

# Separating Fact From Fiction



By Chris Snell

## OWNERSHIP IN MEXICO PART 7

With all the rumors, conjecture and propaganda being passed around about how Ownership in Mexico works, I have decided to write a series of articles entitled "Separating Fact from Fiction". This 10-part series will cover a variety of issues, including what to watch out for when purchasing property, how the trust process works, when to release your funds, why use escrow accounts, always get title insurance, capital gains tax, why and how to manifest your new construction, etc...The complete document from which these excerpts were taken is available by contacting one of our offices or visiting our website at [www.snellrealestate.com](http://www.snellrealestate.com)

Be smart, have fun and stay safe.

Chris Snell

### Why purchase your property through Snell Real Estate?

Selection, Service and Security for your investment. Snell Real Estate has completed over \$200,000,000.00 in real estate sales in Los Cabos! This involves everything from small condominiums to large development sites. After all these years, and all those dollars, we stand behind every sale with the satisfaction and knowledge they were completed in accordance with Mexican, U.S. and International law. There are no ghosts in our closet and we do not intend to have any. That is crucial, because in Mexico, some of the real estate transaction safeguards, which we take for granted in the U.S. or Canada, are not mandatory. However, they are available. We encourage every buyer to take the same safe steps they would in any real estate transaction:

- Use an independent broker that represents your interests.
- Always use a third party insured escrow account.
- Always obtain U.S. title insurance.
- Be well informed about each step of the purchase process.

There are well-established procedures in place to protect your investment and make sure your purchase is secure. If anyone ever tells you "Well this is Mexico and that's the way we do it here", the have just thrown up a red flag and you should look for another agent.

Snell Real Estate will not let you purchase a property that cannot receive a U.S. Title Policy with Stewart Title Guaranty of Houston, Texas.

### Selection of properties

Snell Real Estate represents the finest and most unique properties in Los Cabos. In addition, we are aware of the properties that have title or tax issues. We are committed to finding you the perfect home, while protecting your interests every step of the way.

**Golden Rules:** Always get your Trust.  
Always Record the Real Value.  
Always get Title Insurance.

At Snell Real Estate, we never forget it's your money and your investment...it's our job to protect it. We know the rules, we know the laws and we know Baja. Snell Real Estate is the safe, secure way to buy real estate in Mexico.

"The Most Trusted Name in Real Estate"



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## OWNERSHIP IN MEXICO PART 8

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When you read about buying property in Mexico, every article stresses "do your homework," "complete your due diligence," "check out this," "review that," etc. We can make your homework really easy ... keep your money in a third party insured escrow account until you have your Trust (Title). NO TRUST, NO MONEY. Whether you're a buyer or a seller, you want assurance that no funds or property will change hands until ALL the required steps in the transaction have been followed or carried out.

When Snell Real Estate closes your transaction, the money is placed in your personal escrow account with Stewart Title Guaranty in Houston, Texas. Your money is not commingled with other funds, and is not released to the seller until you have your Title and all other conditions stipulated have been satisfied. Our closing system is the safest and most secure such process in Mexico. When purchasing property in Mexico, the key step is for the SELLER to sign over his/her property rights to the BUYER. This is done with a "Letter of Instruction" from the seller to the Trustee Bank, stating that they rescind any ownership rights to the property and authorize the transfer of rights to you. The "Catch 22" is that the SELLER does not want to release the letter until he has the money, and the BUYER does not want to release the money until he has the letter. SOLUTION: a neutral, insured third party escrow service that releases the funds based on the terms and conditions agreed to by both the BUYER and SELLER. When the funds are held in escrow until title transfers, the burden of transferring clear title is put on the seller. If there is a problem, the seller must remedy the issue, or he will not receive your money, and if you, the purchaser, have a problem, the burden is now on you to get it solved, but in the meantime, your money is still securely held in escrow.

Never use a private escrow account or a simple bank account that someone calls an escrow account. The key to escrow is that the escrow agent is a third party, neutral entity that can only release the funds based on the Escrow instructions signed by both the buyer and the seller. No matter how many phone calls anyone else makes to release money, it will not be released unless the terms of the disbursement instructions are met. You will also sign an Escrow Agreement, which allows the money to be placed into an interest-bearing account, with the interest going to whomever the buyer and seller have agreed to in the escrow instructions. If there is no Escrow Agreement or Disbursement Instructions to be signed, you can bet it is not a real escrow account.

Keep it safe and keep it simple. Let Snell Real Estate and Stewart Title Guaranty handle your property purchase in Mexico. Snell Real Estate will only represent properties that can receive a U.S. Title Policy with Stewart Title Guaranty of Houston, Texas.

**Golden Rules:** Always get your Trust. Always Record the Real Value. Always get Title Insurance.

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