



BUY MEXICO REAL ESTATE WITH SAFETY AND TRUST

How foreigners can buy real estate in Mexico

According to article 27 of the Mexican Constitution, a person of any nationality is able to legally buy real estate in Mexico. However, there is a restricted zone in which foreigners may not acquire direct ownership of the property. Nevertheless, it is possible to acquire ownership of property in this area indirectly through other legal entities such as trust (Fideicomiso) or through a Mexican corporation with foreign capital and partners.

What is Mexico's restricted zone?

Mexico's restricted zone comprises any property located within 30 miles of any coastline, and within 60 miles of any Mexican border. Seeing the inherent value of the property in the restricted zone, and realizing the need for foreign investment, since 1973 the government permitted the acquisition of residential properties by foreigners through the use of the Fideicomiso.

What is a Fideicomiso? (Mexican Bank Trust)

A trust is an agreement in which one person transfers to another certain goods or money for a specific and legal purpose. In Mexico, only certain financial institutions can act as a trustee, which gives additional security to the parties involved in the contract. This contract can be used for many purposes, and is commonly used by foreigners to acquire a property in the restricted area. Using a trust agreement, the trustor (seller) contractually transfers the ownership of the property irrevocably to the trustee (bank), who can only act in respect to that property with the express instructions of the beneficiary (foreign buyer). In practical terms, the beneficiary has full control of the property. In order to allow foreigners to enter into a legal agreement, Mexico requires all foreigners to apply for and obtain a permit from the Ministry of Foreign Affairs prior to contracting to acquire real estate in Mexico. This is currently done by the trustee/bank at the time a real estate trust is set-up.

How long does the Fideicomiso last?

Usually, a Fideicomiso is set up for 50 years, and is then renewable for another 50 year. Fideicomiso in fact, can be renewed at any time just by application; Another mistaken belief and concern is that after 50 years bank-trust properties pass to the authorities, this is not true.