

# BUYING A HOME GUIDE

TIMOTHY  
REAL ESTATE GROUP

# COMPANY

**Timothy Real Estate Group** is a locally owned and operated real estate brokerage with a strategic location in the Colonia Emiliano Zapata. Because the Puerto Vallarta area has varying neighborhood personalities, 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 understand and plan for their concerns and are dedicated to transforming those concerns to peace of mind and joy while protecting them in the process.

**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 really comes down to people. Connecting the right buyers to sellers or investors, our professional agents structure solid transactions with successful outcomes. We believe in collaboration by connecting people in ways that bring satisfaction and success.

When you combine extensive local knowledge and our long standing reputation for honesty and sound judgment, you have an unbeatable resource at your disposal. You have **Timothy Real Estate Group**, a constant leader in Puerto Vallarta real estate.



# WHY USE TIMOTHY REAL ESTATE GROUP?

**REPUTATION.** Number one listing company for 2011, 2012, 2013 & 2014 (MLS Statistics). Number one agency for recorded sales transactions for 2011, 2012, 2013 & 2014 (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 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 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'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, Puerto Vallarta 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 in architectural variety and charm. **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 this year.

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. They are usually about \$100 USD a year for every \$100,000 USD of your property's value. A \$500,000 USD condominium would pay approximately \$500 USD a year in property taxes, and if you pay before February 15th of each year you receive a 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

Puerto Vallarta boasts several modern hospitals and health care facilities with the several excellent options being CMQ Hospital, San Javier Hospital, Ameri Med Hospital, and Medasist. All facilities have bi-lingual doctors on staff and accept United States issued health insurance. In addition, Ameri Med Trauma Center offers U.S. trained paramedic personnel in their ambulances as well as U.S. medical staff on duty with twenty-four hour notice. 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 [healthcareresourcespv.com](http://healthcareresourcespv.com).

# IMMIGRATION

The country of Mexico has designated a number of different statuses for foreign visitors; there are three statuses that generally relate to real property homebuyers. These statuses are different for the specific situations of the foreign visitor. The changes to immigration law initiated by the Mexican government were made in May 2011 and these changes came into effect in November 2012.

## 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 without working. 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

This visa is designed for the visitor who wants to live in México more than 180 days. You will need four years of temporary residency status first however. The “Temporary Resident Visa” is recommended for those who choose to own property in México. After four years it can be converted into a “Permanent Resident Visa”. This visa allows you to stay in Mexico for as long as you like without a restriction on foreign travel.

## PERMANENT RESIDENT VISA

After four years of successfully meeting the requirements of “Temporary Resident Visa”, including time outside of México, you may apply for “Permanent Resident Visa” status that allows you to enjoy most of the rights of a Mexican Citizen with the exception of the right to vote. This visa status does not require you to give up your native citizenship and holders may freely work and remain in México without annual renewals of any immigration papers.

**This visa is also recommended for real property owners.**

For most people, the “Temporary Resident Visa” status is the most practical status for part time residents. It is obtained more quickly than the “Permanent Resident Visa”. Many “Permanent Resident Visa” applicants use professional help with completing the forms and required paperwork.

Privileges are similar for both the “Temporary Resident Visa” and “Permanent Resident Visa”. With both types of Visas you are free to come and go from México anytime as you please.

**Timothy Real Estate Group** recommends you visit your local Mexican consulate to verify the processes for any of the above mentioned. Currently there is a new law requiring buyers and sellers in Mexico to have a visa. Immigration is a complicated process.

We recommend a conversation with one of our experienced agents and 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 have found 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.
- ✓ Gather information to register 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 and English. If a contract is only in Spanish, it is the buyer's responsibility to interpret the contract. Your agent will explain the contract, contingencies and importance of adhering to the timeframes. When you have entered into a contract it is imperative you stay in close communication with your agent to protect your deposit and potential investment.

## INSPECTION

**Timothy Real Estate Group** recommends an inspection of the property. This is to protect you and your investment. The home inspector will check the property to make sure the systems are in good working order and the home is in sound condition. They will also go over maintenance recommended to maintain the property in ideal condition. Should an issue arise, you will work with your agent to negotiate repairs or concessions.

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## NEGOTIATION

Negotiating is key to your success. You will appreciate the experience and expertise of the **Timothy Real Estate Group** agents. 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 Puerto Vallarta real estate community allows us the working relationships to find and negotiate the best possible properties for our buyers.

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## CLOSING

You will now 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 the successful closing we are all looking for.

# FINANCING

You've decided you want a piece of Puerto Vallarta paradise. Now what? Cash is common but there are a growing number of financing options in Mexico. Your agent can guide you through this process and connect you with reputable resources.

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. This is one of the first steps as you begin your search for your Puerto Vallarta investment. If you are financing a loan be prepared for a higher interest rate and a larger down payment. Your prompt response to your lender regarding questions, documentation and signature requests is essential for a transaction to go smoothly.

## TITLE

How you hold title of your property will depend on your location and if you are a Mexican citizen. If you are a citizen then you will buy fee simple and hold the title of your property. If you are not a citizen and buying within 30 miles of the coastline or major bodies of water (Puerto Vallarta), then your title will be held in a trust. These trusts function much like a family trust does in the United States. A bank administrates your trust and gives foreign investors the confidence of owning their property while 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 administrate your trust.

# HOME INSPECTIONS

When you are ready to move forward with the purchase of your property, **Timothy Real Estate Group** recommends a home inspection. The inspector looks beyond the cosmetics to make sure the home's general operating systems are in order and will advise you of any major repairs recommended.

While an inspection is important to protect your investment, it is not about making an old home new. Your agent can guide you through the negotiating process should any issues arise.

An inspector's goal is to assure the buyer the home is safe and in sound condition.

# CLOSING COSTS WHO PAYS WHAT

Our goal at **Timothy Real Estate Group** is to educate our clients about fees and settlement costs they should expect for a typical transaction. These could change specific to your purchase/sale, but this will give you a good idea of expenses to budget for. In general terms, closing costs for foreign investors can range from 4% to 6% of your purchase price. For Sellers they will vary based on taxes that may be involved. Since some closing costs are based on a percentage of the purchase price we suggest getting an estimate from the notary. Your agent can provide the details of what each line item is, typical amounts and if they are applicable to your specific purchase/sale.

## BUYER PAYS

- 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)
- Fiduciary Fee (Comisión Fiduciaria)
- Copies (Copias)
- Additional Files (Folios Adicionales)
- Property Transmission Payment Forms (Formas para Pago Impuesto Transmision Patrimonial)
- Tax on Legal Instruments (Impuesto Sobre Negocios Juridicos e Instrumentos Notariales)
- Tax on Property Transmission (Impuesto Sobre Transmisiones Patrimoniales)
- Registration in Public Register (Inscripción Registro Público)
- Registration in Foreign Investment National Register (Registro Nacional de Inversion Extranjera)

# BUYER'S FREQUENTLY ASKED QUESTIONS

## IS IT EXPENSIVE TO USE A BUYER'S AGENT?

The compensation that a buyer's agent (also called the "selling agent") receives comes from the seller's proceeds and is a percentage of the total commission charged by the listing company. In such a case, there is no cost for a buyer to be represented by an agent.

If a buyer is interested in purchasing a property not listed in an MLS, it is possible that the seller will not compensate the buyer's agent. In this case, a buyer agency agreement would detail the buyer's obligation to compensate their agent. Typically, even with unlisted properties, the seller compensates the buyer's 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 information you can provide. This would include such things as:

- Preferred price range
- Number of bedrooms / bathrooms
- Style of home (single-story, two-story, etc.)
- Geographical areas / neighborhoods of interest
- Special needs / special interests which your home needs to accommodate

Keep in mind that a very specific set of criteria may narrow your list of potential properties, while a very broad list may lead to an overwhelming number of properties to view.

## HOW CAN I FIND OUT ABOUT NEW PROPERTIES?

We can work with you to determine how often you want to receive updates on available homes, and by what method (telephone or email). Clients using email can receive custom updates from the MLS system as soon as new listings are entered.

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

With the advent of the Internet, many buyers have begun searching for, and often find, properties of interest while working with an agent. If you have an agent, contact them with the address or the MLS number of the property in question. The real value of your agent begins when you find the property you want to purchase. The agent will educate you about the property and protect you and your money in the process.

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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 best to identify yourself as working with another agent.

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## IF I SEE A HOME I WANT TO LOOK AT, I NEED TO CALL THE PHONE NUMBER ON THE SIGN OUT FRONT, RIGHT?

The name and phone number that you see on the sign represents the agent who is working for the seller. When you work with us as a buyer, we can show you any home in the bay, no matter whose sign is in the yard. We will also represent your interests 100%, and do our best in ensuring that you find the best home, at the best price.

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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 process takes from 45 to 90 days. During this time, all price negotiations are done, all inspections take place and any contingencies resolved.

### 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 & fixtures but 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 DEPOSIT?

Once you have an accepted offer; however, depending on the wording in the Contract of Purchase & Sale, it could be after subject removals are signed or there could be a clause stating it has to be received within a certain time frame (ie: 24, 48, 72 hours from acceptance or from subject removal).

### HOW LONG IS A TYPICAL SUBJECT PERIOD?

Usually 7 to 14 days for standard subject clauses.

# REAL ESTATE TERMS AND DEFINITIONS

**Agent:** It refers to the individuals or legal entities who act in this 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 and all civil 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 purpose 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 title to the property is legally transferred from the seller to buyer or buyer trust bank and documents are recorded.

**Closing Costs:** The expenses associated with all transactions and documents required to make the contract final. The costs to finalize the transaction.

**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 fund or account held by a third party custodian 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:** The vices or defects which the real estate has and cannot be detected by the eye, but they may influence in other ways the will of the offerers and/or contracting parties.

**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 amount that shall be deposited according to the contract identified as Addendum “\_\_\_” of this offer, in order to guarantee the fulfillment of the obligations herein established, by the Offerer/Buyer.

**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 on 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 Offerer/Seller which shall be delivered to the Offerer/Buyer on the formalizing date of the Irrevocable Transfer of Domain Contract.

**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 system that provides to its members detailed information about properties for sale.

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

**Offerer/Buyer:** The person(s) who offers to buy the rights in of usage or beneficial interest under a trust upon the real estate described herein in the conditions and terms specified below.

**Offerer/Seller:** The person(s) who offer to sell the rights of usage or beneficial interest under a trust upon the real estate described herein in the conditions and terms specified below.

**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.

**Real Estate Services:** The utilities and services, which the real property has in the moment, this offer is by the Offerer or Seller.

**Term of Effect:** The period of time in which this offer is in effect.

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

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