



# The Mexico Fideicomiso: How to Buy Mexican

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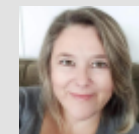


If you're thinking of buying property in Mexico you're going to need a some special paperwork.

A **Mexico fideicomiso** allows the buyer to avoid the inconvenience, expense, and potential liability involved with owning real property in Mexico.

It not only protects foreign investors against future changes in Mexican law but also provides several other advantages as well.

Hi I'm Shannon!



Shannon

Hi, I'm Shannon and I'm a Canadian who fell in love with Mexico on my first trip to Puerto Vallarta when I was just 19.

That started a 30 year love affair with this country which led to marrying my Mexican husband, Hector. And now I have even a stronger connection to this gorgeous, complex, and

It can be used for rights, such as inheritance or matrimonial property; however fideicomisos are most often used for real estate purposes.

absolutely crazy country.

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## History of the Mexican Bank Trust

The **Mexico Fideicomiso** trust is not a new concept.

It was used since the 15th century in Spain when it was used as a legal method to transfer ownership of land from Moors to Christians or vice versa.

These legal documents were also used for other purposes such as managing estates so widows and orphans could receive an inheritance without having control over their capital.

This bank trust was monitored by a trustee who always had sole discretion over its management and distribution and served as protection against mismanagement of certain types of assets.

Now, a little history on the origin of this arrangement in Mexico....

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A fideicomiso may be required

The 1917 Mexican Constitution created a restricted zone and banned foreign ownership of any land within the land located within 100 kilometers (62 miles) of any national border and within 50 kilometers (31 miles) of any ocean.

The Foreign Investment Law become law in Mexico in 1973.

Traditionally, the fideicomiso was a way for foreign investors to own property in Mexico. For example, if an investor wanted to build a shopping center at or near the beach, this legality allowed that investor to buy from fideicomisario some land with which he could build.

## Why does Mexico require this law?

This law exists because notaries and other businessmen in Mexico recognized the huge asset of Mexico's beautiful coastline. Real

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The Mexican government felt that this legal arrangement was a perfect solution to attract foreign investors by simply giving them a piece of property even if it was an undeveloped one.



This contract is used commonly throughout Mexico today and sometimes outside of Mexico. Legally this agreement allows for any kind of development within its terms: residential, commercial, municipal use, etc., so long as it is not along the coast or border line locations.

It's worth noting that this contract can only be used for land and not buildings because a title to the building must be transferred from fideicomisario to investor/buyer.

Also, the terms of the sale have to be agreed on before any money changes hands.

The property will have a stamp or certificate on the public record stating that the bank trust exists as part of its description.

## How do you get a Bank Trust?

This arrangement is normally overseen by a real estate agent or attorney.

It is common for the investor to want to remain anonymous, so you should always have a backup plan in place if the deal is taking too long to complete.



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## buying property in mexico: Fideicomiso

← Your fideicomiso is recorded with the Public Notary (Notario Público) once both parties have agreed on terms and signed off on deed of sale.

If there are no other outstanding liens against the property you're purchasing, then this is when you will receive title transfer.

The fideicomiso contract must be written in Spanish (although notarization can be done in English) and all documents must be kept for at least 10 years after the contract is terminated or expires.

There are numerous other constraints imposed on fideicomisos such as appraisals by an independent appraiser and an obligation to establish a trust fund.

## When Do You Need One?

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As individual ownership of property has become more widespread in Mexico – due to new laws allowing non-Mexicans to buy property and the increasing popularity of fideicomisos as an estate planning tool – fideicomisos have experienced a lot of growth. If you plan on buying any property in Mexico, you'll need to have this contract.



### What is included?

“The fideicomiso is a legal instrument that allows for the administration, ownership and use of real estate in Mexico by non-Mexicans,” says special counsel to the Mexican Consulate Erich von Hagen during an interview. “It’s an alternative to the trust or corporate vehicle in countries like Canada or the United States.”

Fideicomisos come with many potential benefits:

1. protects heirs from forced heirship rules,
2. assures no property sold within five years of death will be taxed
3. allows transfer of property into and out of fideicomiso contracts.

### Is the Mexico Fideicomiso a lease?

No. It isn't a lease, but it's a legal agreement similar to one in many ways.



# If not a lease, what's it for then?

A fideicomiso allows you to manage something without owning it. It allows you to loan money and not be held liable if you're asked for repayment.



It also allows you to keep property within your family even if deeded outside of fideicomiso. This allows you to protect your heirs from forced heirship laws in Mexico.

So why should foreigners care about this?

Non-Mexican citizens living in Mexico can use this Mexican contract so they can participate fully in Mexico's economy. This means that they can purchase property that could have been otherwise off-limits.



buying property in Mexico

## How much does a Fideicomiso cost?

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A fideicomiso can be expensive, with fees costing anywhere from 1% to 2.5%.



The fideicomiso is NOT a percentage of the property's value. It's an annual fee paid on the outstanding loan balance until it is completely paid off.

### How long does the it last?

A fideicomiso agreement can range from 5-30 years. However, this depends on how much you are borrowing and what type of property you are purchasing (urban or rural).

A typical agreement states that at the end of its term all interest must be given to a third party as donation/charity. Make sure you clarify this with your lawyer / notary público.

So what do you think? Are you ready to buy some property in Mexico?

For more information on obtaining a fideicomiso or immigrating to Mexico feel free to contact Maria Morales Vázquez at [immigratetomexico.com](https://immigratetomexico.com)

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