



PUERTO VALLARTA REAL ESTATE BUYER'S GUIDE

Once you find a home that strikes your fancy, you may find yourself wanting to make an offer. You would tell your agent the amount that you would like to offer and when you would like the sale to close (closing generally requires 45 days or so, but can be longer if both seller and buyer agree to a longer closing period). Your agent will contact the seller's agent for specific information on the escritura (deed) to include in the offer (seller's name, specifics of the property, etc.). Your agent writes up the offer, and generally includes a number of contingencies. These may include, for example:

- An inspection (we have qualified folks in the area who do these)
- Your review of the condo association documents (financials, by-laws, annual meeting notes, etc.)
- Acknowledgement by the seller of any legal issues related to the property or staff

You review the offer, and sign (unless there are changes to be applied.) Your agent then sends it to the listing agent, who will forward it to the seller for review. No money passes hands at the point of the offer (unlike the deposit check that's typically written in the US, for example.) There may be a counter-offer or several counter offers involved, as in the United States and Canada. Once your offer (or a counter-offer) is accepted, the contingency period begins. This is the period of time where the inspection takes place, you receive and review any condominium documents, etc.

Generally, this is a smooth process, although there could potentially be "deal breaker" items or items that will require further negotiation. Such "deal breakers" and negotiations aren't very common, but they can occur. There is an "out" (non-removal of a contingency) in case these cannot be resolved.

Once all contingencies are removed, we move to escrow. Escrow companies are generally based in the US if the transaction is in USD. It's common that your funds will remain in a US bank and be distributed from there. These companies handle the acceptance and transfer of funds to the receiving parties (the seller, the government if there are taxes associated with the sale, the real estate agencies brokering the transaction, etc.). Although the terms of your escrow deposit are subject to the contract, it generally involves:



- A wire transfer of 10% of the purchase price from your bank to an escrow account.
- The escrow fee (as outlined in your contract) - generally around \$750 or so.
- A deposit toward your closing costs (generally, a \$3000 deposit).

Note: Closing costs include both fixed (government certificates, trust setup fees, 1st year's trust payment, etc.) and variable costs (acquisition tax related to the property value, etc.). The buyer does NOT pay the real estate agency commissions - those are paid by the seller. Please feel free to ask your agent for a general range of the overall closing costs to expect.

After the start of escrow and before the closing process, a number of steps occur (mostly behind the scenes). You will have some paperwork to fill out. We often use closing coordinators. Most closing coordinators are attorneys well versed in the closing process. The closing coordinator (who is identified in your contract) will ensure that there are no liens on the property, that all taxes and HOA fees are up-to-date, and that the trust is either transferred from the existing trust-holder or that a new trust is setup. They work with the notaries and the agents to drive the process.

Quick side note - Trusts (called fideicomisos) are required for non-Mexican citizens purchasing property within 50 kilometers of the coast (which means that they're required for Puerto Vallarta properties). These trusts are NOT leases, and are not listed as bank assets. They are renewable 50 year trusts that designate to whom the ownership of your property will transfer if you were to pass away. Your beneficiaries will be noted in the trust, which will then be transcribed into the deed.

Your agent will work with the closing coordinator and notario (a government official - I'll explain his role a bit later) to determine the closing date for your new home. The date is listed in the contract, but (unlike the US and Canada) is definitely subject to change by a few days or a few weeks (rarely, but occasionally more than that), as several government agencies (and more importantly - the banks related to the trusts) are involved. If you can't attend the closing, there is also a power of attorney process available.



Just prior to the close, you will be asked to wire the remaining balance of the purchase price and the balance of the closing costs. You will probably be asked to wire transfer a sum a bit above those amounts to account for pro-rated prepaid items (taxes for the remainder of the year, HOA for the rest of the month, with an offset for anticipated utility bills that are due to be received, etc.)

Your agent will attend the closing with you (or your power of attorney.) This occurs at a notario's office. The notario in Mexico is a not the same as a notary public in the US. The notario is a government-appointed position who is responsible for all of the legal transactions related to a property transfer. That individual is a lawyer, and is up to date on all of the related laws. They are esteemed individuals who ensure that all legal i's are dotted and t's are crossed in the transfer of the property.

At the closing, the closing coordinator can review the new escritura with you. You and the seller will both sign the escritura and place your fingerprints on the document. You then receive the keys and a "congratulations!" from all. At that point in time, you're a new Puerto Vallarta homeowner!

