

# BUYING A HOME GUIDE

TIMOTHY  
REAL ESTATE GROUP

# COMPANY

**Timothy Real Estate Group** is a locally owned and operated real estate brokerage with offices in strategic locations across the Bay of Banderas and, because the region area has varying neighborhood characteristics, we practice localized real estate. We believe neighborhood knowledge is a top factor in solid sales, and we know our communities well.

We enable our clients to realize their vision for the future. We are dedicated to transforming their concerns to peace of mind and joy while protecting their investment.

**Our philosophy of transparency, integrity and professionalism imbues our culture with a tangible sense of purpose and results in the length and depth of the quality relationships we enjoy. We believe buying or selling a home is first and foremost about people.** Of course we have the latest technology, marketing tools, statistics and research, but a successful real estate transaction comes down to people. Our professional agents structure solid transactions, connecting buyers and sellers in ways that bring satisfaction and success.

When you combine extensive local knowledge and our long standing reputation for honesty, leadership and sound judgment, you have an unbeatable resource at your disposal **Timothy Real Estate Group.**



# WHY USE TIMOTHY REAL ESTATE GROUP?

**REPUTATION.** Number one selling company since 2011 (MLS Statistics). Number one agency for recorded sales volume since 2011 (MLS Statistics). One of the fastest growing real estate companies in the Bay of Banderas.

**NETWORK STRENGTH.** Our association with AMPI (local board of realtors), Leverage Global Partners and Luxury Real Estate provides a substantial network of potential homebuyers and sellers.

**GLOBAL CUSTOMER BASE.** We work with buyers and sellers from all over the world who enjoy the benefits of real property ownership in the Puerto Vallarta and Riviera Nayarit area.

**HIGH STANDARDS.** Not every company has the opportunities **Timothy Real Estate Group** has been presented. We are proud of the developments and properties we have represented and continue to represent today.

**FRIENDLY, FULL-TIME, PROFESSIONAL OFFICE SUPPORT STAFF.** We are pleased to provide our clients with a responsible and professional staff to assure the quality real estate experience our clients expect.

**FULL-TIME PROFESSIONAL LEGAL COUNSEL.** Another way of protecting our clients throughout their real estate transaction.

**CURRENT STATE-OF-THE ART TECHNOLOGY.** We provide materials and programs that set the industry standard.

**The heart of real estate isn't just business, it's about people-agents, sellers and buyers working together to reach goals.** We offer a superior level of service and we make a difference in the communities we serve.



Protecting your investment...

# MOVING TO MEXICO

## LIVING IN MEXICO

While Puerto Vallarta and Riviera Nayarit's sandy beaches, blue skies, palm trees, Mexican architecture and tropical climate will seduce you, the remarkably affordable cost of living and quality lifestyle entices you to stay. With extensive infrastructure, safe investment, ease of access, and an established expatriate community, the region has become one of the most attractive options for foreign property investment. You will find a cosmopolitan lifestyle with small town charm and friendliness. Whether you enjoy exploring the lush jungles, a day on the beach, or strolling along the quaint cobblestone streets, Puerto Vallarta and its surroundings have everything you could want. Adventures, clubs, charitable opportunities, schools, universities, restaurants, and markets along with all the wonders of living near the Pacific Ocean are other added bonuses. As one of the most beautiful and safest cities in Mexico, Puerto Vallarta has become a haven for foreign property investors looking to find a tranquil retreat to call home. From the grandeur of our spacious villas, to the charming Spanish colonial homes, few places rival Puerto Vallarta and Riviera Nayarit in architectural diversity and allure. **Timothy Real Estate Group** can help you find your perfect Mexican home.

## THINK WE MIGHT BE BIASED?

Check out some info from AARP...Here are AARP's top picks for retirees.

No. 1. Puerto Vallarta Mexico

The magazine's travel editors call Mexico's Puerto Vallarta "the undisputed number one destination for American retirees." With its rich Indian and Spanish culture, lavish beaches and affordable real estate, Puerto Vallarta offers the low-cost, laid back lifestyle retirees seek to find in a community. The region's climate is ideal for many retirees: The average daily high temperature is 86 °F (30 °C), and the average daily low is 70 °F (21 °C). The rainy season lasts from mid-June through mid-October with August experiencing the most significant precipitation. Another benefit to retiring in Puerto Vallarta is its strong expat community, which the magazine estimates at 50,000 American retirees. And because Mexico is our immediate neighbor to the South, travel to and from the U.S. is a breeze.

See more at:

<http://www.hcplive.com/physicians-money-digest/lifestyle/AARP-Ranks-the-Top-5-Places-to-Retire-Abroad#sthash.G0lfkZyN.dpuf>

## PROPERTY TAXES

The enthusiasm for property ownership along the Mexican Riviera has reached new levels for the private property investor. Property taxes are minimal compared to the U.S. and Canada-usually about \$100 USD per year for every \$100,000 USD of property value. A \$500,000 USD condominium would pay approximately \$500 USD a year in taxes. If you pay between January and March, you may receive between 5% and 15% discount.

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## SERVICES

In short, the standard and quality of living is high. Puerto Vallarta's International Airport provides non-stop service to most Mexican and US destinations and offers connections to Europe. Local transportation is efficient and Puerto Vallarta is a clean community. The city is well served with wireless, cellular and high speed internet capabilities.

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## HEALTH CARE

The greater region boasts several modern hospitals and health care facilities excellent options being CMQ Hospital, San Javier Hospital, Hospiten Hospital and Medasist. All facilities have bi-lingual doctors on staff and accept United States issued health insurance. There are air evacuation services available to metropolitan city centers in Guadalajara, Mexico City, and the United States.

For important information and updates about Puerto Vallarta's affordable and excellent health care visit healthcare visit [healthcareresourcespv.com](http://healthcareresourcespv.com).

# IMMIGRATION

Mexico has designated three principle statuses that generally relate to foreign visitors who wish to reside for any length of time (from tourist card to resident visas). Changes to immigration law took place in 2012 and remain in effect today, slightly changing the names and requirements for such visas. To purchase a property you do not require a "resident" category visa but your future length of stay will dictate if you eventually require a resident status rather than a tourist card.

## TOURIST CARD or TOURIST VISA

This is the standard tourist form required by all persons entering the country that allows visitors to remain in the country for up to six months (and does not permit you to work or do lucrative business). This Tourist Card is easily renewed by simply leaving México within the six month period and then returning.

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## TEMPORARY RESIDENT VISA + PERMANENT RESIDENT VISAS

Both the **TEMPORARY** or **PERMANENT RESIDENT** visa are designed for those who want to live in México more than 180 days and those who may want to work or do lucrative business regardless of their length of stay. Privileges are similar for both of these **RESIDENT** visas. Either are recommended for those who choose to own property in México. Their suitability depends on your circumstances and have specific requirements to prove financial sustainability. Neither visa status requires you to give up your native citizenship and both visas allow you to apply for work/business activity status.

After four consecutive years, the **TEMPORARY RESIDENT VISA** can be converted into a **PERMANENT RESIDENT VISA**. One may also apply for permanent status right from the initial application and bypass temporary status but, in either case, it requires higher income prerequisites than temporary status. One benefit of the **PERMANENT RESIDENT VISA** is that it does not require renewal.

**Timothy Real Estate Group** recommends you visit your local Mexican consulate to verify the processes for any of the above mentioned. A visit with a local accountant or real estate lawyer may also help you determine the best status for your situation. We recommend a visit to the following websites: [www.sre.gob.mx](http://www.sre.gob.mx) | [www.inm.gob.mx](http://www.inm.gob.mx)

# THE BUYING PROCESS

Once you find a property you would like to purchase, your **Timothy Real Estate Group** agent will...

- ✓ Research the property regarding price.
- ✓ Research potential issues that could affect your investment.
- ✓ Determine the motivation level of the seller and their agent.

After these factors are discussed you may decide to move forward with the purchase process.

## PURCHASE AND SALE AGREEMENT

Once an offer on a property has been made by a buyer and accepted by the seller, they enter into a legal contract known as a Purchase and Sale Agreement. It is required in Mexico that all legal contracts be in Spanish, so your contract will typically be in Spanish with an English courtesy translation. If a contract is only in Spanish, it is the buyer's responsibility to have the contract interpreted as Spanish is the legally binding language. Your agent will explain the contract, contingencies and importance of adhering to timeframes.

## INSPECTION

**Timothy Real Estate Group** recommends an inspection of the property. This is to protect you and your investment. The home inspector will verify if the systems are in good working order and the home is in sound condition. They will make recommendations for maintaining the property in ideal condition. Should an issue arise, you will work with your agent to negotiate repairs or concessions.

## NEGOTIATION

Negotiating is key to your success. You will appreciate the experience and expertise of your **Timothy Real Estate Group** agent. It is a fine line to negotiate on your behalf getting you the best price possible and still maintain a positive relationship with the seller and their agent. Our excellent reputation in the local real estate community affords us strong working relationships.

## CLOSING

You will stay in close communication with everyone involved in the closing process. Your agent, notary and lender (if applicable) will be sharing communications as well as require signatures and information from you. Your timely response during this process is essential to protect your investment and assure you a smooth closing.

## FINANCING

Purchasing without financing is most common in our local market , but there are a growing number offinancing options in Mexico. Your agent can connect you with reputable brokers.

Although you can look for a home prior to your financing being in place, it is ideal and gives you a stronger negotiating edge if your financing is in order prior to making an offer on a property. Be prepared for a higher interest rate and a larger down payment for Mexican financing.

## TITLE

How you hold title to your property will depend on your location and if you are a Mexican citizen. If you are a citizen then you will own fee simple and hold the title of your property directly. If you are not a citizen and buying within 30 miles (50 km) of the coastline or major bodies of water (Puerto Vallarta and Riviera Nayarit) or within 60 miles (100 km) of the international borders, then your title will be held in a trust administered by a national bank. The trust functions much like a family trust does in the United States. You are the beneficiary of the trust with all the rights of use and enjoyment, improvement, ability to rent or chattel and to transfer (sell) the property at will, also providing a tool to designate secondary beneficiaries in case of death. Annual trust fees can range between \$450 USD to \$800 USD a year depending on the banking institution you choose to administer your trust.

# CLOSING COSTS

Our goal at **Timothy Real Estate Group** is to educate our clients about fees and settlement costs to be expected for a typical transaction. These could change specific to your purchase but, in general terms, closing costs for foreign investors can range from 4% to 6% of the purchase price. Some closing costs are based on a percentage of the purchase price and others on fixed fees. The notary estimate provided will detail the real costs. Your agent can explain each line item and if its applicability to your specific purchase.

## BUYER PAYS

- Legal/Notarial Fees (Honorarios Notariales)
- Escrow Account Fee (Honorario de Cuenta Depositaria)
- Appraisal (Avaluo)
- Cautionary Notice (Aviso Cautelar)
- Provisional Notice (Aviso Preventivo)
- Certificate of No Debt (Certificado de Libertad de Gravámenes)
- Certificate of No Property Tax Debt (Certificado de No Adeudo Predial)
- Fees to Constitute or Assume a Trust (Honorarios para constituir un fideicomiso)
- Foreign Affairs Permit and Registry (Permiso y Registro Nacional de Inversion Extranjera)
- Prepaid Annual Trust Fee (Anualidad Fiduciaria Prepagado)
- Property Transfer Tax (Impuesto Sobre Transmisiones Patrimoniales)
- Registration in Public Registry (Inscripción Registro Público)

## SELLER PAYS

- Real Estate Commission (Honorarios Inmobiliarios)
- Capital Gains Tax (Impuesto Sobre la Renta)
- Seller's Trust Cancellation or Cession Fees and Taxes  
(Honorarios e Impuestos para Cancelación o Cesión de Fideicomiso)

# BUYER'S FREQUENTLY ASKED QUESTIONS

## WHAT IS THE COST TO USE A BUYER'S AGENT?

Generally the seller compensates any cooperating agent/agencies as set forth in the seller's exclusive listing agreement contracted with their sales agent. As such, there is no cost for a buyer to be represented by an agent.

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## WHAT TYPE OF INFORMATION WILL MY AGENT NEED FROM ME?

To do the best job for you, your agent will need to know your prerequisites. This would include such things as:

- Preferred price range
- Number of bedrooms / bathrooms
- Style of home (single-level home, condo, duplex, gated community etc.)
- Geographical areas / neighborhoods of interest
- Special needs / special interests that your home needs to accommodate

## HOW CAN I FIND OUT ABOUT NEW PROPERTIES?

Our sophisticated custom search systems allow us to provide you with custom searches according to your specific criteria and keep you automatically updated with new listings so you are always in tune with the current market.

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## WHAT IF I FIND A PROPERTY ON MY OWN?

Many buyers widely use the Internet to search for properties while working with an agent. When you find a property of interest, it's protocol to contact your agent with the address or the MLS number of the property in question. The agent will ensure its legal validity, educate you about the property and determine important factors to be sure it is a fit for you. Likewise, if you see a sign on a property, it's protocol to contact your agent, provide them with the address and have them liaison with the representing agent on your behalf. We will provide you with all the valid information on any listing.

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## CAN I GO TO OPEN HOUSES WITHOUT MY AGENT?

Yes. However, when meeting the agent hosting the open house it's protocol to identify yourself as working with another agent.

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## HOW LONG DOES THE HOME BUYING PROCESS TAKE?

The buying process starts when you make an offer on a house and ends at "closing", when you have the keys in-hand. On average, the buying and closing process takes from 45 to 60 days. During this time, all price negotiations are done, all inspections take place and any contingencies resolved.

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## IS THERE A DIFFERENCE BETWEEN AN AGENT AND A REALTOR?

Yes, a REALTOR is a professional real estate agent who holds membership in the National Association of Professional Real Estate Agents (AMPI). A REALTOR is held to a higher standard of ethics and a strict codes of conduct.

### WHAT ITEMS ARE INCLUDED WITH A HOME?

In most cases appliances, window coverings and fixtures are included and, in our resort/second-home market, often properties are sold with furniture and other contents. A detailed inventory list should be agreed upon in writing between buyers and sellers to avoid any misunderstandings. This is often done using a photo inventory.

### WHAT IS A PRE-QUALIFICATION/PRE-APPROVAL LETTER?

A pre-qualification letter is a document provided from your lender showing the amount you are qualified to borrow for the purchase of a property. An important benefit of a pre-approval letter is that it makes your offer stronger.

### WHEN DO I HAVE TO PROVIDE MY INITIAL DEPOSIT?

Typically, the Initial Deposit is due within three working days of either the acceptance of an offer or the removal of contingencies. The Initial Deposit is also known as "Irrevocable Conditional Deposit".

### HOW LONG IS A TYPICAL CONTINGENCY PERIOD?

Usually 7 to 14 days for standard contingency clauses such as inspection and diligence.

# REAL ESTATE TERMS AND DEFINITIONS

**Agent:** It refers to the individuals or legal entities who act in the transaction as Real Estate Agents, Agents, Real Estate Agencies or any other similar.

**Agreement for Rendering Real Estate Services:** The agreement entered into by the Offerer/Buyer or Seller, depending on the case, to guarantee the payment of fees, services and expenses incurred by the Agent or Broker or Real Estate Agencies.

**Applicable Law:** It refers to the Civil Code in the State of Jalisco or Nayarit and all civil or mercantile laws applicable to the offer.

**Appointing of the Notary Public:** The Notary Public appointed by the Offerer/Buyer at their discretion and in writing, before the formalizing of the Irrevocable Transfer of Domain Contract.

**Appraisal:** An expert opinion of the value or worth of a property.

**Assesed Value:** The value placed on a property by a municipality for purposed of levying taxes. It may differ widely from appraised value.

**Bilateral Compulsory Contract:** Upon acceptance of the offer, by the Offerer and Seller, such offer becomes a contract that obligates both parties.

**Cash:** The payment option in one installment.

**Closing:** The moment when title to the property is legally transferred from the seller to buyer or buyer trust bank and documents are recorded (generally the signing of the public deed).

**Closing Costs:** The expenses associated with all transactions and documents required to transfer the title of the property via the execution of a deed and its ultimate registry.

**Commission:** A fee (usually a percentage of the total transaction) paid to an agent or broker for services performed.

**Comparative Market Analysis (CMA):** A survey of the attributes and selling features for comparable homes on the market or recently sold; used to help determine a correct pricing strategy for a seller's property.

**Condition Precedent:** A future event of eventual execution that must happen before the obligations herein established have efficacy or enforceability.

**Contingency:** A condition in a contract that must be met for the contract to be binding.

**Contract:** It refers to the Irrevocable Transfer of Domain Contract.

**Contract of Mortgage/Trust Guarantee:** The addendum agreement of this contract, in the event that is necessary to constitute a mortgage or a trust upon the real estate subject of this contract, to guarantee the installments payment when this option is elected.

**Conventional Penalty:** The penalty agreed to between the parties in the event of default, after the offer has been accepted and one or more of the parties do not perform.

**Down Payment:** A percentage of the purchase price that the buyer must deposit into escrow once a contract has been executed.

**Escrow:** A secure guarantee deposit account held by a third party custodian (Escrow Company) until conditions of a contract are met.

**Fixture:** A recognizable entity (such as a kitchen cabinet or light fixture) that is permanently attached to a property and belongs to the property when it is sold.

**Formalizing Date:** The date established herein in order to grant the deed, before a Notary Public, in relation with the Irrevocable Transfer of Domain Contract.

**Hidden Defects and/or Defects:** Defects that may or many not be detected or visibly evident.

**Home/Condominium Homeowners Association:** Group of neighbors joined with the purpose to issue several regulations for best coexistence between such neighbors.

**Initial Payment:** The first payment in the payment option by installments.

**Insurance Against Acts of God and Natural Disasters:** The insurance agreed to in the event of acts of God and natural disasters during all the time the mortgage/trust guarantee subsists.

**Irrevocable Conditional Deposit:** The initial amount that shall be deposited by the Offerer/Buyer according to the contract in order to guarantee the fulfillment of the established obligations.

**Labor Responsibility:** The obligations between the Offerer/Seller and his/her/their employees up to the formalizing date of the Irrevocable Transfer of Domain Contract.

**Late Charges:** The penalty paid when one installment is not paid within the period of time established.

**Lien:** A security claim on a property until the debt is satisfied.

**Loan:** The payment option by installments.

**Market Price:** The actual price at which the property sold.

**Market Value:** The price that is established by present economic conditions, location and general trends.

**Material and Legal Possession:** Refers to the holding of the real estate by the Owner/Seller which shall be delivered to the Offerer/Buyer on the formalizing date of the Irrevocable Transfer of Domain Contract (closing).

**Monthly Payments:** The payments due each month in the payment option by installments.

**Mortgage:** Security claim by a lender against a property until the debt is paid.

**Mortgage Guarantee:** The real estate herein established as collateral when the payment is made by installments.

**Multiple Listing Service (MLS):** A registry system of properties for sale that provides its professional real estate members and the public detailed information.

**Offer:** The declaration of intent made by the Offerer/Buyer to execute an Irrevocable Transfer of Domain Contract, which becomes a Bilateral Compulsory Contract upon its acceptance by the Owner/ Seller.

**Property Condition and State of Use and Functioning:** The state and condition of the real estate at the moment of the inspection done by the Offerer/Buyer.

**Prorate:** Divide and assess proportionately.

**Real Estate:** Also designated as real estate or property, it refers to the real property matters of this offer.

**Term of Acceptance:** The period of time for which an offer is open for acceptance.

**Trust in Guarantee:** The real estate herein established as collateral when the payment is made by installments.

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