



## Moving to Mexico: Guide to Buying a Home

November 5, 2015 | 3.4K views

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*[Buying property in Mexico](#) can be an exciting, stress-free experience as long as you do your homework and you have knowledgeable and trustworthy people guiding you through the process.*

### Key Ideas:

- The home buying process in Mexico has widely adapted to the expectations of North American real estate buyers.
- Though there is a Constitutional ban for foreign nationals to purchase property in “restricted zones” along coastlines and borders, it is possible to do so by using a bank trust or through a Mexican corporation.
- Local knowledge is key – a good buyer’s agent is also your local tour guide and can recommend the right person or place for any needs that may come up.

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Even though we are talking about a foreign country, the home buying process in Mexico has widely adapted to the high influx of American and Canadian real estate buyers. The Mexican government is constantly working and improving things to meet these expectations in every way possible and to create a safe and secure investment environment.

To get started, here are some practical things you should know (and read more about) before buying:

Foreign nationals do not need to be residents to be able to buy property in Mexico. However, there is a Constitutional ban for foreign nationals to buy property in the “restricted zone,” consisting of all lands within 100 km (64 miles) from an international border and 50 km (32 miles) from the coastline at high tide.

For properties within the restricted zone, non-Mexican-citizen buyers need to use something called a “fideicomiso.” The “fideicomiso” is a bank trust in which the bank acts as a trustee by holding the deed for the buyer, who is the beneficiary of the trust. The beneficiary has all legal rights of ownership, including to sell, rent or convey it to their heirs as they choose.

Another route to purchase in the “restricted zone” is through a Mexican corporation, which can be 100% foreign-owned and allows you to hold title to property without a “fideicomiso.”

In order to provide you with more detailed practical information about the home buying process in Mexico, we talked to local real estate expert [Jason Waller of Playa del Carmen Real Estate](#), a successful Point2 broker, with 10 years of experience in the Mexican real estate market, working mainly with foreign buyers from the U.S. and Canada. Jason was featured multiple times in HGTV’s [House Hunters International](#).

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foreign buyers hire an agent. Most towns and cities in Mexico have a selection of real estate agencies of all sizes. It is very important to have a well-established buyer's agent that you can trust, as he/she often ends up being more than just your agent, says Jason, who works in [Playa del Carmen](#), [Puerto Aventuras](#), [Akumal](#), [Tulum](#), [Puerto Morelos](#) or [Cancun](#).

Speaking from his experience in working with foreign buyers – himself being from Canada, originally – Jason went on to tell us that the buyer's agents' responsibilities go even further, they are your tour guide and are able to recommend the right person or place for any needs that may come up.

In Mexico, the agent's commission is typically 7% of the purchase price and it is paid by the seller. The commission is split 50%-50% between the buying and selling agents, Jason explains.

## 2. Understand your Financing Options

While, traditionally, most real estate transactions by foreigners have been done in cash, financing your property in Mexico is possible. Some important things to note and look into before you venture down this path are that Mexican loans are in pesos, that they may be conditioned by ties with Mexico, and that there may be some visa requirements. This makes it difficult to get a loan as a foreigner. For this reason, most foreign buyers get a loan back home or they ensure ahead of time that they have funds available from their home country.

Nonetheless, with growing interest in Mexican property, banks and mortgage companies are starting to offer "cross-border" loans in dollars and at dollar rates. Additionally, Jason informs us that some sellers and developers are beginning to offer direct short-term mortgages ranging from 1-10 years. Before you decide to choose this route, analyze all risks associated with seller financing.

In order to fully understand your financing options, and for all other financial considerations, it is best to speak to a good local [mortgage broker](#) or loan officer. Your agent can refer you to an English-speaking finance professional.

## 3. Find a Home

Looking for homes for sale in Mexico can be fun, but also a bit daunting, given that there aren't MLSs in all areas of Mexico. In areas in which there is an MLS system, the process to search and compare prices may be easier. On the other hand, in areas where there isn't an MLS, agents are constantly in contact with other agents in the area in order to present their clients with the most listings available on the market, says Jason. The [Point2 Homes portal](#) caters to international buyers and has the most real estate listings in English for Mexico.

## 4. Get a Lawyer

Once you've found the right home, the next logical step would be to hire a lawyer. In fact, this may as well be the first thing you do as soon as you start getting serious about purchasing a home in Mexico.

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As to concerns related to the language, typically, the lawyer will draw up the contract in English or sometimes the large developers will have a contract they use that is also in English.

## 5. Make an Offer

When you are ready to make an offer, involve your lawyer. You will first have to fill out an Intent to Purchase Contract with the offered price and any additional comments. If the offer is accepted, you would send – via bank wire transfer – a \$10,000 deposit into an escrow account (held in Mexico or in the U.S.). This deposit is refundable and is returned if the sales contract is not signed.

With the increasing number of foreign buyers from U.S., there is an increasing trend to use U.S. escrow companies in Mexico, such as [Stewart Title](#). In areas where there is a strong foreign presence, and in “restricted zones,” escrow is more commonly used. Mexican banks have similar products to an escrow account, but they are not always based on mutually agreed escrow agreements. It’s best to consult with your lawyer as to the use of escrow accounts.



## 6. Do a [Home Inspection](#)

Seller’s disclosures are not standard practice in Mexico. Some areas in Mexico, with large numbers of foreign buyers, have begun using seller’s disclosure statements. To avoid any unwanted surprises, it is best for a buyer to do the “homework” on the condition of the property and make inspections a [contingency](#) in the Intent to Purchase. Consult with your lawyers as to what is a reasonable timeline for this [contingency](#) to be met. Your agent can recommend an inspector, so you can arrange a home inspection.

## 7. Get an Appraisal

If you are borrowing money, the lender will likely order an appraisal for the property against which you are borrowing, so in this situation you do not have to find your own appraiser. If you are purchasing in cash, your attorney may recommend to get an appraisal as part of due diligence and to make the contract contingent on the appraisal value. The appraisal fee depends on the value of the property and it varies from state to state. Generally it ranges between \$100 and \$500.

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reviewed several times prior to closing by the “fideicomisario,” as well as by the notary.

If you are buying in cash and want to be safe, you should get title insurance, regardless. There are reputable international title companies that you can use, such as Stewart Title International and [First American Title](#).

## 9. Get [Homeowners Insurance](#)

As part of your purchase planning, you should factor in homeowners insurance. It will protect you in case of unforeseen events and natural disasters. According to Mexican law, homeowners insurance is underwritten by Mexican insurance companies, but U.S. and Canadian companies work in partnership with them to include terms and types of coverage that are more common in U.S. and Canada. Many North American insurance companies have presence in Mexico.

## 10. Close the Deal

The closing is usually set 45 days out, it takes place at the notary’s office or the lawyer’s office, and it usually takes about half an hour. The seller(s), the buyer(s), the lawyers, the notary and sometimes the real estate agents attend the closing.

The closing and the official paperwork to transfer ownership to the buyer will be handled by a notary, whose role is somewhat similar to that of a title search agent, closing agent and county recorder, all-in-one.

Though the official currency in Mexico is the peso, real estate transactions involving foreign buyers from U.S. and Canada are done in U.S. dollars. Jason estimates that the total closing fees paid by the buyer range from 5% to 8% of the purchase price, and this includes the notary fee.

### Disclaimer:

**This article is intended for informational purposes only and should not be deemed as legal, financial or investment advice or solicitation of any kind. Before purchasing real estate, always consult with a licensed attorney, financial advisor and real estate broker.**

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Nadia Balint is a senior creative writer for RENTCafé. She covers news and trends in residential and commercial real estate and their impact on our everyday life, including rental housing, for-sale housing, real estate development, homeownership, market reports, insurance, landlord-tenant laws, personal finance, urban development, economy, sustainability, and social issues. Nadia holds a B.S. in Business Management from

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industry, Nadia worked in the legal field, where she gained over 10 years of experience in business, corporate, and real estate law.

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