

Real Estate

Hooked on Cabo

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Fish aren't the only thing getting hooked in Cabo. Every day people decide that a week or two a year just isn't enough to feed their Baja habit.

They dream of having a few friends over for cocktails while watching a spectacular sunset from their private terrace. Or perhaps shaving those last few strokes off their handicap while spending winters in their sunny second home. And so the quest for a paradise of their own begins, fueling one of the largest and most active resort real estate markets in North America.

Safeguarding your investment is the most important consideration when buying property anywhere—México is no exception. Real estate is a significant investment and it is well worth educating yourself before you buy. Some visitors to Los Cabos think business is done in a Wild West frontier style where anything goes. But the days of writing an offer on the back of a cocktail napkin and pinning it to the saddle of your little burro are gone forever. Today's real estate professionals take their responsibilities, and your trust, seriously. With little government supervision of the profession, two groups have taken on the task of self-regulating the industry. The Los Cabos chapter of the Association of Mexican Real Estate Professionals (AMPI), a national organization, is primarily responsible for policing ethical practices and providing continuing education for its

HOOKED ON CABO

by Carol Billups



Relaxing on the terrace at Villa Taz in Palmilla's exclusive Punta Bella. Photo Bruce Herman.

You don't need to speak Spanish to make a wise real estate investment but one term you must learn is fideicomiso: the bank trust foreigners use to own residential real estate in Los Cabos.



An inviting entry leads to sweeping views. Photo courtesy Prudential California Realty.

members. The Multiple Listing Service, or MLS, is the working group of local real estate agents and brokers. Their main activity is providing a means to co-operatively market their listings but they also regulate business ethics. Your best interests will be served by working with a realtor who is a member of AMPI and the MLS.

Be sure that you purchase title insurance. Fidelity (available through International Land Title of Cabo San Lucas), Stewart, and First American write title policies in Los Cabos—one of them probably holds the policy on your home in the U.S. or Canada—their policies here provide the same protection. Using third-party escrow services protects your funds. Most real estate companies in Los Cabos offer this important service.

You don't need to speak Spanish to make a wise real estate investment but one term you absolutely **MUST** learn is "fideicomiso" (fee-day-co-mee-soh), the bank trust foreigners use to own residential real estate in Los Cabos and the most misunderstood concept realtors deal with. Contrary to what you may have heard at the bar last night foreigners absolutely positively can own land in México. However, if that property is within 50 kilometers of a sea coast or 100

kilometers from a border, the Mexican constitution states that the title must be held in a trust, called a fideicomiso. Loosely translated, the terms state that for the purposes of this real estate you have all the rights of a Mexican citizen. In return, you promise not to ask Uncle Sam to invade México and annex your property. (Let's just say México remembers the Alamo a little differently than we do).

Unlike its closest relative, the Living Trust, the fideicomiso exists to hold title for one piece of real estate. If you own a home or condominium and then decide to purchase another, you will need two trusts. You may sell to another party, pass it on to future generations, or build your dream home no differently than if you held the title directly. Just remember not to call in the marines and everyone stays happy.

How to finance your dream is always a concern. A large portion of real estate investments here are cash deals. Does this mean Los Cabos is only accessible to multi-jillionaires? Of course not. But financing terms are so much more favorable in the U.S. and Canada that many purchasers prefer to leverage equity there to finance property here. Financing is also available through the developer in some communities and from one mortgage company with others on the way.



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A home at gated Playa del Rey. Photo courtesy Prudential California Realty.

If you didn't arrange a loan before you came to Cabo and had your "Aha" moment, don't be concerned: Realtors can help you write an offer to lock in the perfect property and still give you time to go home and arrange your financing.

Closing costs are the buyer's responsibility and can be significant. Purchasing real estate triggers a Mexican federal sales tax of two percent with additional fees paid to the local government. And the closing must be presided over by a Notary Public. Unlike other countries, here a notary is a lawyer appointed by the government to officiate over such matters as real estate transactions. There are no poor notaries in México—factor in a few thousand dollars for this required service. Other fees, such as the creation of your fideicomiso, may bring the total to five to seven percent of the total purchase price in many cases.



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Villa Stein, left, in El Pedregal. Photo courtesy www.mexicovillarentals.com

Hosting your friends for sunset cocktails over the Pacific doesn't have to be a dream—in Los Cabos, the dream can be a reality.


Don't forget maintenance costs. You may have to join a Homeowners Association. Dues vary from modest to significant depending upon where you purchase—your realtor will know the fees. In addition, you will pay an annual property tax to the city. Extremely affordable, it's usually the least of your concerns. If you are buying a house or a condominium, who will be responsible for paying monthly bills, watering the plants, and numerous other routine chores? Some residential communities have on-site managers who will perform these tasks; in other cases, you will need a property manager. There are many qualified companies in Los Cabos who do everything (including property management and rentals), making ownership problem-free.

Most gated residential areas have architectural regulations (Covenants, Conditions and Restrictions, or C. C. & R.s) for building on home sites and legally incorporated governance designed to maintain property values and the distinct aesthetic character of each of these communities.

Now that you know how to buy property here, where will you look? The municipality of Los Cabos is loosely divided into several sections. East Cape is the area east and north of San José del Cabo (and the airport where you landed). San José is the historic, more traditional Mexican town. Cabo San Lucas is at Land's End and the party destination for Baja Sur. The Tourist Corridor (or Corridor, for short) is the approximately 28-kilometer strip dividing the two established towns. And last, "Pacific side" is between Cabo San Lucas and Todos Santos on the Pacific Ocean coast.

There's an old saying about beach-front property: The problem is they're not making any more of it. Los Cabos is experiencing a real estate boom and


prices are escalating. Yet there are still good values to be found in everything from rustic beach lots to luxury estates. It's all a matter of taste and budget. Your realtor can guide you to the choices that best fit your lifestyle. Hosting your friends for sunset cocktails over the Pacific doesn't have to be a dream—in Los Cabos, the dream can be a reality. Now that you're educated about buying that dream, here are a few spots you might want to try on for size.




**Don't just dream it...
do it!**

Yes You Can!

- Yes, you can own property in Mexico even if you're not a Mexican citizen.*
- Yes, your escrow will be US-based – safe, secure and FDIC insured.*
- Yes, title insurance through US providers assures your investment is secure.*
- Yes, you have financing options.*
- Yes, Los Cabos offers options for all budgets and lifestyles.*
- Yes, your vacation home can be hassle-free while you're away.*



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Easy living at Cabo Real. Photo courtesy Prudential California Realty.

Cabo San Lucas

Beachfront property in Cabo San Lucas is scarce and exclusive: Villa La Estancia is the only full ownership property available on Médano Beach. A refined condominium resort next to Villas del Palmar, Estancia is truly a luxury development where every possible service is exists (including some fractional deeded ownership) along with exquisite bay and Land's End views. Médano Beach Resort, under construction between Mango Deck and the Meliá San Lucas, will feature 105 Mexican-Mediterranean full and fractional ownership ocean-front suites, with the first phase of 35 residences available in 2005. Expect pre-occupancy sales to be brisk at this popular location.

Above Cabo San Lucas, El Pedregal is the grand dame of the gated communities, dating back to 1974. Known for superlative properties, spectacular views, and cobblestone streets, there is a great sense of neighborhood and history here. Older resale homes are a great opportunity; upgrading one can yield significant return. Lots and new homes are still available. The big decision here is: Cabo San Lucas Bay or Pacific Ocean view?

The Tourist Corridor

Stunning Sea of Cortés and Land's End views await you at mountainside Rancho Paraiso, just outside Cabo San Lucas, with unbelievable vistas from The Heights: Twelve exclusive lots atop the ridge. Moderately priced lots are laid out below The Heights on the sloping hillside. An elegant entry and paved roads highlight this gated and guarded community. If buying a lot and building is not for you, there are new homes for sale.

Cabo Bello is another long-standing Cabo community close to town in the Corridor. A bit eclectic and proud of it, this is an affordable option for condos, lots, and existing homes, all within a gated environment with views to Land's End. Below Cabo Bello lies Playa del Rey, a very small (23 home sites) beachfront development. The gated-within-gated enclave is set above a private swimming cove where whales can be viewed daily in season.

Close by, La Sierra at Cabo is an up-and-coming development. Very affordable and offering financing through Textron, the community boasts excellent views of Cabo San Lucas Bay and Land's End. The infrastructure is complete and owners may begin construction immediately.

One of the smaller gated communities with a distinctive character all its own, Santa Carmela has exquisite ocean views, tranquility, and a keen sense of architectural propriety. Next door is outstanding Punta Ballena, a gated respite on the Sea of Cortés, and home

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Top 10 Reasons to buy real estate in Los Cabos

real estate

to Auberge Resorts' Esperanza, as well as some highly-coveted full ownership and fractional options.

There are three exclusive resorts between Cabo San Lucas and San José del Cabo. Golfing, of course, is the main attraction with oceanfront villas, condominiums, full ownership, and fractional opportunities offering golf course and ocean views.

Closest to Cabo San Lucas, Cabo del Sol is a golf resort with courses by Jack Nicklaus and Tom Weiskopf, a stunning clubhouse, two miles of fabulous beach on the Sea of Cortés, and dining in several upscale hotel restaurants. Estate home sites and Puerta del Sol condominiums and waterfront villas are the big draws here. If you can't decide whether you want a sea or golf course vista, this is your spot!

At Cabo Real midway through the Corridor, Casa del Mar, Las Gardenias condominiums and the Fairway Homes are a few of the possibilities around the Cabo Real Golf Course. The largest resort in the Corridor, Cabo Real boasts exclusive hotels, fine beaches, and the Jack Nicklaus-designed ElDorado Golf Course. Next to the Westin Regina Resort Los Cabos, the Grand Regina Los Cabos has stunning cliffside ocean view villas with every service and amenity.

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Drink in breathtaking views and sunsets from this ocean view terrace. Photo courtesy www.cabovillas.com.

The Palmilla resort is the exclusive community close to San José del Cabo and the gold standard for luxury living in Los Cabos. Centered around the newly re-opened One& Only Palmilla hotel and a 27-hole Nicklaus course with some of the best golf in Baja, not to mention great beaches, this luxury destination offers estate homes, home sites, and hillside townhouses. Every amenity is available to the lucky owners here.



Colonial features and lush landscaping grace this villa home. Photo courtesy Prudential California Realty.

San José del Cabo

Beachfront El Zalate luxury condominiums feature full ownership and fractional offerings at their Club Perla Rosa. Also on the water, Las Mañanitas is a top-end condominium resort featuring spacious and beautiful common areas. These are only several of the many opportunities in San José del Cabo—any of which might be perfect for your lifestyle. Fronting the 9-hole Mayan Palace Golf Los Cabos, Paseo Finisterra is the preferred address for single-family homes with sweeping San José Bay views to Palmilla and Punta Gorda.

The East Cape

Near San José del Cabo, Puerto Los Cabos and El Encanto are spearheading high-end developments in this largely undiscovered area. Both target the boating/golfing/beach enthusiast who understands long-term appreciation. Under construction, 2,000-acre Puerto Los Cabos is the most ambitious destination resort development in the history of Los Cabos. A master-planned village with a 400-slip marina: hotels, condominiums, gated communities and golf courses will snake

along three miles of pristine coastline. Bordering on Puerto Los Cabos to the east is El Encanto, a gated community of oceanfront villas and home sites designed to appeal to those who want it all, away from it all. Next door, Laguna Hills has home sites and resales “off the grid” with panoramic views. Further northeast along the coast to Los Barriles are more beachfront homes and lots.

Although not in Los Cabos proper, Bahía de Los Sueños (Bay of Dreams) is worth considering. This new Sea of Cortés development east of La Paz is being marketed from Cabo San Lucas—you’re only a short private plane ride from the Cabo of 15 years ago. This exceptional parcel offers multiple acre, estate-sized lots and has catered primarily to professional athletes and other high profile types who really want to get away from it all. Now open for general sales, this is another community that is ready to take off.

The Pacific Side

If the cooler climes of the Pacific Ocean sound appealing, ask your realtor about available properties north of Cabo San Lucas, a growing area with several affordable beachfront communities.

These are only a few of the incredible opportunities in Los Cabos. Around these better-known resort areas are many smaller communities offering their own distinct flavor and style. From the Pacific side to the East Cape, one of them is right for you. And if the Baja Habit has you—don’t despair. In this case being hooked may be the best thing that’s ever happened. How would I know? A decade ago, I was hooked, too.

Illinois-native Carol Billups is a semi-retired trade journalist, animal lover, and a Prudential Cabo Gold realtor living the dream in El Pedregal with her husband, Bob, three dogs, and an often-occupied guest suite.



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