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LOS CABOS & BAJA CALIFORNIA SUR

The Buyer's Guide to Owning in Mexico

What a foreign buyer actually needs to know before making an offer in Los Cabos: how title works, what it costs, how long it takes, and where the real risks are.

LOS CABOS · BAJA CALIFORNIA SUR · MÉXICO

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START HERE

Buying here is **simpler than you think** and different than you expect

Most of what makes buyers nervous about Mexico is unfamiliarity, not risk. The mechanics are well established and have been for decades. What trips people up is assuming the process works the way it does at home.

This guide walks the entire path: how foreign ownership works, who does what, what you will pay, how long it takes, and the specific places where transactions go wrong. We wrote it from the transactions we close, not from a template.

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How to use this guide

Read section 02 before you look at a single listing. Everything else can wait until you have found something you like. If you only have ten minutes, read the closing cost table on the costs pages and the questions at the end.



We would rather lose a sale than put a client into the wrong property in a country where they do not speak the language.

HOW WE WORK

01

Before **You Begin**

The decisions that matter most are the ones people make before they ever look at a listing.

- 01 What you are actually buying
- 02 Who should not buy in Los Cabos
- 03 Setting a realistic budget

SECTION 01

What you are **actually** buying

Los Cabos is not one market. It is six or seven, and they behave differently enough that advice from one is actively misleading in another.

Cabo San Lucas trades on activity and short-term rental demand. San José del Cabo trades on town life and proximity to the airport. The Corridor between them holds the branded resort residences and most of the beachfront. The Pacific side is newer, gated and golf-led. The East Cape is quieter and partly off-grid. La Paz, Todos Santos and Loreto each price to their own logic entirely.

Before you shortlist a property, be honest about which of these you are buying into, because the same budget buys very different lives.

Three questions that decide everything

01

How many weeks will you actually be here?

Under four weeks a year, a resort community with a rental program usually makes more sense than a house. Over three months, you will want a town with a hospital, a grocery infrastructure and neighbors who live here year-round.

02

Does this need to produce income?

If yes, rental policy is a hard filter, not a preference. Communities differ sharply, and some of the most desirable addresses in Los Cabos restrict short-term rental tightly. Resolve this before you fall in love with a floor plan.

03

Do you need to swim from your own beach?

Much of the Pacific coast is not swimmable, including some of the best-known communities. If open-water swimming matters, you are looking at the Sea of Cortez side, and that narrows the map considerably.

Who should think twice

We would rather say this early than after you own something.

Buyers who need financing on American terms

Mortgage lending here is limited, expensive relative to US rates and slow. Most purchases close in cash. If yours depends on a mortgage or financing, start that conversation before you shop, not after you are under contract.

Buyers expecting US-style rental yields with no management

Short-term rental performs here, but it is operationally real: cleaning, maintenance, turnover and a manager taking a share. Owners who model gross revenue and forget the rest are consistently disappointed.

Buyers who will not travel before closing

We can do video walkthroughs and we close deals remotely by power of attorney. But seeing a community at 7am on a Tuesday tells you things no video will. If at all possible, come.

Setting a budget that survives contact with reality

The purchase price is not the number to plan around. Build your budget from four components and you will not be surprised at the notary's office.

COMPONENT

WHAT TO PLAN FOR

Purchase price

Negotiable, and the gap between list and closed varies sharply by area and season.

Closing costs

Typically **6–7%** of the purchase price, paid by the buyer.

Annual carrying cost

HOA dues, the annual trust fee, property tax, insurance and utilities.

02

How Foreigners **Hold Title**

The fideicomiso is the part everyone worries about and the part that has worked reliably for fifty years.

- 01 The restricted zone
- 02 What the trust actually does
- 03 Your rights as beneficiary
- 04 Naming heirs

SECTION 02

The **fideicomiso**, plainly

A fideicomiso is a Mexican bank trust that lets a foreign buyer hold residential property inside the restricted zone. The bank holds title as trustee. You, the beneficiary, keep every right of ownership.

50 yr

INITIAL TRUST TERM

No limit

RENEWALS PERMITTED

50 kmRESTRICTED ZONE FROM THE
COAST

What the restricted zone is

Mexico's constitution restricts direct foreign title to land within 50 kilometers of the coastline or 100 kilometers of a national border. Effectively all of Los Cabos sits inside it. The trust is the legal instrument that resolves this, and it has been in continuous use since 1973.

What you can do as beneficiary

- ☐ **Live in the property** for as long and as often as you want.
- ☐ **Rent it** , short-term or long-term, subject to the community's own rules.
- ☐ **Remodel, rebuild or expand it** , subject to local permits like any owner.
- ☐ **Sell it** to anyone, at any price, at any time, without the bank's permission.
- ☐ **Leave it to your heirs** directly, bypassing probate in Mexico.
- ☐ **Take a mortgage against it** , where a lender will write one.

What the bank is not

The trustee bank is not a partner, a landlord or a co-owner. It cannot occupy, rent, encumber or sell the property. It holds the deed and acts on your written instruction, and it charges an annual fee for doing so.

Renewal, sale and inheritance

The trust runs 50 years and renews indefinitely for further 50-year terms. Renewal is a procedural filing, not a fresh approval. The right to renew is part of the instrument itself, which is why a trust with eleven years left on it is not a discounted asset.

When you sell, the buyer either takes an assignment of your existing trust or establishes a new one. Both are routine and the notario will advise which is cleaner for the specific transaction.

Name your substitute beneficiaries at signing

This is the most valuable ten minutes in the whole process and the one most often rushed. Naming substitute beneficiaries in the trust lets the property pass directly to them without probate in Mexico. Adding them later is possible but costs more and requires the bank's process. Do it at signing.

Corporations: legal, and often misunderstood

A foreign corporation can be named as beneficiary of the trust. That is legal and sometimes sensible. Be aware that selling the shares of that company creates a real estate transaction in Mexico and Mexican capital gains tax applies, regardless of where the shares changed hands.

A **Mexican** corporation can hold property in fee simple, but only for development or investment purposes. Using one to hold a residential home and bypass the trust is against the law, contravening Article 190 of the Mexican Revenue Code and the tax treaty between Mexico and the United States. If the corresponding taxes go unpaid, the liability attaches to the property and follows it to the next owner.

If someone offers you a structure that avoids the fideicomiso

Ask them to put the advice in writing over their professional license. The answer to that request tells you everything you need to know.

03

The People in **Your** Transaction

Four parties matter. Knowing what each one is responsible for is most of your protection.

- 01 The notario público
- 02 The escrow agent
- 03 The trustee bank
- 04 Your licensed Real Estate Professional

SECTION 03

Who does **what**

PARTY

WHAT THEY ARE RESPONSIBLE FOR

Notario público

A specialized attorney appointed by the state, closer to a clerk of courts than to a US notary. Verifies title, calculates and withholds taxes, drafts the deed and records it. Their signature is what makes the transfer real.

Escrow agent

Holds your funds in a separate, individually numbered account and releases them only when the agreed conditions are met. Commonly a US based company such as Global Escrow Solutions.

Trustee bank

Holds the deed inside your fideicomiso and acts on your instruction. Charges a setup fee at closing and an annual fee thereafter.

Your licensed Real Estate Professional

Sources the property, runs comparables, negotiates, coordinates the other three and tells you when to walk away. In a market without a mandatory MLS, this role carries more weight than it does at home.

Title insurance is available and usually worth it

Title insurance on Mexican property is available to US and Mexican buyers. It is a one-time premium at closing. You insure your car and your health; a cross-border property purchase is a larger exposure than either.



There is no mandatory listing system in Baja California Sur. The same home can be marketed by four agents at four prices with nobody accountable. Choose your representation accordingly.

WHY YOUR AGENT MATTERS MORE HERE

04

The Purchase, **Step by Step**

Ten steps, ninety days, and the two places where timelines actually slip.

- 01 Offer and acceptance
- 02 Escrow and due diligence
- 03 The trust permit
- 04 Closing and keys

SECTION 04

From offer **to keys**

01

Offer and acceptance

A written offer with price, terms, what conveys and your contingencies.

02

Promissory agreement

The contrato de promesa sets out the terms both sides are bound to. Use a professional closing attorney located in BCS to review all contracts and terms prior to signing.

03

Deposit into escrow

Your deposit goes to the third-party escrow account, never directly to the seller and never to an agent's account. If anyone proposes otherwise, stop.

04

Due diligence

Title history, current property tax, utility accounts, HOA standing, permits and any liens. For land, add water rights and legal access. This is where problems surface, and it is why the period exists.

05

Inspection

Independent, and worth it even on new construction. Salt air is unforgiving and systems age faster here than most buyers expect.

Where timelines actually slip

Two places, almost always. The trust permit from the Ministry of Foreign Affairs, which is out of everyone's hands, and unpaid property tax or an unresolved lien on the seller's side, which is why due diligence starts the week you go under contract rather than the week before closing.

01

Trust application

The notario files for your fideicomiso permit with the Ministry of Foreign Affairs. This is usually the longest single wait in the transaction.

02

Appraisal and tax calculation

A municipal appraisal sets the value used for the acquisition tax, and the notario calculates what each side owes.

03

Deed preparation

The notario drafts the escritura. Read it. If a name, a measurement or a payment term is wrong, it is far cheaper to fix now than after recording.

04

Signing and funding

You sign at the notary's office or by power of attorney granted before a Mexican consulate. Escrow releases on transfer, not before.

05

Recording and handover

The deed is recorded in the Public Registry. You receive keys, plus utility account transfers, HOA contacts and any warranties.

Realistic timing

Closing typically takes **90 days** from the date of acceptance. Delivery follows at closing.

05

What **It** Costs

The closing costs, the annual costs, and the line items nobody quotes you up front.

- 01 Buyer closing costs
- 02 Annual carrying costs
- 03 What to ask before you offer

SECTION 05

Closing costs, **itemized**

Buyers in Los Cabos generally budget **6–7%** of the purchase price. Here is what that number is made of.

LINE ITEM

Acquisition tax (ISAI)

Notario fees

Fideicomiso setup

First annual trust fee

Public Registry recording

Escrow fee

Title insurance

Appraisal

Ask for the estimate in writing before you offer

Any competent notario will produce a closing cost estimate for a specific property and price. We request it as a matter of course. A buyer who sees the number before negotiating negotiates better.

What it costs to own, every year

ANNUAL COST

WHAT TO EXPECT

Property tax (predial)	Low by US and Canadian standards, and discounted for early payment.
Annual trust fee	Paid to the trustee bank for the life of the fideicomiso.
HOA dues	The widest variable of all. Ranges from modest to substantial by community, so confirm the figure for the specific property.
Insurance	Hurricane and contents coverage, priced on the value and location of the property.
Utilities	CFE electricity is the one that surprises people, particularly with air conditioning.
Management	If you rent, expect a management share of revenue plus cleaning and turnover.

The electricity bill deserves its own sentence

CFE bills on a tiered structure, and a house running air conditioning through a Baja summer can move into a much higher tier than owners anticipate. Ask any seller for twelve months of actual bills. It is a normal request and a revealing one.

ASK THESE BEFORE YOU WRITE AN OFFER

- ☐ **What are the HOA dues** , what do they cover, and when were they last raised?
- ☐ **What is the short-term rental policy** , in writing, from the HOA rather than the seller?
- ☐ **Is there a special assessment** pending or under discussion?
- ☐ **Twelve months of CFE bills** and current water arrangements.
- ☐ **Is the property tax current** , and is there any lien or encumbrance?
- ☐ **What conveys** : furniture, appliances, golf membership, beach club access?
- ☐ **Were improvements invoiced with facturas?** This affects the next owner's tax basis.

06

Where **to Buy**

Seven markets, compared without the brochure language.

01 The Los Cabos markets

02 The rest of Baja California Sur

SECTION 06

The markets, **compared**

MARKET

WHO IT SUITS

Cabo San Lucas

Buyers who want activity, walkability and the strongest short-term rental demand in Baja. Marina condos through Pedregal estates.

Cabo Corridor

Trade-up buyers. Branded resort residences and most of the region's beachfront. You will drive everywhere.

San José del Cabo

Full-time residents. A real town with hospitals, schools and the airport fifteen minutes away.

San José Corridor

Private golf communities: Palmilla, Querencia, Club Campestre, Puerto Los Cabos. Club membership is a separate question from ownership.

Pacific side

Quivira, Diamante, Rancho San Lucas. Newer, gated, golf-led, resort services attached. The ocean is dramatic and not swimmable.

East Cape

Fishing, diving and kiteboarding. Los Barriles to Cabo Pulmo, plus Costa Palmas at the top of the market. Check utilities parcel by parcel.

Todos Santos & Pescadero

Small supply, protected town center, surf at Cerritos. Verify water rights on any land.

La Paz & Loreto

Materially less expensive for comparable water access. Quieter, more domestic, thinner rental demand.

Ask us for this quarter's numbers before you set a budget

Median price, active inventory and days on market move every quarter in this market. Any figure more than three months old will mislead you, including the ones in a guide like this one. That is why we left them out.

SECTION 07

Questions we get **every week**

Q. Is it safe to buy property in Mexico?

Yes, when the process is followed: verified title, a licensed notario, a third-party escrow account, and funds released only on transfer. Nearly every cautionary story traces back to skipping one of those four, usually escrow.

Q. Do I need residency to buy?

No. You do not need residency, a Mexican bank account or a Mexican tax ID to purchase. You will want a local account afterward for utilities and property tax, but it is not required to close.

Q. Are prices in dollars or pesos?

Most listings are advertised in US dollars, which is the convention here. The deed is executed in pesos at the exchange rate on the day of closing. Watch that conversion if there is a long gap between offer and closing.

Q. Can I rent my property out?

Rental is one of the rights your trust carries. Whether you may rent short-term depends on the community, not the trust. Rental income earned in Mexico is taxable in Mexico and generally reportable at home, so speak with a cross-border accountant.

Q. What happens to the property when I die?

If you named substitute beneficiaries in the trust, it passes directly to them without probate in Mexico. If you did not, your heirs face a longer and more expensive process.

Q. Can I get a mortgage?

Some lenders write cross-border mortgages and some Mexican banks lend to foreigners, but terms are less favorable than US rates and the process is slower. Most purchases here close in cash.

Q. What if the seller will not fix something found in inspection?

Then you renegotiate the price or you walk. Your leverage exists during due diligence and disappears at signing, which is the entire reason the period is there.



Let's talk about **what you are looking for**

Tell us how many weeks a year you will be here, whether this needs to produce income, and what your budget actually is including closing costs. We will tell you which of these markets fits, and which ones do not.

PHONE	+52 (624) 218-4534
EMAIL	marketing@caborealestate.com
OFFICES	Cabo San Lucas · San José del Cabo · Loreto
WEB	caborealestate.com

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