

FAQ's

From foreigners



CAN I BUY A PROPERTY IN MEXICO AS A FOREIGNER?

I would say that this is the most common question I've received. The answer is YES, you can purchase a property in Mexico as a foreign citizen!

Foreign citizens are legally allowed to purchase property in Mexico in the restricted zone. The restricted zone is 100km along any border and 50km from the coastline. In order to proceed with a purchase in this zone, a bank trust (or fideicomiso) is needed.



WHAT IS A BANK TRUST OR FIDEICOMISO?

It is ownership authorized by the Mexican government and secured by the Central Bank of Mexico. The trust is authorized via a permit issued by the Secretaria of Foreign Affairs (Secretaria de Relaciones Exteriores) and in accordance with the 27 articles of the Mexican Constitution.

It's important to mention that the properties held in the bank trust are not assets of the bank and the bank acts on behalf of the buyer and holds the title.

The bank has a fiduciary obligation to follow the directions and wishes of the foreign buyer. The foreign buyer can enjoy, use, rent out, improve upon, expand, build and sell the property and reap 100% of the profits.





HOW LONG WILL THE TRUST (FIDEICOMISO) LAST?

It is a 50-year renewable and transferable bank trust.

CAN I PURCHASE A PROPERTY IN MEXICO THROUGH A FOREIGN COMPANY?

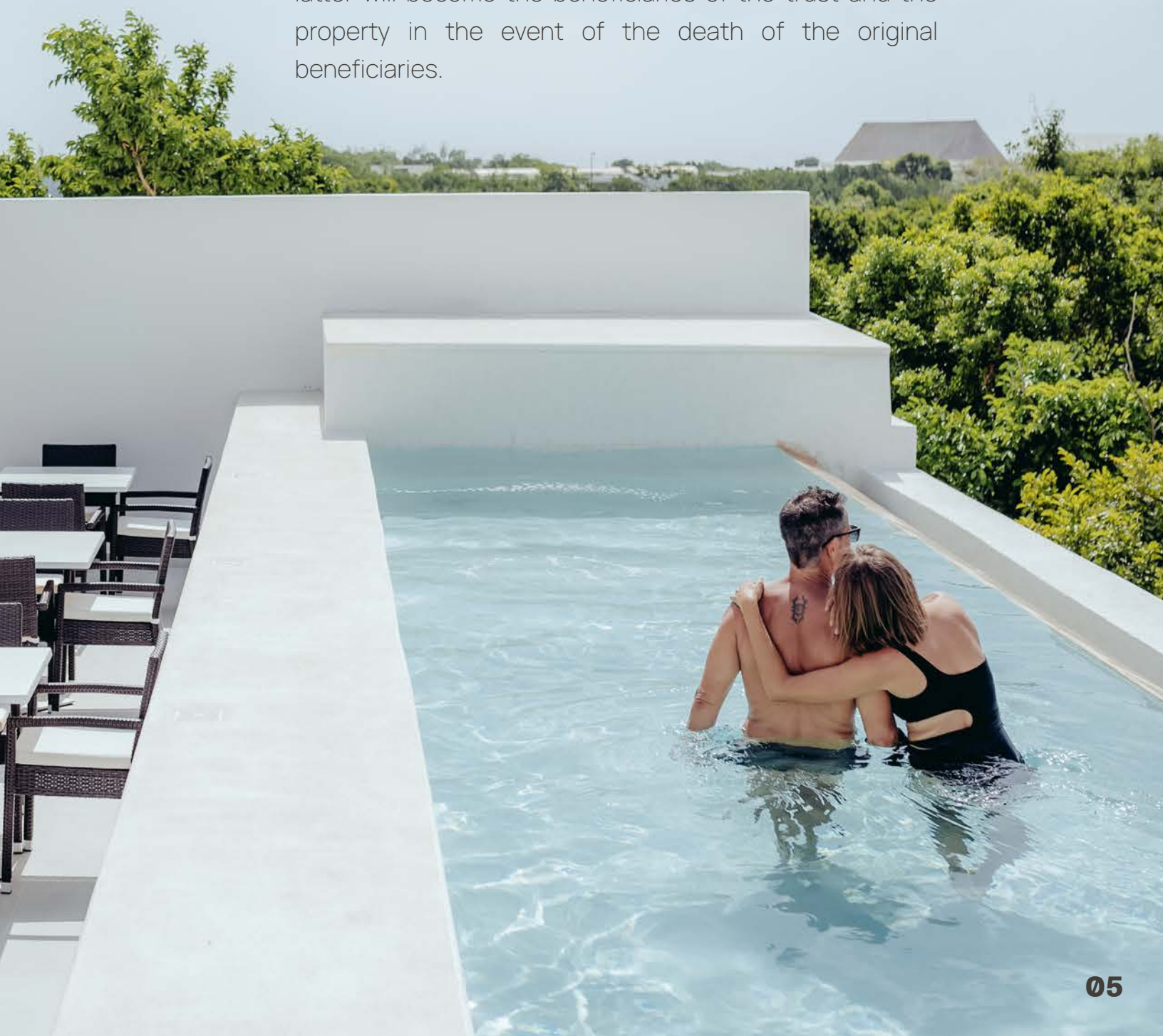
Yes, you can, with the authorization of the trustee bank and the Ministry of Foreign Affairs, through a residential trust.

HOW MUCH IS THE CLOSING COST (GETTING THE DEED) OF THE PURCHASED UNIT?

The closing cost is proportional to the cost of the unit. Around 6-8% of the cost which includes notary fees, taxes and duties, and trust fees.

CAN I TRANSFER THE PROPERTY, AND **INHERIT IT?**

Trust rights can be assigned to transfer ownership of the property. At the time of setting up the trust, it allows the purchasers to designate substitute beneficiaries; the latter will become the beneficiaries of the trust and the property in the event of the death of the original beneficiaries.





IF I PURCHASE A PROPERTY, DO I NEED A TEMPORARY RESIDENT VISA TO LIVE IN MEXICO?

It will depend on how long you plan to stay. If you don't plan to stay more than 6 months you are able to use a tourist visa, however if you plan to stay more than 6 months at a time, it is better to get the temporary resident visa.

The Temporary Resident Visa is one of two Mexican visas which gives you a high level of permanence in the country. It is valid for 1 to 4 years, after which you automatically qualify for a Permanent Resident Visa.

To begin, you'll need to apply for a Temporary Resident Visa outside of Mexico, from the embassy in your home country. The visa has to be renewed every 4 years from within Mexico. After 4 years, you'll have the option to switch to a Permanent Resident Visa or fall back to using the tourist visa system.

Advantages of a Temporary Resident Visa

- You can stay in Mexico for as long as you like.
- You can enter and leave Mexico as many times as you want.
- You can open a Mexican bank account.
- You can apply for a Mexican driver's license.
- You can buy and register a car in Mexico.
(It's notable to mention that if you buy a car with a car loan from Mexico, the loan will only extend to the expiration of your temporary Residency Visa).
- You can keep a car with foreign license plates in Mexico.
- You can register a foreign car in Mexico.
- You can get discounts at certain local businesses.



Disadvantages of a Temporary Resident Visa

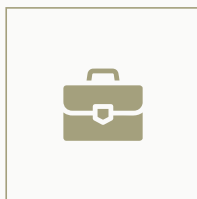
- You have to pay fees.
- You have to show financial solvency.
- You have to apply at the Mexican embassy in your home country.
- You have to do the paperwork and you may need legal advice.
- You have to renew it annually (for 4 years) from within Mexico.

Let's talk about *who qualifies* for the temporary visa.

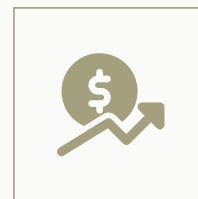
There are currently two types of Temporary Resident Visas available to foreign citizens. These are for "Retired Income Holders" or those who want to "Live in Mexico but work in their country of origin". The 3 common routes to applying for a Temporary Resident Visa are:



By showing sufficient assets



By proving ongoing employment for a company outside of Mexico



By showing sufficient monthly income

WHAT ARE THE **STEPS TO PURCHASE** A PROPERTY WITH TAO MEXICO?

Reserve a unit

1

You will be required to pay a \$5,000 USD deposit. This deposit will be refundable if you decide not to proceed with the purchase. It will hold the unit for a period of 15 days while also freezing its price.

Reservation Agreement

2

Fill out and sign the reservation agreement which contains the payment plan of your property. It requires your personal information to do your promissory purchase agreement. You will be required to provide a copy of your valid passport in order to proceed.

Promissory purchase agreement

3

You will receive the promissory purchase agreement by our in-house attorney. It is at this step that you will have time to do your due diligence process by reviewing the promissory purchase agreement and receive advice from your personal attorney.

Downpayment

4

After agreeing with all conditions within the promissory purchase agreement, you will be required to proceed with the 20% downpayment after the signing of the promissory purchase agreement.

*Once the purchase contract has been signed and the 20% down payment has been deposited, the sale will be considered closed.



WHAT IS THE **PAYMENT PLAN** LIKE AND WHAT FINANCING DOES TAO MEXICO OFFER?

At TAO, we provide two different payment plans. You are able to provide a flexible option that best suits your needs based on the payment structures below:

For pre-construction units:

- \$5,000 USD refundable reservation deposit.
- 20% down payment.
- 30% along construction.
- For the remaining 50%, you will have the option to be financed directly from the developer for 5 years at an 9% interest rate (interest rate is subject to change).

For units that are already built and ready for delivery:

- \$5,000 USD refundable reservation deposit.
- 20% down payment.
- 30% before delivery.
- For the remaining 50%, you will have the option to be financed directly from the developer for 5 years at an 9% interest rate (interest rate is subject to change).



*If you use financing from the developer, you will be required to pay \$1,650 USD for credit opening.

**If you do not use the developer financing, you will be required to pay the full amount before delivery.



ARE THERE ANY RESTRICTIONS TO RENT MY PROPERTY?

There is no restriction for renting your unit, unless the majority of the homeowners vote for not having rentals, which I don't think would happen. Most of our clients have purchased for rental purposes!

HOW DO I **MANAGE AND RENT** MY PROPERTY IF I DON'T LIVE IN THE SAME PLACE?

You can consider this one less thing to worry about! Most of our clients hire a Property Management Company in the area.

If you want the property management company to handle everything for you, such as listing your condo on the rental digital platforms (Airbnb, VRBO, HomeAway, etc.) and to manage housekeeping, check-ins/check-outs, repairs, administration, they will charge you about 20% to 30% of the rental income.

If you just want to hire them to do certain services, for example check-in / check-outs while you manage the listing of your property on the rental digital platforms, then you can negotiate with them a fixed monthly fee. It all depends on what you are looking for.

At TAO, we can share a list of various companies for you to compare.



WHAT ARE THE **MAINTENANCE FEES** AND WHAT DOES IT INCLUDE?

HOA fees are monthly or bimonthly fees charged to all units depending on their expenses, and it is divided depending on each unit size.

It covers general maintenance such as: swimming pool maintenance, gardening, concierge, 24/7 security, elevator, etc. It will depend on each development of course.



WHAT WOULD THE **COST OF LIVING, INCLUDING UTILITIES, BE?**

Here are some essential month-to-month expenses for living in Mexico. We're using the most popular retirement destinations like Riviera Maya, Playa del Carmen, Tulum and Puerto Vallarta as references so these are only estimates.

- Utilities (water, electricity, gas, landline, internet): \$200 USD
- Cell phone: \$50-70 USD
- Groceries for two: \$100-200 USD
- Recreation for two (restaurants, bars, tourist sites): \$400 USD and up
- Gas: \$150 USD
- Private medical insurance: \$140 USD (or \$1,500 USD per year, approximately)
- Domestic services (house cleaning, etc): \$100 USD (once / week)

Total per month:
approximately \$2,140 - \$2,260 USD / Month

WHAT WILL MY ESTIMATED RETURN ON INVESTMENT BE?

This will depend on different factors such as:

A. What type of property you are buying and where it is located.

B. Who will handle the rentals of your property and how much experience they have.

C. What your property includes i.e. amenities, furnished, kitchen and washing equipment, attractive decor, wifi, smart TV. You'll score points if you can offer benefits that other properties don't.

We can provide you with an estimated (conservative) ROI for you to have a better idea.



HOW FAR ARE TAO'S PROJECTS FROM THE BEACH?



This will vary depending on the property you choose. Nevertheless, most of our projects are a 5 to 8-minute drive to the nearest beach and most are located inside Premium Residential complexes which are not common to see by the beach.

You'll realize that you don't have to own property directly in front of the ocean to have that "beach property" dream.



WHY DO OUR CLIENTS **TRUST US?**

We have more than 16 years of experience in the Real Estate industry, many projects already delivered and in the process of delivery, and even sample houses for us to show you!

Nothing is more powerful though than showing you what others say about us:

[Click here to watch the video](#)



I HOPE THESE TOP FAQS HAVE HELPED YOU!

We would love to guide you through each step of the purchasing process.

We have properties in the Riviera Maya, Puerto Vallarta, and Los Cabos. Definitely the hottest locations for investment.

We will be more than happy to receive a call or an email with your questions.



READY TO TAKE THE NEXT STEP?

Let's find your perfect property match. **Contact us today!**



info@
taomexico.com



REGISTER
NOW