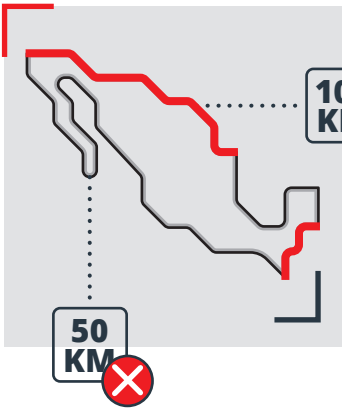


MEXICAN LAW PROHIBITS THE ACQUISITION OF DIRECT DOMAIN OF RESIDENTIAL REAL ESTATE IN THE RESTRICTED ZONE TO FOREIGNERS, THEREFORE, IN LEX 360 WE DECIDED TO ANSWER SOME OF YOUR MOST FREQUENTLY ASKED QUESTIONS.

WHAT IS THE RESTRICTED ZONE?



It is the portion of Mexican territory which consists of 50 kilometers inland from the coasts and 100 kilometers in from our international borders.

CAN I THEN PURCHASE A RESIDENTIAL PROPERTY IN THE RESTRICTED AREA?



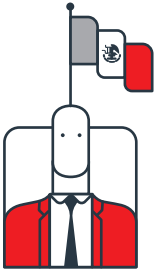
Yes, you can, through a TRUST.

WHAT IS A TRUST?



It is a contract in our Mexican legislation in which a settlor gives to a fiduciary the property or ownership of assets or rights to be destined to a legal usage. In such contract the settlor designates whomever he wants to be the beneficiary of the trust. In real estate, the settlor (seller) transfers the property to the bank (trustee) and designates the beneficiary of the trust (buyer).

WHO ARE THE PARTIES TO A TRUST?



The settlor

The person or entity that transfers the property. According to our legislation, only Mexican individuals or Mexican entities can be settlors.

If you buy, for example, from a person named Mario and he is Mexican, Mario will be the settlor.



The trustee

The banking institution that will have the direct domain of property.



The beneficiary of the trust:

The person or entity who will have the trust benefits. In real estate it is the person who will use and have the possession of the property (the buyer).

DOES THAT MEAN THE BANK OWNS MY PROPERTY?

NO, the property is held in trust. You control the property and can instruct the bank on your behalf to sell the property as an example. The bank keeps these trusts separate from its assets and in no way has any legal authority to use or sell the property.

HOW IS THE TRUST CREATED?

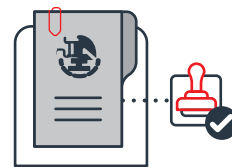


The bank must request a permit to the Foreign Affairs Secretary so that the foreigner can become the beneficiary of the trust in a residential property in the restricted area.

This process is purely administrative and an opportunity for the government to charge a fee to issue the permit

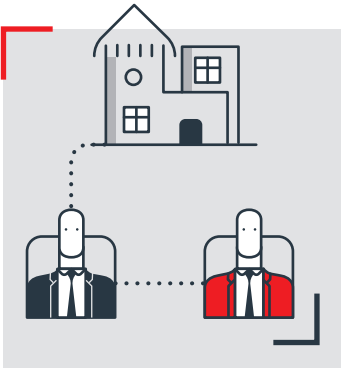


Once the permit is obtained, the draft of the deed is created, and it must be sent to the bank for approval.



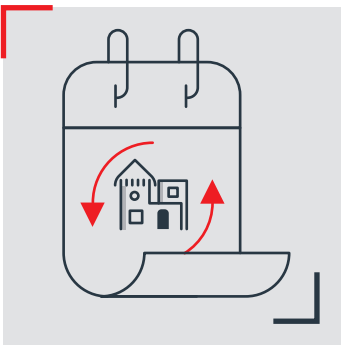
Once the approval is obtained (bank approval); it is sent to the notary for the signature of the final deed.

THE USUAL TIME FRAME FOR CLOSING IS ABOUT ONE MONTH CONSIDERING WE ARE PROVIDED WITH ALL THE DOCUMENTS NEEDED. CLOSINGS HOWEVER VARY DEPENDING ON FACTORS THAT ARE OFTEN RELATED TO HOLIDAYS AND OTHER BUREAUCRATIC ISSUES.



WHAT ABOUT IF I BUY A PROPERTY FROM ANOTHER FOREIGNER?

That means then that the property you are buying is likely already in a trust and in this case you can choose to either extinguish that trust and create a new one, or assume the existing trust via an assignment of trust rights.



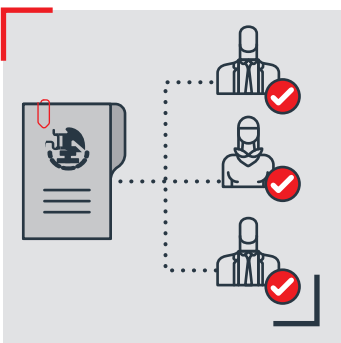
WHICH OPTION IS BETTER, CREATE A TRUST OR ASSUME A TRUST?

If you assume the trust, you save about \$1,000 USD. The permit expires in 50 years. After its expiration, you can renew the permit for another 50 years. We always recommend that if a trust is already created on a property, just assume that trust.



IN CASE OF MY DEATH HOW DOES MY PROPERTY TRANSFER TO MY BENEFICIARIES?

Within the trust contract you can designate as many substitute beneficiaries as you want with the percentage you want in case of your death. We will need a valid color copy of a photo identification to prove their identity. Within the trust contract there is a set of rules on how your substitute beneficiaries can acquire the property in the event of your death.



CAN MY SUBSTITUTE BENEFICIARIES BE MEXICAN, DO I NEED TO BE RELATED TO THEM?

Yes your substitute beneficiaries can be Mexican or any nationality; you don't need to be related to them. It can be your friend, your neighbor, or whoever you want.



CAN I CHANGE MY SUBSTITUTE BENEFICIARIES?

Yes you can, you can change substitute beneficiaries as much as you want; however, we recommend that you choose wisely because there are charges attached every time you do that due to the fact that you have to create a new deed.



CAN A BUY A PROPERTY EVEN IF I AM NOT PHYSICALLY IN MEXICO?

YES, The process for doing this varies with several factors, including if this is your first purchase or if you are from the United States of America, Canada or another country. If you choose to not attend the closing, we will work with you at that time to follow the best process. Those processes can be assigning rights to the Bank who will issue the Trust or using a Power of Attorney.

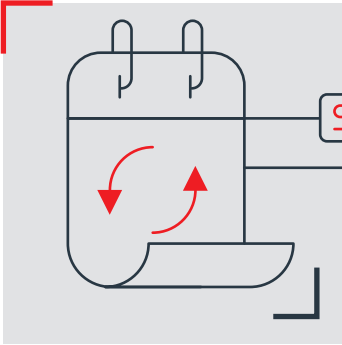


If you are going to create a new trust, some banks allow you to sign a letter of acceptance of the trust. You will have to sign this letter and send the hardcopy via FEDEX, UPS (do not use USPS). On this acceptance letter you have to designate who would you want to become your substitute beneficiaries in case of your death.



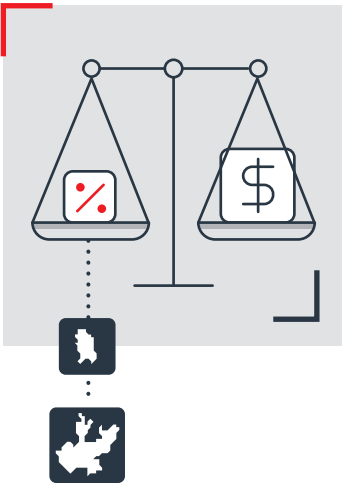
You can give a POA to somebody you trust (your real estate agent, a friend, your lawyer etc.). This POA will serve as a vehicle to acquire the property in your behalf. The POA will extinguish once this attorney in fact acquires the property on your behalf.

HOW MUCH DOES THE TRUST COST TO MAINTAIN EACH YEAR?



You have to pay a yearly fee, which depending on the bank, varies between \$400 and \$500 USD plus VAT (Value Added Tax). When you buy a property, the first year, plus all related expenses to create the trust, are included in your closing costs.

HOW MUCH ARE CLOSING COSTS?



It depends in several factors, such as the price of your property and whether your property is in Jalisco or Nayarit. Closing costs are roughly 3% to 8% of the value of the transaction and estimate can be calculated by the notary at the time you have an accepted offer.

