



PONCHO DAVALOS REAL ESTATE

— YOUR REALTOR FOR LIFE —

# Buyers Guide

[www.ponchodavalos.com.mx](http://www.ponchodavalos.com.mx)

# Who I am.

Alfonso “Poncho” Davalos is a boutique real estate broker and content creator based in Puerto Vallarta, Mexico, specializing in condos and homes across Puerto Vallarta and Riviera Nayarit. Originally from Monterrey, he moved to Vallarta in 2009 and blended his background in tourism and hospitality with a passion for helping people find their place in paradise. He became a certified AMPI agent in 2010 and has since built a reputation as one of the most trusted names in the local market, with more than 12 years of experience guiding both Mexican and international buyers and sellers.

In the summer of 2024, Poncho launched his own brokerage, Poncho Davalos Real Estate, a boutique firm dedicated to personalized, relationship-driven service and clear education around topics like fideicomisos, escrows, and pre-construction purchases. His mission is simple: be his clients’ “realtor for life,” combining strong negotiation skills with a calm, transparent process from first showing to closing.

Poncho’s work has reached a global audience through his appearances on HGTV’s Mexico Life and Netflix’s Buying Beverly Hills, where he helped showcase Puerto Vallarta’s lifestyle and investment potential to viewers around the world. Beyond TV, he hosts real estate talks such as “Cocktail Conversations: Real Estate 101,” produces educational video content on YouTube and social media, and writes articles and guides for buyers and sellers in the region. When he’s not touring properties or filming, Poncho is a fitness enthusiast and dog lover, often spotted in the gym, walking his rescue dogs, or spotlighting local charities and community projects that make Vallarta the vibrant, welcoming city he proudly calls home.



## 1. The Big Picture: “Can I, as a foreigner, really own in Mexico?”

Short answer: **yes.**

Puerto Vallarta and most of Riviera Nayarit sit inside Mexico’s “Restricted Zone” (within 50 km of the coast). Foreigners can’t hold title directly there, but the law created a workaround: the bank trust (Fideicomiso).

- You buy the property into a trust with a Mexican bank.
- You are the Beneficiary of that trust: you can use, rent, remodel, sell, mortgage – economically it behaves like fee simple.
- The trust is usually for 50 years, renewable in additional 50-year periods
- Annual bank fee is commonly in the US\$450–650 range, depending on the bank.



## 2. Who's at the Table? Your "Deal Team"

You're not doing this alone. Think of it as a Formula 1 pit crew: I drive the deal, the notary certifies it, escrow guards your money, and the closing coordinator keeps all the pieces moving..

A serious foreign buyer in PV/RN usually has:

- Buyer's Agent (you) – AMPI member, market sniper, negotiator, and your main translator between "how things work back home" and "how things work in Mexico."
- Listing Agent – represents the seller
- Escrow Company – neutral third party that holds deposits and closing money (examples in local offers: Armour Secure Escrow or Secure Title Latin America).
- Notario Público – not a notary like in the US/Canada; a senior government-appointed attorney who validates title, calculates taxes, and formalizes the deed.
- Trustee Bank – the bank that holds the Fideicomiso.
- Closing Coordinator / Closing Attorney – the brains in the back office. Coordinates documents between buyer, seller, bank, notary, escrow, HOA, etc. Many offers state explicitly that "the closing will be coordinated through the law offices of X"

### 3. The Offer: From Handshake to Binding Contract

#### Step 1 – Defining the Property & Price

The offer identifies:

- Buyer (“Offerer”) and Seller (“Fideicomisario Vendedor”)
- Property description (condo/house/lot, m<sup>2</sup>, address)
- Price in USD, and sometimes also in words (e.g., “Five Hundred Eighty Thousand US Dollars”).

#### Step 2 – Escrow Deposit & Timeline

Typically:

- Buyer wires an initial escrow deposit (for example 10%) to the escrow company,
- Within a set number of days after offer acceptance (often 10 calendar days or after removal of contingencies).
- Money sits in escrow, not in the seller’s account, until:
- Conditions (contingencies) are satisfied
- Notary is ready to close
- Both parties sign off on the release instructions

#### Step 3 – Contingencies (Your Safety Net)

The offer format you use includes a whole menu of contingencies, such as:

- Review of Condominium Regime & Bylaws, HOA minutes and financials (last 3 years).
- Review of escritura (deed) and, if applicable, original trust and assignments.
- Pending litigation and labor issues with staff.
- Loan approval (if buyer is using bank or seller financing).
- Title insurance commitment, if desired.
- Inspections: structure, plumbing, electrical, gas, appliances.
- Federal Zone topics (maritime zone / river zone) in some oceanfront / riverfront properties.

If the buyer doesn’t like what they see within the stated deadlines, they can cancel and have their deposit returned.

#### Step 4 – Formalizing Date (Closing Date)

The offer sets a “Formalizing Date” – that’s your legal closing date, when:

- Escrow releases funds to seller and third parties
- Buyer signs the deed (or power of attorney if not in Mexico)
- Notary registers the change of ownership
- Possession is delivered, usually vacant, unless rentals are to be honored.

There’s usually a clause for delays beyond the parties’ control (bureaucracy, bank response, even specific language for COVID / force majeure).





## 4. Escrow: How Your Money Is Protected

“Escrow is the vault in the middle that protects both you and the seller. No one touches your money until the deal is legally ready.”



For foreigners, escrow is non-negotiable.

Funds go from buyer → Escrow Company → seller, notary, taxes, commissions, etc.

Escrow instructions mirror the offer: only when all conditions are met, money moves

Local players often use specialized escrow companies (like the ones named in your template) that understand Mexican closings and foreign compliance (KYC, wiring instructions, etc.).





## 5. Fideicomiso: The Bank Trust in Human Language

“Think of the Fideicomiso as putting your Vallarta condo into a safety deposit box with your name on it. The bank is the box itself; you decide who opens it and who inherits it.”



Key talking points:

- The trustee bank holds title; you're the primary Beneficiary.
- You name secondary beneficiaries (kids, spouse, partner, a company). The trust can pass to them without a probate in Mexico.
- Standard term: 50 years, renewable.
- Costs: setup fee at closing + annual bank fee (commonly in the US\$550–650 range)



## **6. Closing Costs & Property Taxes (Predial)**

### **6.1 Buyer's Closing Costs**

Typically, a foreign buyer in this region should budget around 4–8% of the purchase price for closing costs, depending on price, municipality, and structure.

These usually include:

- Acquisition / Transfer Tax (ISAI) – often in the 2–4% range of the assessed or declared value, depending on the state and municipality.
- Notary fees
- Public Registry fees & certificates
- Trust setup or transfer fee (if Fideicomiso is created or assigned to the buyer).
- Escrow fee.
- Misc. government permits for foreign purchase (SRE permit), if applicable

### **6.2 Seller's Side**

The seller generally covers:

- Capital Gains Tax (ISR)
- Real estate commissions (often a % plus IVA, shared between listing and buyer's brokers as per your offer template).

### **6.3 Ongoing Costs**

- Predial (property tax) in Mexico is low compared to US/Canada; often a small fraction of a percent of cadastral value, billed yearly or bi-yearly, super manageable for investors.
- HOA dues if a condo: cover building maintenance, common areas, sometimes gas, water, Wi-Fi. These are detailed in the HOA budgets and minutes you get during due diligence.



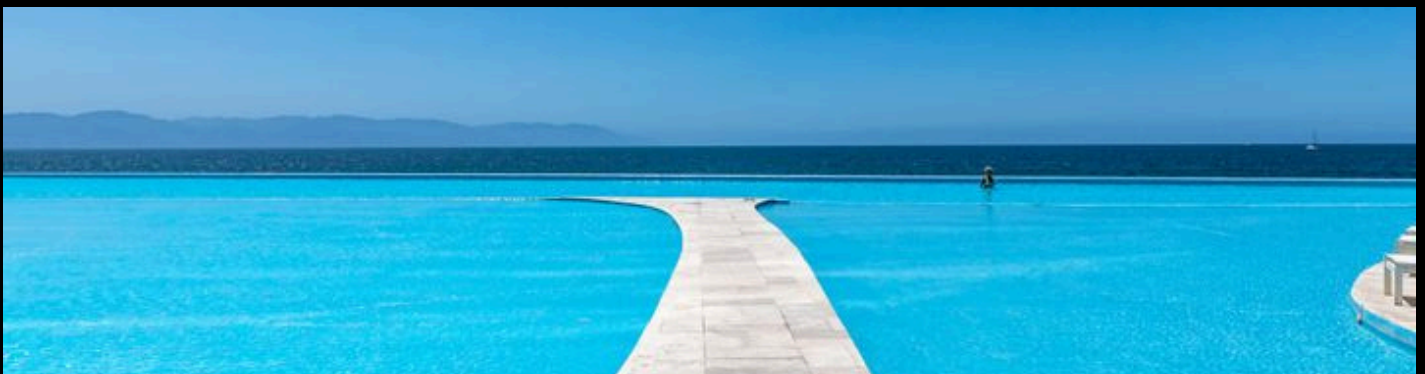
## 7. Success-Story Style Examples (How This Plays in Real Life)

### 1. The Canadian Snowbirds

- Budget: US\$550,000
- Product: 2-bedroom ocean-view condo in Amapas.
- Structure: Fideicomiso + escrow
- Result: Closed in ~60 days, 4–5% closing costs, now renting 6–8 months/year and using it themselves in winter.

### 2. The US Investor Looking for ROI

- Budget: US\$400,000
- Product: Romantic Zone 2-bed condo in a building with strong rental history.
- You walk them through:
  - Offer with inspection and HOA-document contingencies
  - Loan contingency (Mexican lender or cross-border mortgage)
  - Title insurance option
- Result: Stabilized with short-term rentals, net yield in line with “good tourist market” standards versus US coastal cities.



## 8. The Offer-to-Closing Checklist (Buyer-Friendly Summary)



1. Discovery & Property Tour
2. Offer Signed (price, timing, inclusions, contingencies).
3. Escrow Deposit In
4. Due Diligence
  - Deed & trust review
  - HOA & financials
  - Inspections
  - Loan approval, if any
5. Fideicomiso / Deed Drafted by Notary & Closing Coordinator
6. Final Walk-Through & Funds to Escrow
7. Closing Day – signatures, funds released, keys handed over
8. Post-Closing – you help them with: predial, utilities in their name, property management, rental strategy.