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RULES FOR ACQUISITION OF REAL ESTATE IN MEXICO BY FOREIGNERS.

As a general rule, foreigners may acquire direct title to real property in México.

However, acquisition of direct title to real property located within a strip 100 kilometers (62 miles) wide along the borders and 50 kilometers (31 miles) wide along the seashores (the "Restricted Zone") can only be made by Mexican individuals or by Mexican corporations.

Acquisition by Mexican corporations of direct title to real property located within the above referred Restricted Zone is subject to the following conditions:

a) That the bylaws of the corporation contain a clause barring it from admitting any foreigners to participate in its capital stock, or the so called "Calvo clause", by which any foreigners holding any interest in it at any time agree to waive the protection of their corresponding governments in respect of their interest in such corporation or of any assets it owns; and

b) If the bylaws of the company contain the above referred Calvo clause, that the property is not used for residential purpose and the acquisition is reported to the Ministry of Foreign Affairs within 60 business days.

Foreign individuals and foreign corporations, as well as Mexican corporations with foreign investment (and the Calvo clause in their bylaws) which intend to use the property for residential purposes, may acquire trust beneficiary rights to real property located within

the Restricted Zone, which are subject to the following characteristics and requirements:

a) The trust gives the trust beneficiary rights of usage and disposal of the property;

b) The trustee (a Mexican bank) holds title to the property;

c) The term of the trust may be of up to 50 years and is renewable;

d) Prior authorization must be obtained from the Ministry of Foreign Affairs for the trustee bank to accept and form the trust. If the application for this authorization is filed at the Ministry's central offices, the same must be resolved within 5 business days. If filed at any of the Ministry's delegations it must be resolved within 30 business days. If no response is given by the Ministry within these terms, the authorization is to be deemed granted.

Foreign individuals or corporations intending to acquire real property located outside of the Restricted Zones or to obtain concessions for exploitation of mines and waters within Mexican territory must, as a general rule,

a) agree with the Mexican government to waive the protection of their corresponding governments in respect of their investment and

b) obtain the authorization of the Ministry of Foreign Affairs.