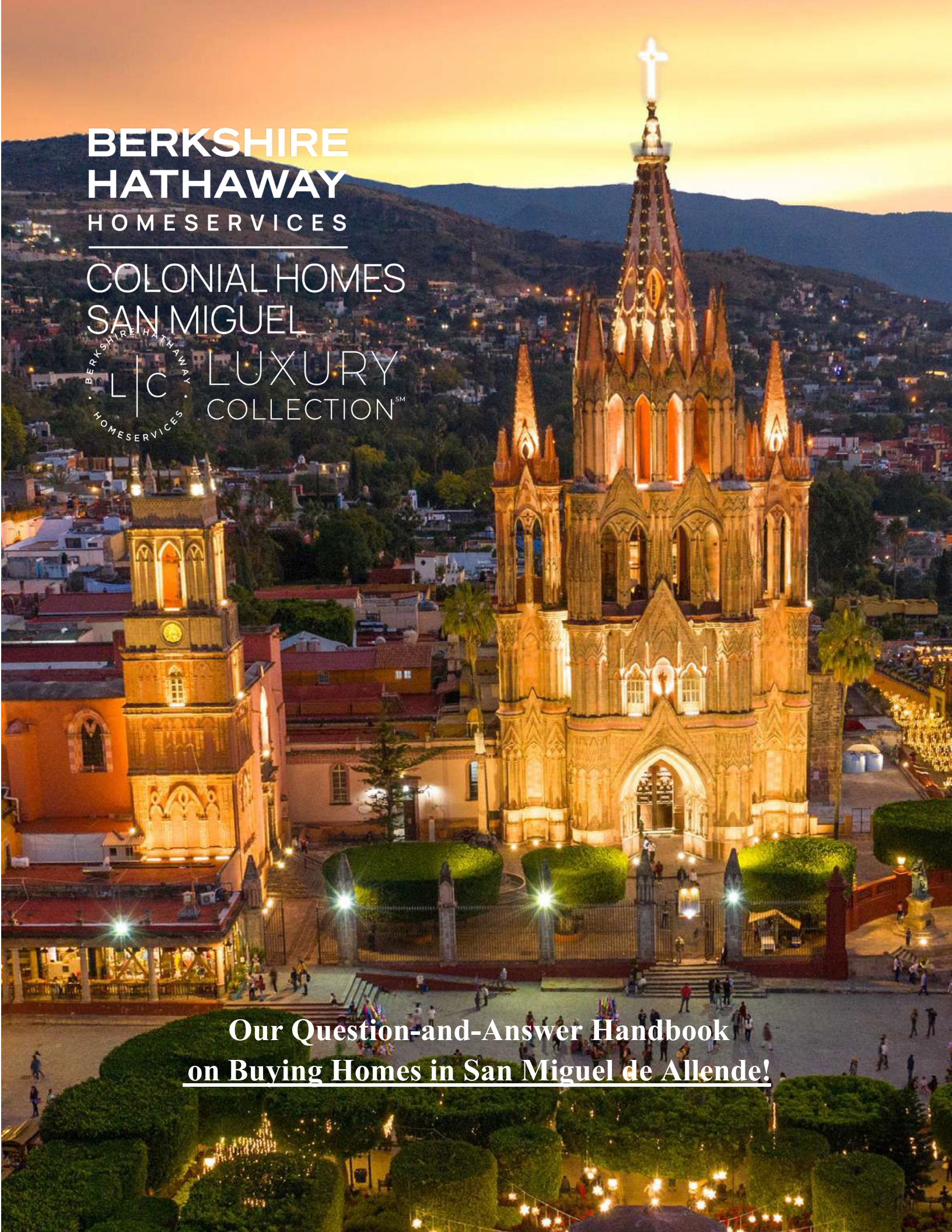
BERKSHIRE
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Our Question-and-Answer Handbook
on Buying Homes in San Miguel de Allende!

My Question-and-Answer Handbook on Buying Homes in San Miguel de Allende!

(updated January 2025)

Congratulations on your search for a better lifestyle in San Miguel de Allende! You've come to the right resource, we're the first and flagship office in Mexico for the Warren Buffett-led brand of Berkshire Hathaway HomeServices, the largest real estate brand globally by sales volume! Our office is managed and operated by business partners Alma Cecilia Ramirez, an experienced licensed real estate local Broker since 1995, member of the National Association of Realtors (NAR) also a Who's Who in Luxury Real Estate member and Greg Gunter, an American expat Realtor.

Collectively we've worked with thousands of clients just like you, seeking a new & better lifestyle in the home of your dreams, right here in the #1 ranked City in the World (five times by Condé Nast Traveler as of 2023). Many of our clients are new to the process of buying a home in San Miguel, so we've compiled a collection over the years of their questions, below. Please let me know if you have another question to add!

What's the current "State of the Market" in San Miguel de Allende real estate?

• The real estate market in San Miguel de Allende remains stable and active, even as it tends to reflect trends in the U.S. market. While challenges like higher interest rates and new transfer tax laws impact ultra-high-end markets in the U.S., Mexico's market dynamics differ significantly.

Most purchases in San Miguel are all-cash transactions, as interest rates in Mexico are approximately 3% higher than in the U.S. This makes it an ideal time to buy a home at a more favorable price compared to the post-Covid market, where property values soared. Purchasing now not only offers the opportunity to secure a property at a competitive price but also provides an exceptionally low cost of living.

Furthermore, real estate in San Miguel has the potential for steady appreciation over time, with well-located properties typically experiencing annual increases of approximately 8% to 10%, and sometimes even higher during peak periods. With tourism back to its regular activity, rental income opportunities are robust. Homeowners who rent out their properties when not in residence can enjoy a strong return on investment while owning a piece of this enchanting, culturally rich destination.

Now is an advantageous time to invest in San Miguel de Allende and enjoy both the lifestyle and financial benefits this unique market offers.

We arrive in San Miguel in a month to look at homes—what's our next step with you?

- When you ordered this booklet, your contact info is sent to me and I will contact you shortly. I will then watch for your reply to my initial outreach telling me that you're ready to chat. I'll schedule a time for you to chat at length—I'll ask you about your lifestyle preferences (i.e., if you prefer walking everywhere, or would always be taking a taxi), your architectural style preference, about any mobility issues (i.e., is a ground-floor bedroom critical), about pets or children (i.e., do you need more garden or lawn space on the ground floor), your view preferences from the roof terrace, any special floor-plan demands (do you love a grand kitchen, do you entertain a lot, do you want a plunge pool, etc…)…I'll seek a detailed insight into your home search parameters. From there, I can work to provide you the most targeted options that fit your parameters from every agency in town. Once I reviewed those options with you in advance of your arrival, I can schedule showings with you to tour your favorite options.

Can I work with you to see *any* Realtor's listing, or can you only show your own listings?

• Realtors here in San Miguel work just like in the U.S.—any Realtor can show any other Realtor's listing, and the commission is split between the Realtor who has the listing and the Realtor who has the Buyer. I will always show you the listings that best match your needs—not just my own listings—because I'll earn a commission on *any* sale. Therefore, as your Realtor I will look out for your best interests, by all means please allow me to show you whatever listings interest you or that you may have found yourself on the internet. It is beneficial for you (i.e., cost-saving) to have a Top-Producing Realtor like me representing *your* interests in a transaction.

I've been told by my friends that I should work with more than one Realtor—is that true?

• Only if you're not getting what you need! See, unlike in some U.S. markets, we do not have a Buyers Representation contract that legally obligates you to work with one Realtor. In San Miguel, we earn our commissions through hard work and—repeatedly over the years—best representing our clients' interests, which is reflected in the number of sales we successfully close each year. So initially ***I will verbally ask for your exclusivity*** and, in return, I will work extra hard to match you with your needs. Only if you find that an agent is unresponsive and doesn't show you enough qualified options to satisfy your search requirement would you then be better to work with another or multiple agents.

There are a lot of Realtors in San Miguel—what makes you best qualified to represent me?

• Yes, there are roughly 250 licensed Realtors, but about 485 who illegally claim to be a Realtor—be careful, ask for credentials! And as a Berkshire Hathaway HomeServices franchise, we're an American franchise that must meet the same standards as our U.S. sister franchises, not a Mexico-specific Master

Franchise that has no U.S. regulatory oversight like all the other local agencies. Your investment here in Mexico is better protected when overseen by a U.S. regulated real estate agency! And my agency is led by Brokers who hold the Certified International Property Specialist (CIPS) designation, an extra level of special training very few local Realtors have. When buying a home in a foreign country like Mexico, you want that level of experience working for you and protecting your investment, yes? I'll ensure that you find the home that best meets your needs at the very best value, as our client testimonials can attribute.

I heard there is not even a licensing requirement for Realtors in Mexico! Is that true?

• It was true through the end of 2019. And even though 2020 initiated the licensing requirement for a Realtor to remain a member of the AMPI real estate association (sister company to the National Association of Realtors, NAR), I personally have an email database of 485 real estate "agents," only 250 of which now hold a real estate license. As stated above, be cautious, in Mexico only work with a licensed Realtor!

Isn't there one database, like an MLS, where I can search for all homes in San Miguel?

• My Office web site is just like those in the U.S., we automatically upload the MLS to our web site—you will find it to be the most comprehensive database of listings in the market. You can find our MLS search page here **www.bhhscolonialhomessanmiguel.com/san-miguel-de-allende/mls-search/.** One there, you can infill your search parameters and find homes that match your needs exactly. Note that you can inquire about any individual home from the listing page, we will respond that day with answers for you.

I always heard that Americans cannot actually own a property in Mexico—is that true?

• No, that is not true, Buyers buying homes anywhere in Mexico that is not within 32 miles of the coast or 64 miles from the border—in other words, a place like San Miguel—can own fee-simple title where the deed is actually in your name, just like in the U.S. Only in coastal areas or borders, like Cabo San Lucas or Puerto Vallarta, are foreigners required to buy through a Fideicomiso, known as a bank trust or "nominee arrangement" (an IRS term).

I need my home in San Miguel to pay for itself with a decent ROI—is that possible?

• Many of my clients say they could afford a home here if it would just pay for its operating expenses, but with our lucrative short-term rental market, we have listings that can sometimes offer as high as a 14% ROI (Return on Investment) even ***after*** covering expenses. If you wonder how that's possible, we can show you with a spreadsheet on the specific property you are buying, but it's because labor and operating expenses are so low. Property taxes on a $500K home will run about $1,350 USD per year, for example. Electricity is about $1/day, internet a bit more, water about $20/month, a maid about $6.00/hour…all your operating expenses will be a small percentage of U.S. cost expectations. And many property managers will manage it all for only 20% of the income stream. That's why we can afford such a great lifestyle here!

What's a good rule of thumb about values and prices in San Miguel de Allende?

• In a nutshell, homes prices here are based upon a home's sightline and walking distance to the Parroquia church, our tall iconic "Eiffel Tower" landmark that marks the very heart of the city where the activity is located-it's called the Jardin, what we would call the town square. In other words, the shorter

the walking distance to the Parroquia, the more in demand the home and therefore the more expensive. Homes in Centro (around the Parroquia) or even adjacent neighborhoods like San Antonio and Guadalupe tend to be on smaller lots with less outdoor land/garden space (although with excellent roof terraces), while homes further up in the eastern hillside (Atascadero, Balcones, Ojo de Agua) can offer more value (larger lots, larger homes) because they are not a flat walk into Centro and are a longer walking time. The value equation for you will depend upon your lifestyle preferences: if a short walk to the Jardin is critical to you, your home options will be slightly fewer and more expensive, generally speaking.

I don't have much time—can I see showings the same day I call you?

• The process of showing homes in Mexico is very different than in the U.S. where Realtors use a cell phone app to digitally access a vacant home and can set up a typical showing with five minutes' lead time. Here, we have no lock boxes and the homes are almost always occupied, so we must schedule showing requests taking into account not only your and your Realtor's schedule, but also the other Realtor's schedule and the occupant's schedule. Typically, it takes about 24-48 hours to set up showings. It's also helpful to remember that many people are involved in the process, so if you are unable to meet the schedule we had previously agreed upon for a day of showings, please let me know as soon as possible so we can also let all the other showing Realtors know of your delay or cancellation.

I'm not really ready to purchase a home on this visit—should we still meet?

• San Miguel is primarily a 2nd or 3rd home market, so many of our clients are not sure *when* they will be ready to purchase a home. However, if you want to learn more about the market here (best neighborhoods, pricing, values, etc…), I feel it is always worthwhile to meet in person while you are

here, and possibly see a home or two to get a feel for what the market offers. A personal home tour is far better than an online-only tour from afar.

It's my last day in town and I just saw a home I want to negotiate! Must I change my airfare to stay longer to complete the offer and all the paperwork?

• Not at all, we can do everything long distance with DocuSign or scanned documents sent by email. The only act for which you are physically required to be present is the actual closing, but even then our real estate attorney can serve as a Power of Attorney (POA) and close for you if returning for the closing proves problematic for you—it simply requires a POA document which will require an Apostille from your Secretary of State, a process that can be managed by online companies. ***One small tip***: if you photograph or scan your passport arrival stamp with us before your departure, it will save you some paperwork down the road!

You mention a Power of Attorney, but I don't have anyone who can be my POA.

• Not to worry, the best and most efficient way to name a Power of Attorney (POA) is to name the real estate attorney that works with the Notario and us. This attorney will be representing you in the closing anyway and is legally obligated to be your representative in that role, so it is ideal for them to also serve the role as POA. You do not need to impose on anyone else to ask them to be physically present for the closing.

Is there an advantage to creating a Power of Attorney?

• In fact, there is. Although the POA can cost up to about $600 USD, it is like an insurance policy that will allow you to meet your contractual deadline obligation for closing, in the event you could not

travel back for the actual closing date should work interfere, or an illness or family emergency arise. Your named POA can also then sign your SRE permit to purchase property as a foreigner, which is helpful should there be any problem with the permit processing and it might need to be re-processed— your POA can sign for it, rather than shipping it back to you in the U.S. again and potentially delaying the closing.

Can I create a Mexican Power of Attorney once I've flown back home to the U.S.?

• Yes, you can, although the process is more expensive and considerably more trouble than creating one while you are in San Miguel. I encourage clients to invest in a POA while they are still physically present in San Miguel. If you choose to create a POA once you've returned home, you must obtain an Apostille from your Secretary of State, both expensive and time consuming, and then ship the original Apostilled document via DHL back to the Notario in San Miguel.

I am told in Mexico we should offer maybe 20% below asking price—is that accurate?

• Obviously, post-pandemic, this whole issue has changed: let's give you some history. In 2018 when our market proved as hot as pre-Recession 2007, that negotiation range dropped to under 3.6% for the entire market. In the depressed market of 2019, that negotiation rate grew larger but still to only 11% for the entire region, with Centro-close homes only negotiating 3% to 4%. At the height of the pandemic—mid-to-late 2020—there were a few desperate sellers who did indeed sell at about a 20% discount, but that timing has long past with discounts now generally ranging in the low single-digit range, depending on the home's location. Homes in or closer to Centro command a lower negotiation rate than homes outside the walking radius from the Jardin.

Yeah, but I just like to ALWAYS negotiate for a hearty discount—it can't hurt, right?

• Again, that's where our property-specific guidance is helpful. If your Realtor knows that a listing has already reduced their price by, say, 25% from the market peak, then the problem with submitting an overly onerous offer is that sensitive Sellers will then retaliate by counter-offering at very little discount—they do not take your offer seriously, thinking you have not yet been educated about our current market conditions by a professional Realtor. Approaching an offer relative to the home's specific pricing history, remembering that location is paramount to this discount amount, buys you as the Buyer much more serious negotiating response from the Seller, and ultimately a better price.

What will I pay in Closing Costs to buy a home here?

• Closing costs include a one-time Acquisition Tax fee of 4% of the purchase price, paid directly to the Mexican governmental tax authority, and roughly 1.5% of the purchase price to pay for the Notario's title search fees, deed preparation, and miscellaneous city fees (like the city appraisal, recording fees, etc…). Therefore, you can assume up front that your closing costs will be approximately 5.5% of the actual purchase price, and these costs are typically paid into the same escrow account holding the purchase price funds so they can then be distributed to the various recipients through an accountable system.

Are there any additional costs to buying a home here?

• The only other costs outside of the above-noted closing costs are:

- The SRE permit (a property-specific permit to purchase property as a non-Mexican) which is currently about 10,000 pesos for each person to be named on the deed. This is paid in cash to the Notario at the time

of signing the SRE permit application and is a simple, rubber-stamp application taking a couple weeks to process.

- The inspection fee of $300-$400 USD, which is typically paid in cash or, if applicable, sometimes through an escrow distribution.

- The total escrow account fee—currently $400 to $750 USD, depending on the number of distributions—is split between the Buyer and Seller, as in the U.S. That would be an additional $300 USD cost to you, at most.

Wow, closing costs of 5.5% average seem expensive—is there a way to reduce that?

• As your real estate representative, me as Broker and my staff will work to ensure, for example, if your purchase price includes furniture—and the Seller agrees to this strategy, a very critical "if"—that the Notario allocates a fair market value to the value of the furnishings package inclusive in your total purchase price. The government acquisition tax is currently applicable *only* to real estate, not furnishings, so that will help reduce your acquisition tax slightly. And the 4% acquisition tax might be reduced if you purchase a home that has been re-sold within the last three years, our staff will ensure you receive that savings if it is applicable. The remaining closing fees are fixed, but our agency has chosen to work with the most reputable Notario in San Miguel and send all our business to him and he, in return, gives our clients preferential pricing, similar to a bulk discount.

Who pays the real estate commission and how much is it, usually?

• As with the U.S., the Seller always pays the commission, not the Buyer. As in all of Mexico, this figure is not a set figure, but in San Miguel commissions generally average six percent, and all real estate agencies submitting a Mexican Factura (invoice) are required to collect a 16% IVA tax on top of

the commission amount, which is paid directly to the Mexican tax authority.

What is this "Notario" person that I keep reading about?

• You can think of a Notario as a combination of the title company and the closing company, all rolled into one entity. A Notario is a real estate attorney that has been granted a federal license for life—much like a judge—to conduct real estate transactions in Mexico. Only a Notario can officiate the transfer of real estate from one entity to another, and they are legally responsible for doing the title search—just like a title company in the U.S.—and ensuring that you are receiving a fee-simple real estate title free and clear of any liens or encumbrances. The Notario works in conjunction with a full legal staff to manage not only the title search, but potentially all issues related to the purchase of a property, like the SRE Permit, a Power of Attorney, or a will dictating what heirs will receive what division of your property.

You mentioned a will—tell me how that works for a home I might purchase in Mexico.

• Here in Mexico, the Notario can build in a simple "Right of Survivorship" clause directly into the deed that allows the surviving spouse to automatically retain 100% ownership of the home once a spouse passes on…but only if all Buyers are physically present at the closing. They can also sometimes include a similar clause for surviving children. Remember that a U.S. will—even if it mentions your new Mexican home—is not valid in Mexico and therefore you will always need some form of will in Mexico. If the inheritance status of your home may be subject to change, it is best to create a separate Mexican will that dictates inheritance rights—the will can be changed as often as required, the deed cannot.

Can I still get Title Insurance for my home if I want extra protection?

• We have never had a client invest the additional money to purchase title insurance, but yes, title insurance can still be purchased as an option, if you wish. The cost is $800 USD for the additional (i.e., redundant) title search and generally about $4 USD per $1,000 USD of value of the purchase price.

Know that such policies will except any oddities to the chain of title, however, so an improperly documented sale from 80 years ago, as example, will be excepted by the title company. When a property has changed hands (i.e., sold) to multiple new Buyers since that break in the chain of title, it is highly unlikely such an exception would prove problematic. And remember, the Notario is already legally obligated by Federal law to ensure you receive a property clear of any title issues, so the title insurance is then redundant.

I hear that all purchases in Mexico are all-cash. Is financing ever available?

• Yes, starting in 2021, we now have new financing options that are far superior to the old Mexican- bank financing options, which were astoundingly onerous, expensive and took many months to obtain. Remember, a U.S. banking institution cannot lend on property in Mexico, so we send clients to a company called Moxi Global Mortgage, a mortgage broker offering Mexico loan options customized to your needs. Loans in Mexico generally start at roughly 300 basis points above a U.S. loan rate and will require roughly a 40% equity payment from the borrower, but these options are the best among the other less-reputable companies in Mexico. For buyers that have substantial equity in a U.S. home or an investment portfolio, many find that a 2nd mortgage (HELOC) on their equity-rich home or a margin loan on their investment fund is a cheaper source of funds for buying a home here. However, if those options don't apply to you, this new lending instrument is an excellent resource!

Do I need a residency visa to purchase a home in Mexico?

• No, almost all my clients buy their home with the 180-day "tourist visa" that is issued by the airline when you enter the country. You can then apply for a residency visa at your leisure and, in fact, you only eventually need a residency visa to move your household goods into the country duty-free and to take advantage of the Capital Gains Tax exclusion when you finally prepare to sell your property in the future.

Since I'm buying all cash, my budget is limited—what can I roughly expect for pricing and home values in the various neighborhoods of San Miguel de Allende?

• Values and pricing in San Miguel vary greatly, depending on location and a Buyer's comfort level with factors like living in an area with primarily unfinished construction (i.e., raw brick walls, rebar sticking out of roofs, etc…), graffiti and trash in the streets, tolerance for length of walking distance to the town square, neighborhood safety factors, and the like. If a Buyer had a very high tolerance for the look of a peripheral traditional poor Mexican neighborhood of mostly unfinished construction, single-family homes can be found from as low as about $275,000 USD. Our town Centro—the heart of the city—re- mains the most popular destination for buyers and renters alike, and therefore demand has set the min- imum price of most Centro homes above $500,000 USD, with very limited exceptions. Newly-gentrifying neighborhoods that remain a short, flat walk to the Jardin—like San Antonio and Guadalupe—generally run slightly more affordable. And while Centro's same threshold price basically applies to our eastern hillside communities, the value equation can be greater in those communities (i.e., more square footage, larger lots, etc…). Buyers with a budget under about $275,000 USD but who prefer a safe environment in a gentrified, finished-construction neighborhood will want to consider the multiple condominium complexes usually on the edge of town, typically not walking distance to the town square but still only a ten-minute drive. I always schedule a call with you, preferably prior to your arrival here, to educate you about the various neighborhoods within San Miguel so I can steer you to the ones that best fit your needs and lifestyle expectations, but prior to then be sure to visit the "Neighborhoods" page on our web site for in-depth reviews of 13 of the most popular neighborhoods in San Miguel.

What kind of Earnest Money Deposit is the expected norm in San Miguel?

• The normal Earnest Money Deposit is ten percent (10%) of the total purchase price but on occasion it can be somewhat negotiable. A Seller granting a Buyer an extended closing—i.e., longer than the "normal" closing length of 30 days—might require a higher Earnest Money Deposit.

Where do I send that Earnest Money Deposit? Who holds the funds?

• Mexican law dictates that a Mexican banking entity must control the *transfer* of funds so that the Mexican banking entity can be held accountable for the source and disposition of those funds, however your initial wire transfer is sent to a U.S. bank as a domestic transfer. In San Miguel, all reputable real estate agencies use an Escrow Company, which acts exactly like an Escrow Company in the U.S.—they are an independent third-party agency that simply holds the funds in a neutral account, not releasing funds to the Seller until the Deed has been signed over to the new Buyer. All parties remain protected this way. Money held in an Escrow Account does not earn interest for the depositor.

Does my Earnest Money and purchase-price funds get transferred from my U.S. bank to a bank in Mexico?

• Although the escrow company entity is headquartered in Mexico City, when U.S. dollars are involved—as is frequently the case with my clients—funds are transferred to a New York account. From there, they are transferred to an insured and bonded Mexican cloud-based entity. Just prior to closing, the funds are then transferred back to the New York account for final disbursement.

Are there any legal problems with transferring money out of the states and into Mexico?

• You don't transfer money out of the U.S. unless the Seller was Mexican and wanted payment in Mexican pesos in a Mexican bank, but even then, there is no problem with that because it is a wire transfer managed through an international Escrow Company.

We found a home we love and want to submit an offer, but we're in San Miguel another month before we return to our bank in the U.S. to be able to send the 10% down payment money. Will that pose a problem?

• Potentially. Most banking institutions in the U.S. will not allow a long-distance request for a wire transfer unless you have set up paperwork in advance allowing wire transfers. One alternative is to speak with your investment portfolio manager prior to arriving in Mexico and confirming if you can later wire about 10% of your budgeted purchase amount just via an email or phone request.

I don't have enough cash in my personal account for the Earnest Money Deposit but I do have that kind of cash in my business—can I just wire money from my business account?

• It is always better to use *only* personal funds because the escrow company's paperwork requirement for personal funds is infinitely simpler than if business funds are used. But the answer is "yes," with this caveat: if any of the purchase price funds come from a business entity, then you will be required to scan all the Articles of Incorporation demonstrating your power to use such funds, and those documents must be translated into Spanish and you must obtain an Apostille from your Secretary of State for those translated documents. We have, however, had clients who used corporate funds for their ten percent Earnest Money Deposit because they had no choice at the time, but then before closing they funded 100% of the purchase price into Escrow with personal funds, and the original deposit was just refunded back to their corporate entity so that there would be no paperwork and translation requirement.

How long is the closing period, usually?

• From time of a dual-signed Promise to Purchase contract to the date of closing is typically 30 days. Extended closing times can be negotiated as a trade-off (i.e., offering a higher price, putting more deposit down, etc…).

I don't speak or read Spanish—do I need to hire a Mexican attorney to explain the purchase contract and/or the deed?

• Because about 70% of our buying market are foreigners, all contracts are printed as two-column side- by-side bilingual contracts, since Spanish is the ruling language in a Mexican court of law but our foreign Buyers need to understand the contract in English. The initial Promise to Purchase contract and the soon-to-follow, more formal "Promesa de Compraventa" contract are both bilingual and simple-language documents easy to understand since they are generated from U.S.-style boilerplate contracts approved by our U.S. company, so a third-party attorney is unnecessary. The Notario conducting your closing is, in fact, a real estate attorney already and is obligated to represent you since you pay his fees. And although the final court-recorded deed—called an "escritura"—must by law be only in Spanish, the Notario is legally obligated to have a court-certified legal translator present at closing to read the Spanish-language deed in English and explain every detail of the deed to you before you sign any documentation.

What is the timing on my need to send cash for the initial 10% Earnest Money Deposit and the balance of the purchase price?

• Promise to Purchase contracts can vary slightly from agency to agency, but the standard contract our agency uses allows for up to 10 business days—i.e. two weeks—before the ten percent Earnest Money deposit is required to be deposited in the Escrow Account. This allows you time to perform an inspection and remove the inspection contingency before your money is tied up in the Escrow Account. The final 90% balance of the purchase price, along with the closing costs totaling at most 5.5% of the purchase price, need to be deposited into the Escrow Account 72 hours prior to the closing.

How do I find out exactly how much to wire transfer for my closing costs?

• During the roughly 30-day process of purchasing a home, our Closing Transaction team works with the Notario to request a line-item breakdown of all the closing costs. You will know to "earmark" roughly 5.5% of the purchase price as funds that need to be liquid to pay closing costs, but since the Notario and government fees are billed and paid in Mexican pesos, we are unable to send a final confirmation of the "exact" U.S. dollar amount of those closing costs until after business hours the day prior to your closing, when the "governmentally official" peso exchange rate is set for the next business day. Since your funds need to be wire transferred 72 hours prior, the Closing Transaction Coordinator typically adds $500 USD cushion to the total amount you need to wire transfer, in order to account for any exchange rate fluctuation over the next three days, and then any overage you have paid is simply refunded back to your bank account after closing.

Can't I just send a cashier's check?

• No, per Mexican law all fund transfers must be accounted for electronically via a wire transfer.

What about house inspections—do you have them in Mexico and how thorough are they?

• Yes, I have professional home inspectors here, although homes in Mexico are typically sold on an as-is basis—the inspection is meant to primarily address issues affecting habitability of the home (i.e., any- thing affecting the safety of living in the home). For example, a detailed inspection might mention doors that don't swing, a scratch somewhere, a broken tile, etc…but these issues that don't affect the Buyer's ability to inhabit the home are not typically negotiated against the purchase price once that price has been

established in a dual-accepted offer contract. Typically, only issues affecting safety and habitability, like perhaps a propane gas tank that was beyond its recommended safe lifespan or a settling foundation, would be grounds for further negotiation on price or cancelling the offer to purchase. A home inspection typically costs between $300 and $400 USD, depending on complications like pools or spas.

Is there anyone that would help with getting the house set up, electricity, gas, home insurance, housekeeping, etc… since I speak no Spanish?

• Yes, typically Buyers engage a property manager before closing so the Property Manager can attend the closing and receive old utility bills, keys, home instructions, staff contact info, etc… Your property manager will handle all these details and I can refer my clients to several experienced property managers. They are not only a good resource for your initial move-in—i.e., switching utilities to your name with the Spanish-speaking-only utility authorities—but are also good to have on an ongoing basis to help pay staff, utilities, property taxes, and also serve as a bilingual contact to call in the middle of the night when you have an emergency maintenance problem, or for any maintenance. A property manager will typically charge about $140 USD per month to handle the above-mentioned issues—only the actual cost of any maintenance or staff would be additional.

I hear that a lot of homes have staff—a maid & gardener—that might be available to work with the new owner…I like that! How does that work?

• Yes, many homes here have staff who have been working in the same house for years, sometimes decades—they know all the many details and idiosyncrasies of the home. At closing (when you purchase your new home), the Seller is obligated to terminate that staff and pay their severance pay that is associated with their tenure at that home for that specific owner. However, if you wish to maintain the same staff you can engage their services the day you close on your new home and everything continues operating as smoothly as before. On occasion, a Seller will take the staff with them to a new home but your property manager will be able to find new, qualified staff to replace them.

Is there anything important I need to do after the closing, once I own my new home?

• You will want to transfer the existing utilities (they are not shut off when the home transfers from one owner to the next) to your own name and typically your property manager will handle that for you—it requires they have a copy of your new deed and the old utility bill. And you will want to return to the Notario's office—or have your property manager do so—about six weeks after the closing to pick up the officially registered copy of your deed, called an escritura, which you should then keep in a safe place. And if any of the Buyers were not physically present at the closing, remember that you should create a will here in Mexico as soon as possible to name inheritance rights of the property.

I think we'd like to rent our home when we're not living in it. How easy is that?

• The short-term rental market here is extremely lucrative—our little village of 175,000 inhabitants received 3 million visitors in 2018! A qualified and expert property manager have software that allows them to post your listings on ALL rental platforms (Airbnb, Booking.com, FlipKey, etc…), which generate better rental traffic because of their international SEO that puts your home in front of more potential renters. In our market, normal full-service property and rental management fees are 20% of the gross rental income.

We won't live in San Miguel full time—do we still need a local bank account here?

• While it's possible to not have a Mexican bank account, it is highly recommended to have, at the least, a small "petty cash" account. Any account under $10,000 USD does not need to be reported to the U.S. authorities. However, all property managers have the ability to accept wire transfers to their company

managed account or PayPal payments to pay for the home expenses, the property manager simply maintains a ledger of your deposits and payments.

Do I have to pay taxes on the rental income in Mexico and in the U.S.?

• Yes, as of 2020 there are 3 requirements in Mexico: 1) You must register your home as a rental property for an annual fee of $45,000 pesos. 2) You are required to pay a 16% occupancy tax (called IVA) to the Mexican government to renters that request a government Factura, which no foreign renters ever request. 3) You are also now required to collect a 10% rental tax, which your Mexican accountant must pay monthly to the Mexican government. Additionally, your accountant will advise you on how to report that income on your U.S. taxes, but since there is a no-double-taxation treaty between Mexico and the U.S., you will not be double-taxed on that rental income.

Is it difficult to move my furniture and belongings from the U.S. to Mexico?

• Not if you work with a reputable licensed & bonded moving company, who I will recommend to you. Once you have received your residency visa, you have six months to use a "Menaje de Casa" to move all of your personal household here free of any taxes—your mover will explain all the details to you.

What happens when I eventually sell the house and make a profit? How do I minimize my taxes?

• The algorithm for calculating Capital Gains Tax in Mexico is far too complex to provide a straight "percentage" figure. The current Capital Gains Tax system gives owners roughly a 4.6 MM pesos exclusion from Capital Gains Tax for every name registered on the deed, therefore many buyers of homes above that value (about $270,000 USD at 2024 exchange rates) include their spouse on the deed and even children (only spouses and descendants can be included) to minimize or avoid paying any Capital

Gains Tax on the eventual sale of their home. The only caveat is that every name on the deed must also have a Mexican residency visa, an electric bill must be in the owner's name to prove it as a primary residence, and this deduction can be taken only once every three years. There are other strategies that I use with all our selling clients to minimize their taxes at sale, we can discuss them when you are ready to sell in the future.

What are the costs of selling a house, when I finally do decide to sell?

• When you eventually prepare to sell a home, the only costs are the Realtor's commission, the IVA charged against that commission amount, and any potential Capital Gains tax.

We're not ready to buy in San Miguel yet but we have friends back home who ARE ready to buy this year—can we send them to you?

• Absolutely, and here's the best part: in Mexico, we are legally able to pay you a referral fee! We pay a ten percent referral fee (i.e., 10% of the Buying side commission) if you introduce me personally to your friends via email—all we need is their full names and email address, and I'll register them as your referral. As example, if your friends bought a $500,000 USD home from me, I'll send you a $1,500 USD referral fee!

I'm a little overwhelmed by the entire process of moving to Mexico—can anybody help us with all the logistics of moving us, our furniture, getting a driver's license here, etc..?

• We completely understand that moving to Mexico can feel overwhelming, but rest assured, there are professionals who can assist you every step of the way. We highly recommend hiring a property manager. Not only can they help manage your home, but many also offer concierge-like services to guide you through the logistics of your move making your transition seamless.

If you'd like, we can connect you with trusted property managers who specialize in assisting new homeowners in settling into San Miguel. Let us know how we can help!

We've got some existing health conditions—how can we learn about the medical system in San Miguel and the surrounding areas?

• We have four local hospitals and the 2.5MM-resident city of Queretaro is only 45 minutes away, hosting a wide variety of medical specialists—you'll be amazed at the quality of health care affordably available here. However, the best way to learn about the medical system here is through a company called Be Well San Miguel, you should visit their web site at BeWellSanMiguel.com and speak with founder Deborah Bickel about your concerns and questions.

We're excited about living here! How do we find out about the local activities?

• In this digital age, there are numerous online resources for learning about weekly events, with many individual pages on Facebook dedicated to local events. For more all-encompassing event calendars and news, see these sites, the first two of which offer you the ability to subscribe to their weekly newsletter and receive a calendar of events in your email in-box:

- **www.DiscoverSMA.com**
- **www.SanMiguelEvents.com**
- **www.SanMiguelLive.com**

How do I contact your office?

• Here in San Miguel de Allende, we're at Correo #3 in Centro on the Jardin, just left of the Parroquia Visit our web site at BHHSColonialHomesSanMiguel.com
Email me at: **alma@BHHSColonialHomesSanMiguel.com**
You can Call or send a message to my Mexican **Cell +52 415-153-3598**
Or my international toll-free number at 877.217.5959 or my Mexican office number at +52.415.154.497

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