

# SAN MIGUEL DE ALLENDE REAL ESTATE BUYER'S GUIDE

Summary & Overview:

**This guide covers the step-by-step process to  
buying real estate in San Miguel de Allende.  
Including SRE Permit Information, How To Protect  
Your Interest, and Mortgage & Finance Options.**



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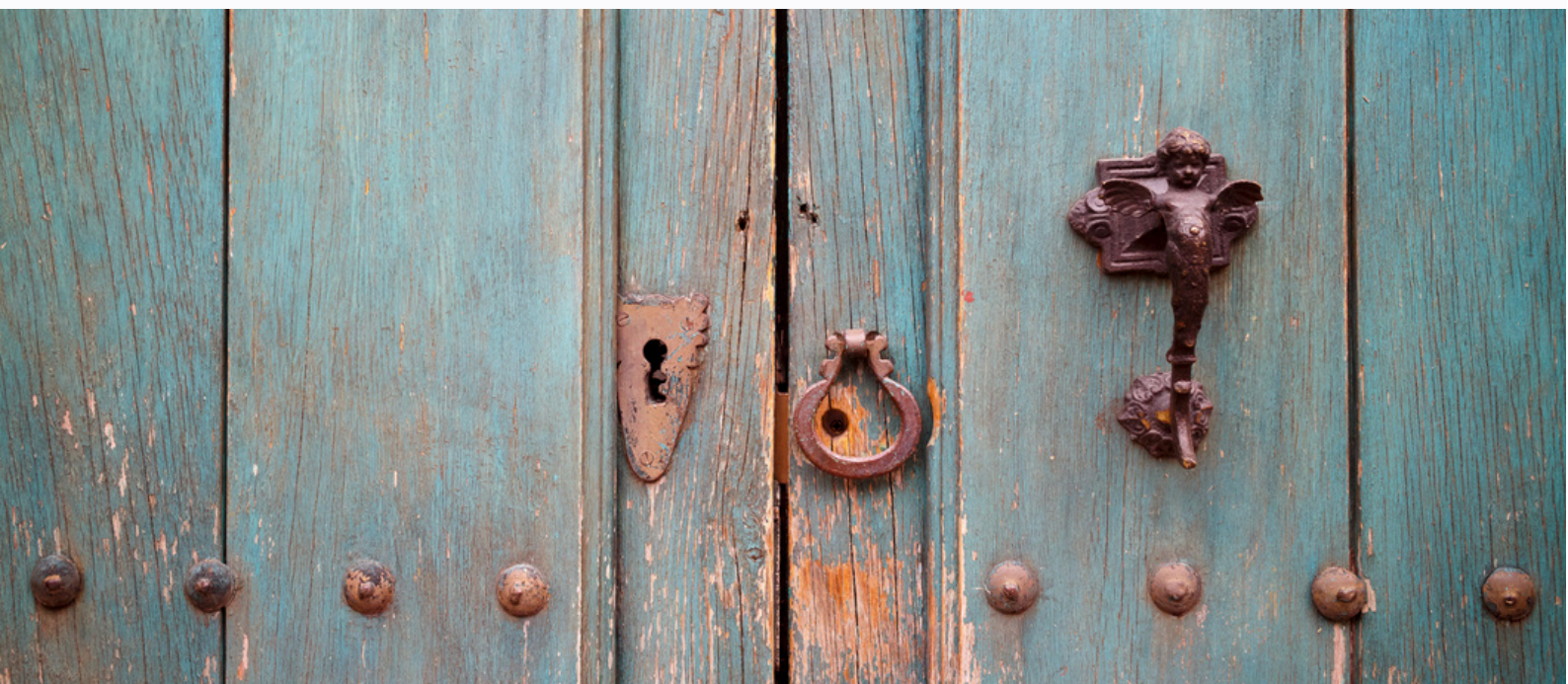
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# A BRIEF INTRO

The real estate buying process in Mexico is significantly different from that of the USA. Kimmel Realty Group was created to protect your interests, guide you through the process, provide answers to questions, and ensure a smooth experience. Kimmel Realty Group is the only brokerage in San Miguel de Allende that provides its buying clients with their own attorney (via engagement letter) at no cost to our clients. This guide covers the step-by-step process to buying real estate in San Miguel de Allende.



# WHY SAN MIGUEL DE ALLENDE?

Mexico has quickly become a top relocation destination for retirees and young remote working adults from the United States. Mexico's beauty, sunny climate, vibrant culture, friendly people, fresh cuisine, and lower cost of living have attracted more and more expats to move south of the border.

The U.S. State Department reports that approximately 1.6 million Americans currently reside in Mexico. That number makes Americans the largest group of immigrants living in Mexico. The country is also regularly listed in the top ten of Global Retirement Index's best places to retire.

San Miguel de Allende (SMA) is the most charming small town in Mexico. This is not just our opinion. SMA is a nearly 500-year-old municipality that has been named for the fifth time the "Best Small City in the World" by Condé Nast Traveler magazine, the oldest and most prestigious recognition of excellence in the travel industry.



It is close to two international airports (each a 1.5 hour drive) and close to a wonderful large, modern city Queretaro (45 minutes' drive) that features the largest mall in Mexico (with every brand you can find in the USA), a Costco and pretty much anything that you could want of a big city. It also has reliable fiber optic and fast internet.

In short, SMA is a very special place in the world to visit and an even better place to live full time, whether as a retiree or remote worker.



**Remote Working Benefits** For individuals or families whose main income providers have the ability to work remotely, SMA is a place to seriously consider as your home. As remote workers, you can continue earning the same income that you do in your home countries with the incredible buying power advantage that living in SMA provides. Remote working families can buy homes in SMA for a fraction of the price of a house of the same size and similar amenities as in their home countries. Once you own your home, your cost of living will lower significantly, and the quality of your life will increase exponentially.

**Lower Cost of Living** The property tax for a million dollar house PER YEAR is under \$2,000 USD\*. The cost of food, particularly if one chooses to shop at neighborhood fruit and vegetable shops, meat markets, etc. where the majority of Mexican families shop, is a fraction of the price you would pay in your home country (think 2,000 pesos - \$100 USD per week for two people\*). Entertainment (concerts, plays, lectures), going out to dinner, going to the movies are half to a third of the price in the USA. For example: two movie tickets at a multiplex facility with a large popcorn and two drinks total costs approximately \$18 USD\*).

**Quality of Life** It is hard to explain how much easier it is to live in SMA with all of the help that is available by wonderful people that work to do the time-consuming things that most expats do for themselves on a daily basis in their home country. Imagine not having to clean your house, cook your meals, mow your lawn, keep your garden up, or go grocery shopping. Imagine not having to drive or deal with the upkeep of a car. Imagine how much time these tasks take up in your typical week... here in SMA, you can afford to hire gracious people to do these things for you at extraordinarily low costs. With this extra time, you can do much more than just work and survive; you can work and focus on hobbies and interests for you and your children.

#### **Education System & Affordable Extra-Curricular Exposure**

An additional growing trend is that families are arriving with their school-aged children who participate in the education system in SMA.

These children have accessibility to a variety of prestigious private schools in which they can enroll for a fraction of the cost in their home countries. Living in Mexico encourages children to speak Spanish and become bi-cultural. Speaking multiple languages and living abroad has consistently distinguished students when it comes time to apply for university. Add to this the ability to expose your children to extracurricular activities that are often either too expensive or too time consuming to offer them in your home country. For example: equestrian training, professional tennis lessons, and every conceivable exposure to the arts. Here in SMA all of this is possible and affordable.

“*All year round, you can bask in the sunshine that is not too hot and not too cold, and never humid.*”

#### **Low Crime**

San Miguel de Allende has one of the lowest crime rates in all of Mexico and much lower than many cities of all sizes in the country from where you are from. When you choose to migrate to SMA, you can rest easy knowing that you are living in a safe area that is known for its cultural charm and warm community.

#### **Ideal Climate**

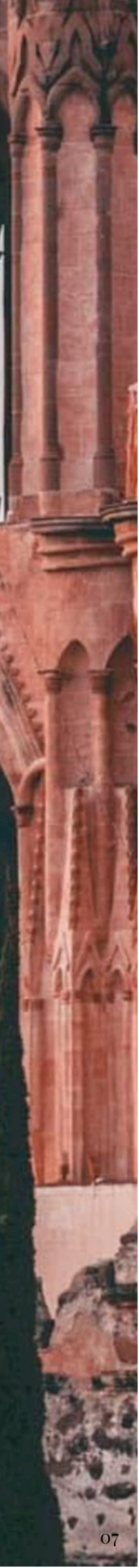
Another reason why you can find a thriving ex-pat community in San Miguel is because of its glorious climate. All year round, you can bask in the sunshine that is not too hot and not too cold, and never humid. This makes San Miguel the ideal place for anyone who is looking to live in an extraordinary outdoor environment. As a huge added bonus, SMA never has tornados, hurricanes, earthquakes, or tsunamis.

\*These costs are as of the date of this article.

# STEP-BY-STEP GUIDE

Whether a boutique or large brokerage, in San Miguel de Allende, all brokerages have access to the same Multiple Listing Service which provides information on every property listed for sale in the city. The only difference between companies is in the protection that your brokerage provides to you. Kimmel Realty Group is the only brokerage in San Miguel de Allende that provides its buying clients with their own attorney (via engagement letter) at no cost to our clients.

1. Select a real estate brokerage with agents that are qualified and dedicated to protecting your interests
2. Expat buyers can buy property with only a tourist visa
3. Through your broker/agent, qualify the neighborhood that best suits your needs and find the property you want to buy
4. Make a written offer to purchase the property drafted by your broker/agent
5. When the offer is accepted by the seller, enter into a Purchase and Sale (P&S) agreement, drafted, and reviewed by your attorney. This document will be presented in a side-by-side Spanish and English format
6. A specific closing date will be established in the agreement
7. When the agreement has been mutually agreed upon and executed, your broker or attorney will open an escrow account for the transaction. The cost of the escrow is usually shared by the parties
8. Through your broker or attorney the buyer selects the notary public that will draft the new deed that will transfer legal title to you from the seller
9. Usually, you will be required to pay a 10% to 20% deposit into the escrow account within 3 to 5 business days after all parties have signed the P&S agreement

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10. Your broker or attorney will arrange for you as the buyer to apply for an SRE permit from the Mexican government that is required for the transaction to be completed (see SRE discussion below)
  11. The agreement commonly requires, at buyer's expense, an inspection of the property to be completed by an inspection specialist and the findings of the inspection are reviewed by the buyer and seller. If the inspection uncovers issues with the property, the parties (per the agreement terms) negotiate the resolution of the issues. If the parties cannot come to an agreement about such issues normally either party can terminate the agreement without penalty and your deposit will be returned
  12. Generally, the agreement gives you the right to make a final walk-through of the property approximately five (5) calendar days prior to closing date, not as a condition of the sale but solely to confirm that the property is in substantially the same condition as on the date of acceptance of the offer
  13. All closing costs are the responsibility of the buyer. They include an acquisition tax of 4% of the property purchase price and approximately 1.5% of the purchase price as the fee to the notary. You deposit these fees into escrow account a minimum of three business days prior to the closing date
  14. You commonly deposit the remainder of the purchase price into the escrow account a minimum of three business days prior to the closing date
  15. It is common that once the contract is signed and the deposit is made, the penalty for either party defaulting is the value of the deposit
  16. Customarily, all transaction commissions for the sale are paid by the seller
  17. At the closing, with the purchase price and all buyer's costs having been paid into escrow, the transfer of deed/title document regarding the property is executed and processed and the funds are released to the seller by the escrow company, per the escrow company disbursement instructions signed by both parties. At that moment, the seller delivers physical and legal possession of the property as well as the deed covered under the P&S agreement
  18. At the closing you receive a copy of the deed and keys to the property. It usually takes approximately two months for the official deed to be registered with the state of Guanajuato. The notary notifies your broker or attorney when the original, registered deed has been returned and that the deed is ready to be retrieved



# SRE PERMIT INFORMATION

Buying real estate in Mexico does not require any special immigration status if you are an expat. However, if you do buy property here Mexico requires you to be treated exactly the same, relative to the property you purchase, as any Mexican citizen.

In San Miguel de Allende and anywhere in Mexico (excluding the Restricted Zones), you can buy real estate even if your immigration status is that of a tourist. Regardless of immigration status however, all expats must obtain a permit issued by the Secretary of Foreign Relations (SRE permit) before the property's deed can be registered in your name. When an offer is made and accepted, applying for this permit is one of the first things that you will need to do. Your attorney or your broker can seek the permit for you, but the application will require your signature. Note that your application will be specific to the property you wish to buy and to the notary that will be handling the transaction so you cannot request a generic permit. The wait time to receive the permit is approximately 2 to 4 weeks as of the date of this article.

The SRE permit is referenced and its words are actually written into the deed. The reason for this is that as a foreign buyer of property you must agree to be treated as if you were a Mexican citizen with respect to your ownership of the property. In doing this (again related only to your ownership of the property you are buying) you agree not to invoke the protection of your home government with regard to the property and your ownership of the property. If you breach this agreement, you can lose your ownership rights to the property in favor of the Mexican government.



The Restricted Zone includes all land that is located within 100 kilometers of Mexico's border with the USA, Guatemala, and Belize and within 50 kilometers of any Mexican ocean coast. In these zones, no foreigner can acquire direct title to land. They can, however, purchase property in the Restricted Zone by establishing either a bank trust (FIDEICOMISO) or a Mexican Corporation.

Considering the requirements for property acquisitions in Restricted Zones for foreigners, the SRE permit obligations are understandable to most expat buyers. Knowing all of this is part of what your attorney or broker should explain to you before you make any offers to purchase a property.



# PROTECTING YOUR INTEREST

Normally when you buy real estate in Mexico you do so by paying the full purchase price in cash at the closing. Not many expats have purchased property in this manner. The reason is because it is commonplace for the buyer to seek a loan and for banks to be in the middle of these transactions putting their money in the deal along with yours. It is the lender that protects its own interests by having the property's title, the language of the deed and the contracts of sale thoroughly checked by lawyers it hires and charges those costs to the buyer in the form of closing costs. These are processes that the average real estate buyer takes for granted in the USA, Canada, and Europe

Take the lenders out of the equation and who protects the buyer's interest in these critical areas? Who is making sure that the buyer and seller receive the benefit of their bargain? The answer is unsettling: no one.

In a large majority of real estate transactions in San Miguel, neither the seller nor the buyer is properly represented legally. Almost no real estate agents and brokers are lawyers and, even if they are lawyers, they are not acting as your attorney in the transaction. They are salespeople making their living on real estate commissions.

It is a widely held myth that Public Notaries in San Miguel (and nationally) are protecting the interests of the buyers and the sellers. The truth is, Public Notaries do not represent either the buyer or seller in real estate transactions. Public Notaries are special lawyers, with special additional legal education, that are appointed by the State government to represent the State making sure that certain projects (like real estate transactions) are handled uniformly and are properly recorded with the State's public registry.

It is therefore incumbent upon buyers to protect themselves before purchasing property in San Miguel de Allende. Be aware that Kimmel Realty Group is the only brokerage in San Miguel de Allende that provides its buying clients with their own attorney (via engagement letter) at no cost to our clients. So, before you start your property search contact Kimmel Realty Group to be provided with your own qualified attorney that will assure your interests are protected from beginning of the transaction to the end.

Remember where you are, take a deep breath and make sure you are taking logical precautions because if you don't protect yourself, no one else will.



# MORTGAGE / FINANCING OPTION



When an expat buys real estate in Mexico, it has been historically a cash transaction. Though you'll find housing prices are significantly lower than in the USA, buying a property with all cash is not always an option for our USA clients looking to relocate.

Kimmel Realty Group (KRG) is proud to present mortgages to the San Miguel de Allende community.

KRG was introduced to this innovative mortgage lender through the Mexican law firm with whom Jeff Kimmel is a partner. The law firm is the primary attorney for the lender handling all of the mortgage documentation from start to closing.

The lender is offering essentially a brand new product; a cross-border financing solution for U.S. citizens seeking to securely purchase or refinance residential property in Mexico based upon their credit history in the USA.

- Fully Amortized
- Up to 25-year term
- Fixed interest rate
- No balloon payment
- No hidden fees
- No currency exchange risk (US Dollar originated and serviced)
- Mortgage interest reported in the US (potential tax deductibility)



From pre-qualification to closing, the lender will handle our clients' loan from start to finish. The lender's talented and capable team is available to assist with any questions you may have along the way and pre-approval times are many times less than 72 hours.

These mortgages are transparent & secure, fully amortized up to 25 years, with no balloon payments, US dollar originated and serviced, with mortgage interest reported in the US. The lender is a fully regulated and audited financial institution in both Mexico and United States - backed by billions of dollars in capital.

For more information, please contact us.



# ABOUT KIMMEL REALTY GROUP

Kimmel Realty Group's goal, simply stated, is to protect our clients' interests and take the risk out of buying and selling real estate in San Miguel. It is easy to say this, but KRG has the capability to actually deliver. Here's why:

Jeff Kimmel has been a member of the California Bar since 1980 and a lover of Mexico since 1973. He and his wife Marty relocated from San Francisco, California to San Miguel de Allende in 2012 ostensibly to retire. Instead, he reinvented himself as a partner with the renowned Mexican law firm Portilla, Ruy-Diaz y Aguilar and a real estate broker/agent in 2017. Jeff's mission from its inception has been for Kimmel Realty Group to help KRG's expats clients to make the same move as safely as possible, using his bilingual abilities and knowledge of real estate and law in both the USA and Mexico. To do this, Jeff personally reviews every document in every transaction to ensure the protection of his clients' interests and Kimmel Realty Group provides each of its buying clients with their own attorney (via engagement letter) at no cost to our clients.

**If you would like to schedule a complimentary consultation, or simply have any further questions, please contact us at:**



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