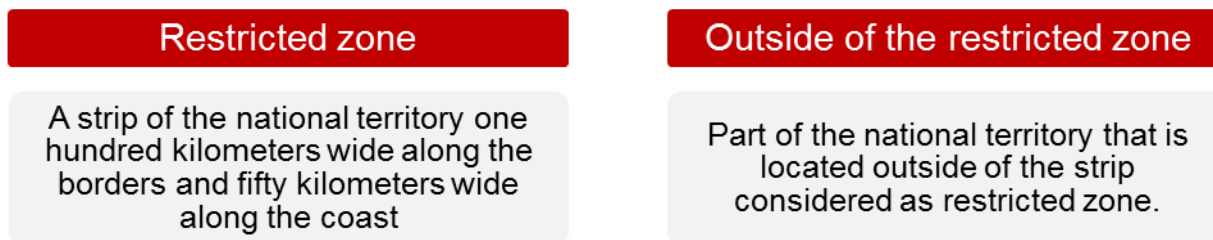


REAL ESTATE REGIME

For the acquisition of real estate within the national territory, it is necessary to consider several factors, which include:

- a) The place where the real estate is located and its use or purpose (residential or non-residential activities) and,
- b) The nature and nationality of the acquirer of the real estate.

For the purposes of the location of the real estate, the Political Constitution of the United Mexican States classified the national territory in two zones, each one with different requirements so that nationals and foreigners may acquire the domain or the use and enjoyment of real estate¹. These zones are:



On the other hand, the use or purpose, the legal nature of the acquirer and his nationality also determine the mechanisms to obtain the property or the use and enjoyment of real estate. In this regard, the schemes for the acquisition of real estate will depend on whether it is:

- a) Mexican corporations without a foreigners exclusion clause; or
- b) Foreign individuals or foreign legal entities.

The following table summarizes the mechanisms to obtain property or, where appropriate, the possession of real estate according to such schemes.

	Mexican corporations that admit foreigners	Foreign individuals or foreign legal entities
Outside of the restricted zone	Include in their corporate by-laws the agreement provided by Section I of Article 27 of the Political Constitution of the United Mexican States.	Must previously submit a statement agreeing on the terms of Section I of article 27 of the Political Constitution of the United Mexican States and obtain the corresponding permit of the Secretariat of Foreign Affairs.

¹ [Article 27, Section I of the Political Constitution of the United Mexican States](#)

<p>Restricted zone</p>	<p>Include in their corporate by-laws the agreement provided by Section I of Article 27 of the Political Constitution of the United Mexican States.</p> <p>For non-residential purposes, only a prior notice to the Secretariat of Foreign Affairs is required.</p> <p>For residential purposes, only the use and enjoyment can be acquired through a trust. Ownership cannot be acquired by any means².</p>	<p>Only the use and enjoyment can be acquired through a trust. Ownership cannot be acquired by any means.</p>
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1. ACQUISITION OF REAL ESTATE OUTSIDE THE RESTRICTED ZONE BY MEXICAN CORPORATIONS THAT ADMIT FOREIGNERS.

Mexican corporations that allow foreigners’ participation must include within their corporate by-laws the agreement provided for in Section I of Article 27 of the Political Constitution of the United Mexican States in order to acquire real estate outside of the restricted zone.

Through this agreement, foreigners accept to be considered as Mexican nationals and not to invoke the protection of their governments with respect to real estate, under penalty of forfeiting them in favor of the United Mexican States.

2. ACQUISITION OF REAL ESTATE WITHIN THE RESTRICTED ZONE BY MEXICAN CORPORATIONS THAT ADMIT FOREIGNERS.

Mexican corporations that allow foreigners’ participation must identify the type of use that will be given to real estate, when it is located within the restricted zone. According to this use, they will be bound to carry out one of the following procedures:

² Article 5 of the Regulations to the Foreign Investment Law and to the National Registry of Foreign Investments (RFIL), defines “real estate for residential purposes” as the one intended exclusively for housing the owner or third parties; meanwhile “real estate for non-residential activities” includes, but is not limited to real estate: I. Intended for time-sharing; II. Intended for industrial, commercial or tourism activity and which are simultaneously used for residential purposes; III. Acquired by credit institutions, financial intermediaries and auxiliary credit organizations, for the recovery of amounts owing to them derived from transactions within the scope of their purpose; IV. Used by legal entities to comply with their corporate purpose, consisting in the sale, development, construction and sub-division and other activities included in the development of real estate projects, until the moment of their commercialization or sell to third parties, and V. In general, Intended for commercial, industrial, agricultural, ranching, fishing, forestry and the provision of services.

If the real estate is acquired for residential purposes

- Only the rights of use and enjoyment of the real estate might be acquired through a trust.
- The fiduciary delegate of the credit institution must carry out several procedures before the Secretariat of Foreign Affairs.

If the real estate is acquired for non-residential purposes

- Give notice of the acquisition to the Secretariat of Foreign Affairs, within sixty business days following the acquisition date.

3. REQUIREMENTS FOR A FOREIGN INDIVIDUAL OR FOREIGN LEGAL ENTITY TO ACQUIRE REAL ESTATE IN MEXICO.

The procedure that foreign individuals and foreign entities must carry out to acquire ownership or, the rights of use and enjoyment of the real estate within the national territory is the same for both, so the only relevant criterion, in this case, is the location of the asset. In this regard, the procedures to acquire the real estate are the following:

If the real estate is located outside of the restricted zone

- Application FF-SRE-006 or FF-SRE-007 must be submitted before the Secretariat of Foreign Affairs. Through this application the acquirer (foreign individual or foreign legal entity) agrees to be considered as Mexican national and not to invoke the protection of their government with respect to such property, under the penalty of forfeiting it in favor of the Nation.
- An authorization must be obtained from the Secretariat of Foreign Affairs for the acquisition of the real estate, once the above mentioned application is submitted.

If the real estate is located within the restricted zone

- A trust must be constituted in order to grant the foreign individual or legal entity the rights of use and enjoyment of the real estate. Ownership may not be acquired by any means.
- The fiduciary delegate of the credit institution must carry out several procedures before the Secretariat of Foreign Affairs.

4. PROCEDURES BEFORE THE SECRETARIAT OF FOREIGN AFFAIRS FOR THE ACQUISITION OF REAL ESTATE

To acquire real estate in Mexico, Mexican companies with foreign investment participation or foreign individuals and legal entities must comply with the formalities referred below. These formalities are carried out personally at the Directorate General of Legal Affairs of the Secretariat of Foreign Affairs (SRE, in Spanish)³ or at the state delegations of the Secretariat⁴.

A. MEXICAN COMPANIES THAT ADMIT FOREIGNERS.

I. Real estate located outside of the restricted zone.

Mexican corporations that allow the participation of foreigners must comply with Article 27, Section I, of the Political Constitution of the United Mexican States in order to acquire real estate outside of the restricted zone. In this regard, these corporations must include within their corporate by-laws a statement whereby foreigners agree to be considered as Mexican nationals with respect to real state and not to invoke the protection of their governments concerning said property, under penalty of forfeiting the property in favor of the Nation.

II. Real estate located within the restricted zone.

a) For non-residential purposes

The corporation must give notice of the acquisition of the real estate to the Secretariat of Foreign Affairs, within sixty business days following the acquisition date.

Which documents are needed?

1. Application [AVISO10](#) (original and 2 photocopies).
2. Location and description of the property.

³ Located in Plaza Juárez No. 20, ground floor, colonia Centro, Cuauhtémoc, zip code 06010, in Mexico City.

⁴ [Delegations](#)

3. A clear and precise description of the uses that will be given to such real estate.
4. A copy of the public instrument that formalizes the acquisition of the property.
5. Payment of the applicable fee.

Does it cost?

Submission of each notice of acquisition of real estate: \$945.00 MXN
Submission of notice out of time: \$ 7,280.00 MXN.

Authority's response time

One business day.

b) For residential purposes

The corporation may only acquire the use of real estate through a trust. In this regard, fiduciary delegates of credit institutions must obtain a permit from the Secretariat of Foreign Affairs to acquire, as trustees, the rights to real estate located within the restricted zone.

What are the requirements for the application?

The application must contain:

1. Name and nationality of the settlor;
2. Name of the credit institution that will act as trustee;
3. Name and nationality of the beneficiary and, if there are any, of the beneficiaries in second place and of the substitute beneficiaries;
4. Duration of the trust;
5. Use of the real estate (purposes);
6. Description, location, area, measurements and bounds of the real estate;
7. Distance with respect to the border or the Federal Seaboard Terrestrial Zone.
8. Payment of the applicable fee.

How to submit the procedure?

The fiduciary delegate through the electronic system enabled to do so, will submit and receive the corresponding permit.

Does it cost?

Expedition of the permit to establish a trust in the restricted zone: \$13,910.00 MXN.

Authority's response time

Five business days.

B. FOREIGN INDIVIDUALS OR FOREIGN LEGAL ENTITIES

The procedure that foreign individuals and foreign legal entities must carry out is the same for both, so the only relevant criterion, in this case, is the location of the asset.

I. Real estate located outside of the restricted zone.

Foreign individuals or foreign legal entities must previously submit a statement whereby they agree to be considered as Mexican nationals with respect to the real estate and not to invoke the protection of their governments in reference to said property, under penalty of forfeiting it in favor of the Nation.

The application and requirements are available at the e-government portal <http://sre.gob.mx/convenio-de-renuncia-para-la-adquisicion-de-bienes-inmuebles-fuera-de-zona-restringida>

Which documents are needed?

If the procedure is carried out by the foreign individual:

1. Format [FF-SRE-006](#) (original and 2 photocopies);
2. Document indicating the area, measurements and bounds of the real estate, signed by the applicant; and,
3. Copy of the valid migratory document.

If the procedure is carried out by the legal representative of the foreign legal entity:

1. Format [FF-SRE-007](#) (original and 2 photocopies);
2. Document indicating the area, measurements and bounds of the real estate, signed by the legal representative;
3. Power of attorney of the legal representative. The legal representative must have a special power of attorney, expressly setting out the agreement in one of its clauses and the waiver to which said constitutional provision refers, or a general power of attorney for acts of domain.
4. The original documentation evidencing the legal existence of the legal entity (public instrument, minutes, certificate or any other instrument of incorporation, as well as the by-laws by which the legal entity is governed) duly legalized or apostilled and if the documents submitted are in a language other than Spanish, they must be accompanied by their translation made by a professional.

For more details, refer to the website: <http://sre.gob.mx/convenio-de-renuncia-para-la-adquisicion-de-bienes-inmuebles-fuera-de-zona-restringida>

Does it cost?

It is cost-free.

Authority's response time

Two business days.

II. Real estate located within the restricted zone.

Foreigners may only acquire the use and enjoyment of real estate located within the restricted zone through a trust. In this regard, fiduciary delegates of credit institutions must obtain a permit from the Secretariat of Foreign Affairs to acquire, as trustees, the rights to real estate located within the restricted zone.

What are the requirements for the application?

The application must contain:

1. Name and nationality of the settlor;
2. Name of the credit institution that will act as trustee;
3. Name and nationality of the beneficiary and, if there are any, of the beneficiaries in second place and of the substitute beneficiaries;
4. Duration of the trust;
5. Use of the real estate (purposes);
6. Description, location, area, measurements and bounds of the real estate;
7. Distance with respect to the border or the Federal Seaboard Terrestrial Zone.
8. Payment of the applicable fee by electronic means in the certified credit institutions.
9. In case of doubt as to whether a real estate is located within or outside the restricted zone, communicate with the Directorate General of Legal Affairs of the Secretariat of Foreign Affairs, email dgajuridicos@sre.gob.mx or telephone (55)-36865100 extension 6416.

How to submit the procedure?

The fiduciary delegate must submit the request, along with the documentation mentioned above, before the Directorate of Permits of Article 27 of the Constitution.

Does it cost?

Expedition of the permit to establish a trust in the restricted zone: \$ 13,910.00 MXN.

Authority's response time

Five business days.