go right to the source, do your research, get the facts first, then make an educated decision.

A credible agent will strongly advise you to do your homework and complete due diligence. You must take the time and effort to check things out carefully and review everything thoroughly before you buy real estate in Mexico. Sellers and agents, whether they are sincere or not, can be all too eager to say things that you want to hear in order to close deals and separate you from your hard earned money. You must take the time to school yourself on buying property in Mexico or the lessons you will learn could wind up costing you more than any college education. We believe a great customer is an educated one.

WHAT'S THE NEXT STEP?

Contact the trusted professionals at GMB, who will provide a free consultation with an English-speaking attorney to answer any questions and dispel any concerns you might have about owning property in Mexico!