

Home Buying in Mexico: Essential Information

San Miguel de Allende and Property Ownership

San Miguel de Allende is located outside Mexico's restricted zones (beach and land-border areas), allowing foreign nationals to purchase and own property in their name with a simple deed.

Life in San Miguel

- **Weather:** Enjoy a mild climate year-round, with warm days and cool nights.
 - **Transportation:** A car may be useful if living outside Centro, but many residents rely on walking or monthly parking rentals.
 - **Language:** Spanish skills enrich your experience but are not essential.
 - **Healthcare:** Options include public and private hospitals, with international insurance plans available.
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Migratory Status

- **Tourist Visa:** Valid for 180 days per entry, with no limit on renewals.
 - **Residente Temporal:** Temporary residency (up to four years).
 - **Residente Permanente:** Permanent residency with no renewal required.
 - *Residente* status simplifies life in Mexico and is essential for capital gains tax exemptions when selling property.
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Legal and Banking Needs

- **Notario Services:** The buyer selects the *Notario*, who oversees closing, registers the deed, and verifies property history.
 - **Local Bank Accounts:** Optional but convenient for frequent stays. Recommended banks include CI Banco and InterCam.
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Home Buying Process

1. Finding Your Dream Home

- Real estate agents in San Miguel collaborate with cooperating agents and brokers to show any property on the market. Viewing schedules are coordinated with listing agents and, if applicable, current occupants.

2. Making an Offer

- Offers are typically drafted in English if all parties are native English speakers.
- Once signed, the official Spanish-language purchase contract, *Compraventa*, is prepared.

3. Deposits and Escrow Fees

- A 10% deposit and 50% of the escrow fee (\$600–\$650 USD, shared equally between buyer and seller) are required within 3–5 days of signing the *Compraventa*.
- The deposit is non-refundable if the buyer defaults without just cause, and the seller faces the same penalty if they fail to perform.

4. Home Inspections

- Inspections, costing \$300–\$350 USD, are optional but advisable, especially for older or historical properties. Inspections provide an “out clause” if significant issues are found.

5. Closing Timeline

- Closing typically takes 30–45 days, but timing can vary by mutual agreement.

6. SRE Permit

- Foreign buyers must obtain an SRE Permit (*Permiso de Servicio Relaciones Exteriores*), costing approximately \$7,500 MXN. This document allows property ownership under Mexican law.

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Costs to Expect

- **Home Purchase Price**
 - **Escrow Fee:** \$300–\$325 USD (buyer's share)
 - **Closing Costs:** ~5% of the sale price
 - **SRE Permit:** ~\$7,500 MXN per buyer
 - **Optional Home Inspection:** \$300–\$350 USD
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Financing Options

- **Cash Purchases:** Most transactions are completed via cash (USD) wire transfers.
 - **Mortgages in Mexico:** Available but with less favorable terms (10%+ interest rates, 40–50% down, 15-20 years).
 - **Alternative Financing:** U.S. home equity loans or lines of credit may be more cost-effective.
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Title Insurance

- **Title Insurance** is optional and costs about 2% of the purchase price. While not common, it offers extra security beyond the comprehensive work performed by the *Notario*.
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Taxes and Utilities

- **Property Taxes:** Less than \$400 USD annually for a \$400,000 USD home, with discounts for early payment.
 - **Utilities:** Assistance with transfers is often provided by your real estate agent.
 - **HOA:** ~\$220 USD per month
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