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ENVIRONMENTAL
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REAL STATE

The Mexican Constitution of 1917 (specifically Article 27 thereof) expressly restricts foreigners from holding direct legal title to real property 50 kilometres inland from the coasts of Mexico and 100 kilometres from any Mexican border. **Article 27.** Ownership of lands and waters within the boundaries of national land territory is vested originally in the Nation, which has had and has, the right to transmit title thereof to private persons, thereby constituting private property.

No expropriations of private property shall be made but for public convenience and necessity, and subject to payment of indemnification.

The Nation shall at all time have the right to impose on private property such restrictions as the public interest may demand, as well as to regulate, for social benefit, the utilization of those natural resources which are susceptible of appropriation, in order to make an equitable distribution of public wealth, to conserve them, to achieve a balanced development of the country and to improve the living conditions of rural and urban population. Consequently, measures shall be issued to order human settlements and to establish adequate provisions, uses, reserves and all allocations of lands, waters and forests, to carry out public works and to plan and regulate the creation, maintenance, improvement and growth of population centers; to preserve and restore environmental balance; to divide large landed estates; to provide, under the terms set forth by the Law, the collective exploitation and organization of the *ejidos* and the communal population centers; to develop small rural property; to promote agriculture, cattle breeding, forestry and other economic activities in rural environments, and to prevent the destruction of natural resources and damages that property may suffer to the detriment of society.

The legal capacity to acquire domain over the Nation`s lands and waters shall be governed by the following provisions:

I. Only Mexicans by birth or naturalization and Mexican companies have the right to acquire domain over lands, waters and their appurtenances or obtain mining or water exploitation concessions.

The State may grant the same right to foreigners, provided they agree before the Secretariat of Foreign Relations to consider themselves as nationals in respect to such property and not to invoke the protection of their governments in reference to said property, under penalty, in case of defaulting the agreement, of forfeiting in benefit of the Nation, the property acquired by virtue thereof. In no case may foreigners acquire direct domain over lands and waters in a zone of one hundred kilometres along the international borders and fifty kilometres along the shore.

The State, according to domestic public interest and to reciprocity principles and at the discretion of the Secretariat of Foreign Relations, may authorize foreign States to acquire, at the site where Federal Powers permanently reside, private ownership over the real estate needed for the direct service of their embassies or delegations.

It, however, has been possible under Mexican federal law for foreigners to legally own or hold the exclusive use and enjoyment of Real Estate property in the so-called "restricted or prohibited zone" by two different ways:

1. A Trust, or 2. A Mexican Corporation.

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TRUST

The exclusive use a Real Estate Property by an individual may be set up by purchasing the beneficial interest through a trust mechanism, similar to the common law trusts originating in England and subsequently adopted by Canada and the USA.

The title to the property is held in trust by a Mexican banking institution, duly authorized to act as trustee with the buyers who are designated as the beneficiaries of the trust. Such trusts are to terms of fifty (50) years and are renewable for similar periods.

The trust bank is obliged to deal with the property only in accordance with the instructions of the foreign owner and the owner's interest may be passed on by will or inheritance, or may be used as collateral for a loan.

A MEXICAN CORPORATION

Holding a Real Estate property also may be accomplished by setting up a Mexican corporation.

In this case, foreigners become the shareholders and the Directors of the Mexican corporation, which will be the owner of the land in "the restricted or prohibited zone".

The Mexican Corp. owner of the real estate property in the restricted zone may be means of a 100% foreign owned corporate entity.

The corporation itself is as if it is a Mexican Person, (legally) separate and different from the shareholders.

The corporation can own its assets and goods, including the real state properties.

The directors have all the powers over the entire corporate assets, including land.

NOTARY. (REAL ESTATE TRANSACTION).

Any real estate transaction also has to be done before a Notary; he reviews the documents for the closing operation, and collects the corresponding taxes and dues.

For more information, please, visit
www.vacationsyucatan.com