

Top 5 common mistakes people make when purchasing property in Baja California Sur.

Buying investment property in Mexico can be very beneficial. These are high level responses and may require additional dialogue. Do not hesitate to contact our office. You'll find our contact information below.

Mistake #1: Not Hiring Legal Representation.

In addition to representing your best interests and protecting your legal transactions, an attorney can be very helpful in saving you money. This is because attorneys are involved in many of the different transactions necessary and have contacts with banks, notaries and the Mexican government. They are aware of the most competitive costs and fees involved and make sure the buyer is given the best possible prices. Very often one piece of good advice can save buyers thousands of dollars in tax or other savings when the buyer eventually decides to sell the property.

Mistake #2: Purchasing Ejido Land.

First and foremost make sure the law firm has experience in the subtleties and nuances of acquiring Ejido property. For years foreign purchasers have been persuaded to "purchase" ejido parcels or beach front lots without fully understanding that they can't legally own ejido property nor can the ejidatarios (those individuals that have the beneficiary interest in the land) legally sell it. Hence, all potential buyers of Mexican real estate should know the difference between private property and land denominated as "ejido" Having an attorney to perform due diligence can ensure you are buying the right property.

Mistake #3: US Citizens can not own Property in Mexico

Most purchasers contemplating buying a house in Mexico are aware that Mexico has a "restricted zone" (50 kilometers along Mexico's entire coastline, 100 kilometers along all of Mexico's natural borders) per Article 27 of the Mexican Constitution. What many purchasers are not aware of is the Foreign Investment Law of Mexico ('FIL') This FIL is known as the "Reglamento de la Ley Inversion Extranjera y del Registro Nacional de Inversiones Extranjeras." Relative to properties within this prohibited area, the amended Foreign Investment Law's intent is to clearly and narrowly define what is residential property, what properties must be in a 'fideicomiso' (Mexican bank trust), and what properties are considered non-residential and therefore can be purchased by foreigners in a Mexican corporation.

Mistake #4: Paying the Seller before the paperwork is in order.

The sale of real property between Mexican nationals is a fairly simple and expeditious transaction via a compra-venta. They are not concerned nor do they have to be with Mexico's foreign investment laws. This is not the case, however, when they sell to foreign purchasers in the restricted zone. Their attitude is, "Why should I wait for my money just because you have to get a bank trust. Secondly, this attitude has been pervasive because some, not all, real estate agents push it and expect it. If the seller receives all of his money, the agent gets paid his commission. Why should the agent be concerned with whether the buyer gets his fideicomiso established once he has received the fee due from the seller? Should

your due diligence cause you to withdraw or cancel from the paid transaction and you have prepaid the seller some of your costs, the simple truth is you have given the seller your money with little or no chance to get it back other than a lawsuit in Mexico.

Mistake #5: Not Purchasing Title Insurance in Mexico

It is often said that it is the responsibility of the notario to provide title assurance, and that they have the same requirement of certification as would a title insurance company. That is true. However, it is not often understood that in Mexico a title policy not only protects against liens, encumbrances, and tax issues, but also against fraud, misrepresentation, impersonation, secret marriages, incapacity of parties, undisclosed heirs and other hidden risk as provided by the policy. Even the best of notarios or attorneys may be unable to discover these title problems.

Schedule Your Complimentary Consultation

For more information or to have any questions answered. Please contact us at:



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