



EMILIA VIDEGARAY  
REAL ESTATE

# UNDERSTANDING APPLICABLE PROPERTY REGULATIONS IN MEXICO



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## RESTRICTIONS IN THE SO-CALLED RESTRICTED ZONE

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Mexico establishes restrictions for foreigners to purchase property in the so-called "Restricted Zone." This zone comprises the 100-km strip of national territory along the borders, as well as 50 km along the beaches. In order to acquire properties in these zones, foreigners must do it through a different legal figure than the property itself, which is the trust. In this process, the foreigner is the beneficiary of the trust, while a Mexican bank acts as the trustee, guaranteeing that the rights of the foreign beneficiary are protected.

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## ACQUISITION PROCESS AND LOCAL REGULATIONS

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The process of purchasing property in Mexico may vary depending on the location and its local regulations. It is important to understand the specific requirements of the area you are interested in. Obtaining a permit from the Ministry of Foreign Affairs will be required for the acquisition of real estate in the Restricted Zone. In addition, it is essential to conduct an investigation to ensure that the property is in good standing.

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## TAX AND FINANCIAL CONSIDERATIONS

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When acquiring property in Mexico, buyers, both domestic and foreign, are subject to paying taxes. This includes the Real Estate Acquisition Tax (ISABI), which varies depending on the state and the value of the property. It is also important to consider the costs of maintenance & administration of the property, as well as the expenses associated with the Trust, if it is acquired within the Restricted Zone.





# HIRING TRUSTED PROFESSIONALS WHEN ACQUIRING A PROPERTY IN MEXICO

Having trusted professionals, such as real estate agents, attorneys, and notary publics is essential for a successful and hassle-free property buying experience in Mexico. Their knowledge and experience ensures that you are informed and protected, as well as making sound decisions throughout the process.

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## UNDERSTANDING PROCESS AND LOCAL REGULATION

Acquiring property in Mexico involves specific legal formalities and regulations. These professionals are familiar with these processes and will guide you to avoid any kind of issue. They know how to navigate local laws; this ensures that you comply with all legal requirements and obtain a property without complications.

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## TRANSACTION PROTECTION

This team of professionals acts as a shield of protection during the transaction. Realtors help you find properties that fit your needs and budget, while attorneys ensure that contracts are fair and transparent. Notary publics are responsible for the correct and legal transfer of property. Their involvement reduces the risk of fraud or misunderstandings.

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## AVOID COSTLY MISTAKES

Making mistakes when buying a property can be costly and stressful. An experienced professional will help you avoid impulsive decisions. For example, a lawyer will review the property's legal history to make sure there are no outstanding issues, and real estate agents can negotiate prices and terms to get you the best deal possible.





# THE PROCESS OF BUYING A PROPERTY IN MEXICO

The process of buying a property in Mexico involves the search and selection of a suitable property, the negotiation of terms with the seller, and the participation of professionals that guarantee that the process is carried out in a legal, transparent, and successful manner, from the search to the closing of the transaction.

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## PROPERTY, SEARCH, SELECTION

- Start by defining your needs and budget. What type of property are you looking for and in what location? This will help the real estate agents focus the search.
- Hire a reliable real estate agent. They have access to a variety of properties and can filter options based on your preferences.
- Once you find a property that interests you, make a visit to inspect it personally and make sure it meets your expectations.



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## NEGOTIATION AND AGREEMENT

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- Once you have found a property you like, your real estate agent will help you negotiate the price and terms of the transaction with the seller.
- It is important to have the advice of a real estate attorney, who will review the sales contract and make sure that all terms are clear and fair.
- During the negotiation, deadlines will be established for the review of the title and other legal aspects.

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## CLOSING A TRANSACTION

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- Once both parties agree on the terms, the purchase contract is signed and a security deposit is made. It is recommended that foreigners in any property purchase in Mexico, make such deposit and the total payment of the transaction through an escrow company, who acts as a depository and third party in good faith, who will verify compliance with all agreed conditions and based on the signed instructions, will proceed with the distribution of funds, for the security of each of the parties involved in the transaction.
- The notary public, an impartial legal professional, will supervise the closing process. The notary will make sure that the property has a clean title and that all debts and liens are settled prior to the transfer. Remember that in the case of foreigners and properties located within the "Restricted Zone," it is done through a Trust contract.
- On the closing date, the property deed will be signed in the presence of the notary. The notary public will register the property in the Public Registry of Property, which gives you legal certainty.



# FINANCING OPTIONS WHEN BUYING A PROPERTY IN MEXICO

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## MORTGAGE LOANS

Mortgage loans in Mexico can also apply to foreigners. However, there are certain requirements and additional considerations for foreigners to qualify and obtain a mortgage loan in the country.

Some of the key points are as follows:

- a. Legal residency
- b. Verifiable income
- c. Credit history
- d. Down payment and term
- e. Documentation

It is important to mention that mortgage loan policies and requirements may change over time and may vary from one bank to another. Therefore, it is highly recommendable to contact different banks or financial institutions directly to obtain specific and updated information on mortgage loans available for foreigners in Mexico. Working with a financial advisor and a real estate attorney can help you better understand the options and requirements.





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## 2 DEVELOPER FINANCING

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- When buying a property directly from a real estate developer, they may offer in-house financing options. This means that the developer allows you to pay for the property in installments over a specific period of time.
- This type of financing may be useful if you don't qualify for a mortgage loan or if you prefer to avoid bank paperwork.
- Make sure you understand the terms and conditions of this financing, including payment terms and interest rates, if any.

## 3 CLOSING A TRANSACTION

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- You can explore other options such as personal loans or financing through private investors.
- Before choosing any financing option, it is essential to investigate the interest rates, terms, requirements, and risks involved.
- Consult with a financial advisor and a real estate attorney to evaluate all options and make an informed decision.

