

ASK A REALTOR

BY: MICHAEL GREEN, BOARDWALK REALTY

Q: Can a USA or Canadian citizen own real estate in Puerto Vallarta? Peter H. Seattle

A: Hi Peter, you sure can, by placing the property in a bank trust, or "**Fideicomiso**". Title of the property is transferred to a trust with a Mexican bank acting as Trustee. The Trust Agreement is formalized by the issuance of a permit from the Mexican Ministry of Foreign Affairs. There are three parties to the trust: The seller of the property is the Trustor, the bank is the Trustee (Fiduciario), and the **buyer is the Beneficiary** (Fideicomisario.) The buyer is designated as Beneficiary in the Trust and the beneficiary rights are recorded in the public record by a Notary Public. The Trust is currently for a term of 50 years and can be renewed for additional 50 year terms. Many people have the mistaken belief that the trust is similar to renting, or a lease, this is NOT the case! The bank holds the property in trust and follows your instructions. The property is NOT an asset of the bank, it is your asset. **As Beneficiary, you have the same rights, use and enjoyment as a Mexican National**, and can sell or rent your property without restriction, and keep the proceeds. You may also transfer your rights to a third party or pass it on to named heirs. The bank charges the person desiring the Fideicomiso an initial fee of approximately \$500 USD for signing the agreement and establishing the Trust and a yearly fee of approximately \$464 USD for administering the trust. You are free to choose which bank you prefer to hold your bank trust. Your local AMPI Realtor will be able to coordinate all the paperwork involved in this process. You will just need to provide photo identification, and fill out a very basic bank form with your personal information and instructions on how you wish to hold the property and who you want to pass it to in the event of your death. I recommend using a bank that will lock in the administration fee, and has a local English speaking representative. You can also request a clause be added to your trust allowing you to attend and vote at the Homeowners meetings without getting a proxy every year from the bank. Some people complain about the trust process, but there are benefits: As part of the closing process, the bank's attorneys review the deed and are able to sign on your behalf. It is always nice to have another set of trained eyes review your deed before signature. Also, the trust separates the asset legally, much in the way a "living trust" does in the United States. Finally, in the event of the death of the buyer (beneficiary), the property automatically reverts to the substitute beneficiaries, avoiding lengthy and costly probate procedures.

Do you have a question about Real Estate in Puerto Vallarta? Just ask!

Michael Green is the Broker of Boardwalk Realty. Active in local and national Real Estate boards; published author and acknowledged expert on Puerto Vallarta Real Estate, Mike moved here in 1997 to take advantage of the unsurpassed lifestyle PV offers. E mail Mike at: Michael@boardwalkrealtypv.com