



## First Mexican Title

### Welcoming Letter

Dear Customer,

I take this opportunity to thank you on behalf of the team of **First Mexican Title** (FMT) for choosing our closing services.

Please complete this form which includes important information required to proceed with the closing of your property.

The **Introduction** section of this form gives an overall explanation of the legal means and process for foreigners to invest in a property for residential purposes in Mexico.

Nevertheless, if you have any questions please do not hesitate to contact me.

Sincerely,

**Ernesto Elías**

Partner | Real Estate Lawyer.

**First Mexican Title**

[www.firstmexicantitle.com](http://www.firstmexicantitle.com)

Tel. +52 1 615 1108117

---

### INTRODUCTION

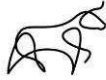
Please find here a brief explanation of the legal means and process for foreigners to invest in a property for residential purposes in Mexico.

**1. How can a citizen from another country acquire property in Mexico for residential purposes?**

If the property that you wish to acquire is located along to the coastline or the Mexican border (the *Restricted Zone*), you can acquire it through an *Irrevocable Trust and Transfer of Ownership Agreement*, entered with the fiduciary department of a Mexican bank.

If the property is located outside the *Restricted Zone*, you can simply acquire it by requesting a permit to the Mexican federal government.

**2. What is the Restricted Zone?**



It is a strip of land of 50 km along the coastline and of 100 Km along the borders of Mexico, where by law, foreigners can only acquire property through *an Irrevocable Trust and Transfer of Ownership Agreement*, entered with the fiduciary department of a Mexican bank, for 50 years and renewable for another 50 years.

Anywhere else in Mexico a non-Mexican citizen can acquire direct ownership on a property.

**3. What is an Irrevocable Trust and Transfer of Ownership Agreement?**

It is a contract by which the seller of the property (trustor), irrevocably transfers the ownership of a property to a fiduciary institution (Mexican bank), granting the buyer (beneficiary), the exclusive right to use it and exploit it for 50 years. At the end of the 50 years period, this can be extended for another 50 years.

The beneficiary can, at any time, sell the property.

**4. Is it possible for a person to acquire the beneficiary rights on an existing Irrevocable Trust and Transfer of Ownership Agreement?**

Yes.

**5. Can an “LLC” or a Canadian “Inc.” acquire property in Mexico through an Irrevocable Trust and Transfer of Ownership Agreement?**

Yes.

**6. Can a “family trust” or a “living trust” become a beneficiary in an Irrevocable Trust and Transfer of Ownership Agreement?**

Yes.

**7. What is the average cost of a real estate closing in Mexico?**

It can range from 5% to up to 6.5 % of the purchase price, approximately.

**8. Tell me more about the escrow services provided by FMT?**

Because in Mexico escrow services are not regulated by law, at FMT we recommend using the services of our US-based and regulated escrow service provider.

An escrow is a financial arrangement where a third party holds and regulates payment of the funds required for two parties involved in a given transaction.



It helps make transactions more secure by keeping the payment in a secure escrow account which is only released when all the terms of an arrangement are met as overseen by the escrow company.

#### **9. Tell me more about the closing services provided by FMT?**

The closing (also called the settlement) is the culmination of a lot of work performed on behalf of the buyer and seller by various real estate related professionals. This can include the real estate agents, attorneys for each party, the mortgage broker, the lender, title insurance company, public notaries, etc. They each have a vested interest in making sure that your closing happens timely and without problems.

Given the number of professionals that could be working together to prepare for the Closing, it is important that all parties involved communicate well. With First Mexican Title, our customers can trust that we do everything in our power to provide the best possible service to the buyer and the seller.

It is important to bear in mind that in most cases a closing process in Mexico can take up to 3 months.

On closing day, the buyer and the seller complete the legal transfer of the real estate with the representative of FMT, which will be conducting the settlement. At settlement, both, the buyer and seller or their legal representatives, will review and sign a public deed before a Mexican Public Notary and make affirmations as to certain facts, by this, completing the closing process.

Settlement can take as little time as fifteen minutes to sign all the documents and transfer ownership. Normally at the end of closing, the seller will receive the funds via wire transfer from the escrow company and the buyer will receive the keys to their new home.

FMT will complete the transaction by supervising the recording the public deed with the Public Property Registry that applies and forward the duly registered public deed containing the title to the buyer in about a month's time.

#### **10. Why the services of a Public Notary in Mexico are much more expensive than in the US or Canada?**

In Mexico, all real estate transactions must be closed (formalized) before a Mexican public notary, who is a lawyer commissioned by the government for these matters. Furthermore, notaries in Mexico are responsible to calculate, collect and pay to the local and federal governments, the capital gains tax and the property acquisition tax in all real estate transactions. Finally, notaries are responsible to file the public deeds containing property titles at the Public Property Registry.



**11. Do you need legal and tax advice before purchasing and selling property in Mexico?**

Bear in mind that you are acquiring property in another jurisdiction, therefore, there are special sets of tax, administrative and civil laws that regulate the purchase and sale of real estate in Mexico by foreign citizens.

FMT will be very happy to advise you or your clients on these important matters.

**12. Is it recommended to purchase title insurance in Mexico?**

It is commonly accepted in Mexico that it is not necessary to acquire title insurance due to the scrutiny which a real estate closing goes through in Mexico, however, there are a few that think that extra protection doesn't hurt anyone.

FMT will be please to perform for you the title research required by title insurance companies to issue a title insurance policy.

---

**INSTRUCTIONS**

If you are intending to acquire a property though a US Limited Liability Company (LLC) or through a Canadian company (Inc), please go to sections 1 and 4 of this form.

If you want to acquire a property in your name, please go to sections 2, 3 and 4 of this form.

**1. Acquiring a property in Mexico for residential purposes through a US Limited Liability Company (LLC) or through a Canadian company (Inc).**

If you are acquiring the property though a company, please indicate the name of your company:

A. Documents required:

- a. Articles of Incorporation of the company.
- b. Certificate of Good Standing of the company.



- c. Corporate document stating the appointment of the current Manager of the company.

*If incorporated in the US.* Documents (a), (b) and (c) require to be legalized with the Apostille, which is a certification issued by the Secretary of State of the state were the company was formed.

*If incorporated in Canada.* Documents (a), (b) and (c) require to be legalized by the Mexican Consulate in Canada.

- d. Copy of the Tax ID number of the company (PDF format).
- e. Proof of the physical address of the company. A less than 3 months old utility bill or bank statement addressed to physical address of the company. Please, no Po Box address (PDF format).
- f. Copy of the passport of the manager (PDF format).
- g. Proof of the physical address of the Manager of the company. A less than 3 months old utility bill or bank statement addressed to physical address of the manager of the company. Please, no Po Box address (PDF format).

Please send to us, via FedEx, to the address set at the end of this form, the original legalized documents (a), (b) and (c), described above in section (A). Note. If you will be granting a Limited POA to a third party to represent your company at closing, be sure to send the original legalized Limited POA along with these documents. For more information about Limited POA please go to section 4 of this form.

B. Information required:

- a. Personal information of the Manager:
  - i) Email address:
  - ii) Phone number:
  - iii) Social Security Number:
  - iv) Social Insurance Number:



**2. Acquiring property in Mexico in your name for residential purposes.**

- A. Please indicate the full name of each of the persons to be appointed as the beneficiaries of the bank trust and percentage of ownership.

	<b>Full Name:</b>	<b>% of ownership:</b>
a.		
b.		
c.		
d.		

- B. Documents Required for each of the beneficiaries:

- a. Copy of passport showing photo and signature (PDF format).
- b. Proof of physical address. A less than 3 months old utility bill or bank statement in the beneficiary's name, addressed to his or her physical address. Please, no Po Box address. PDF format.

- C. Information required for each of the beneficiaries:

<b>a. Beneficiary Name:</b>	
b. Nationality:	
c. Social Security Number or Social Insurance Number:	
d. Phone number:	
e. Email address:	
f. Occupation:	
g. Name of his/her place of work:	
h. Role or position in his/her place of work:	
i. Years working for said company or organization:	



j. His/her contact information at the place of work	
k. The main activity of said company or organization.	
l. Origin of the funds to be used to acquire the property.	

<b>a. Beneficiary Name:</b>	
b. Nationality:	
c. Social Security Number or Social Insurance Number:	
d. Phone number:	
e. Email address:	
f. Occupation:	
g. Name of his/her place of work:	
h. Role or position in his/her place of work:	
i. Years working for said company or organization:	
j. His/her contact information at the place of work	
k. The main activity of said company or organization.	
l. Origin of the funds to be used to acquire the property.	

<b>a. Beneficiary Name:</b>	
b. Nationality:	
c. Social Security Number or Social Insurance Number:	
d. Phone number:	
e. Email address:	



f. Occupation:	
g. Name of his/her place of work:	
h. Role or position in his/her place of work:	
i. Years working for said company or organization:	
j. His/her contact information at the place of work	
k. The main activity of said company or organization.	
l. Origin of the funds to be used to acquire the property.	

<b>a. Beneficiary Name:</b>	
b. Nationality:	
c. Social Security Number or Social Insurance Number:	
d. Phone number:	
e. Email address:	
f. Occupation:	
g. Name of his/her place of work:	
h. Role or position in his/her place of work:	
i. Years working for said company or organization:	
j. His/her contact information at the place of work	
k. The main activity of said company or organization.	
l. Origin of the funds to be used to acquire the property.	





**3. Appointing substitute beneficiaries.**

You are permitted to appoint substitute beneficiaries for each of the appointed beneficiaries.

A. If you wish to appoint substitute beneficiaries, please indicate for each beneficiary:

Name of the Substitute beneficiary	Who is she/he substituting	%	Age	Nationality

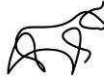
B. Documents required of each of the substitute beneficiaries.

- a. Copy of passport showing photo and signature (PDF format).
- b. If underage, copy of his or her birth certificate.

**4. Granting Limited Powers of Attorney to represent you or your company at closing.**

Because is not possible to set the closing date until actually 30 days previous to the actual closing date and based on the fact that a closing process can take up to 90 days in Mexico, and you probably will not be physically present in Mexico all this time, it is why we strongly recommend you to grant us a Limited Power of Attorney to represent you at closing.

You can instruct us not to sign any closing documents until reviewed by you or your lawyer. Keep in mind that all documents will be in Spanish. We can arrange the translation into English of all the closing documents at an additional cost.



Bear in mind that the Limited Power of attorney will not give us powers to modify, in any way or form, the original purchase agreement that you entered with the seller or handle any funds of said transaction

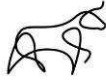
You can grant a Limited Power of Attorney to a friend, relative or to your lawyer in Mexico to represent you at closing. However, any delay attributable to this person might incur delays and additional closing costs for you.

Please find attached an example of the Limited Power of Attorney that we normally use in this type of closings.

If you wish to grant a Limited Power of Attorney to a person in Mexico to represent you or your company at closing, please provide us with the following information and documents of the person you wish to grant the Limited Power of Attorney to.

A. Information required:

Full name of the person who will be representing you or your company at closing. Note. If you wish to grant the Limited Power of Attorney to FMT, Ernesto Elias will be representing you at closing. If FMT will be representing you, you don't need to worry about completing the remaining of this section.	
Social Security Number or Social Insurance Number:	
Email address:	
Phone number:	
Occupation:	
Name of his/her place of work:	
Role or position in his/her place of work:	
Years working for said company or organization:	
Her/his contact information at the place of work:	
The main activity of said company or organization:	



- B. Documents required:
- a. Copy of the passport showing photo and signature (PDF format).
  - b. If the representative is of Mexican nationality, copy of the passport or voting card.
  - c. Proof of the physical address. A less than 3 months old utility bill or bank statement addressed to the physical address of the representative. Please, no Po Box address (PDF format).

As soon as you provide us with all this information, we will be preparing the Limited Power of Attorney for you to sign before a US or Canadian notary (or similar authority) and legalize it, for it to be valid in Mexico.

---

Finally, please send this form, along with all the documents required, except the ones which required to be physically sent to us, via email to [ernesto.elias@firstmexicantitle.com](mailto:ernesto.elias@firstmexicantitle.com)

The documents that require to be physically sent to us, please send them via FedEx to the following address:

**Attention: Ernesto Elias**

**Street: Carretera Transpeninsular Km 11.**

**Quintas del Mar Residencial No. 6.**

**Suburb: Chametla**

**Zip Code: 23205**

**City: La Paz**

**State: Baja California Sur**

**Country: Mexico**

**Phone: +52 615 1108117**

---

**Gracias!!**

Handling of personal information clause. By filling up and sending to First Mexican Title (FMT) this Form and the information required in it (hereinafter referred as the Information), the Customer authorizes FMT to use the Information to complete and lodge, before all the required authorities, notaries and bank institutions, the forms and applications needed to proceed with the closing of the Customer's real estate property in Mexico, in accordance with the applicable laws and regulations.

This information will not be disclosed or used for other purposes different from the ones previously stated in the above paragraph unless formally requested to FMT by a judicial or administrative authority.