



The view of Land's End from Ventanas, a Portus development.

RECENT DEVELOPMENTS

The latest in Los Cabos real estate news *By Carol S. Billups*

Drastic changes coming for the real estate industry. Last fall, several changes to Mexican law necessitated sweeping changes to real estate practices in Los Cabos. The Asociación Mexicana de Profesionales Inmobiliarios, or AMPI, previously provided all functions, including regulating the industry and providing one of only two multiple-listing services in all of México. To bring the industry better into alignment with these new laws, the organization split into two at the start of 2014.

AMPI is now the educational and lobbying organization and a second entity—MLS BCS SA de CV—took on the tasks of consumer-protection and regulating the industry via its own operating policies and procedures as well as providing the MLS services. It is highly recommended you work only with an agent who is a member of it. Its protocol is the most advanced in México, and the agents who are a part of it are bound to follow ethical practices as described in the operating policies and procedures. Those OPPs were developed over a period of 20 years as a means of protecting and serving the best interest of the public.

Seller Financing?

U.S. mortgages for U.S. citizens and Canadians buying homes in México disappeared two years ago and are not expected to return in the near future. There are Mexican bank mortgages available to foreigners, but the terms are such that they are unattractive to foreigners. Since these loans are in Mexican Pesos, the dollar equivalent of the

monthly payment constantly varies with the exchange rate. Demand nevertheless continues to grow for homes in Los Cabos for use either as vacation retreats, investment rental properties, or retirement homes. The solution is quite often seller financing: The owner of the property receives a portion of the purchase price and thereafter the buyer makes monthly payments on the note. This type of private mortgage is becoming common in Los Cabos. Many agents and agencies offer complimentary MLS access on their websites; work is under way to make it possible for clients to search for only properties offering financing.

From a seller's perspective, there is a great deal of uncertainty to financing. How do you know whether the buyer is credit worthy? What will happen if he or she stops paying? What if the buyer dies before the loan is paid off? A new service, Underwrite Mexico, is the brainchild of a former mortgage broker. His firm will obtain all the paperwork that would be required for a Fannie Mae mortgage in the United States and apply the same rules to

determine whether this buyer is qualified. Underwrite Mexico will then process the paperwork and service the loan by automatically making the monthly payments and ensure homeowner's insurance and life insurance are maintained throughout the life of the loan.

More Paperwork Coming

Another piece of legislation was signed into law last fall that affects real estate transactions. The anti-money-laundering law, or Ley Contra el Lavado de Dinero, is designed to track funds used for what are considered vulnerable transactions back to the legitimate source. Real estate is one of the transactions that has been deemed vulnerable to drug activity. As a result, buyers will be required to fill out a "Know Your Client" form identifying themselves and declaring that the funds being invested come from legitimate sources such as salary, pension, or investments. As of press time, the exact details of implementation had not yet been finalized. ■

Did You Know?

Further indications that the Los Cabos real estate market is improving: According to the FLEX MLS in October 2012, sellers were getting 74 percent of the asking price of their Los Cabos properties. By the end of September 2013, sellers were realizing exactly 90 percent. To some extent, sellers continuing to adjust their prices to reflect the new reality may explain this, but that is not the only factor at work. In some categories, inventory has dipped dramatically. In particular, the selection of properties in the more affordable price range is much more limited than in the past.



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