

### **What is Mexico's "restricted zone"?**

The "restricted zone" is defined as being any real estate that is within 30.5 miles (50 kilometers) of Mexico's coast, or 61 miles (100 kilometers) of Mexico's border with any other nation. Within this zone non-Mexicans can own real estate, but are required by Mexico's Foreign Investment Law to do so through a bank trust.

### **Why did Mexico establish the restricted zone?**

The restricted zone is enshrined in the Mexican constitution's article 27, and was designed to protect Mexico from possible invasions. While this is certainly a vanishingly remote possibility today, it is important to remember that Mexico has experienced several invasions, wars, and tremendous losses of territory in its history, and the restricted zone is really nothing more than a legacy of that history. From the non-Mexican investor's perspective, the important thing to remember is that Mexico's Foreign Investment Law was designed to facilitate the safe acquisition of coastal and border properties by non-Mexicans, and specifically designed to protect foreign owners rights.

### **Is a bank trust a form of lease?**

The trust is not a lease, and confers on the trust-holder the same rights that "ownership" does in the United States or Canada.

### **Are bank trusts safe?**

Yes. For over 35 years these trusts have proved themselves a secure mechanism for the more than a million and a half Americans and Canadians who are now enjoying the lifestyle and financial benefits of Mexican property ownership. Under this arrangement, the bank simply holds the deed to the property for you or your assignees. Your property is not part of the bank's assets and cannot be subject to bankruptcy, lien, or attached to bank obligations. You have all ownership rights to the property. The bank is obligated to do with the property everything you instruct them to do.

### **Will I be able to will my Mexican property to my children and grandchildren?**

The term of the trust is 50 years, renewable for additional 50 year period. Trusts are renewable at any time by simple application. It was never the intent that trust-held properties pass back to the government at the end of the trust period, which has been a common misconception of purchasers from the United States and Canada. Dream of your grandchildren playing on the beach!

### **Is there any other way for a non-Mexican individual to purchase real estate in Mexico?**

Not within the restricted zone, but properties anywhere outside the restricted zone (for example: Mexico City, Guadalajara, Puebla, Hermosillo, Alamos, etc.) anyone can buy property on a fee simple basis, and it is both legal and common for non-Mexicans to own property in those areas on that basis. In future articles we will discuss in detail your ownership options near the coast.

For more information, please visit my website. [www.rockypointrealestatemexico.com](http://www.rockypointrealestatemexico.com)

***Anne Saillant***