

Closing Costs

Closing costs are approximately 3 – 4% of the purchase price for most transactions. Recently, the high dollar exchange have many clients paying less, in the 2.6 – 2.8% range.

Most notaries will provide a line item spreadsheet, prior to closing, itemizing each cost. You cannot avoid these closing costs as a buyer. They are an obligatory part of the legal process that allows a buyer to safely obtain property in Mexico.

The largest fees are the transfer tax, notary fees and the appraisal. These fees are all based on the appraised tax value, not the actual purchase price. In general, the appraised value is about half of the purchase price. When the appraised value comes in high, the overall percentage paid at closing will increase. The appraised value often comes in quite close to the tax value you see on your annual predial (tax bill). By law, it cannot be less than that.

Here are some actual costs for a closing in March 2015 on a \$360,000 USD sale:

NOTE: The tax appraised value came in at \$4,300,412 MXN (approximately \$278,885 USD), so higher than normal. This can be attributed to the double lot size as the city values square meters of dirt quite high.

Closing Costs			
March 2015			
		MXN	USD
	Exchange Rate	15.42	0.065
Selling Price			\$ 360,000.00
Assessed Value		\$ 4,300,412.00	
Land Transfer Tax		98,410.30	6,381.99
Transfer Tax Form		45.00	2.92
Preventive Notice		72.00	4.67
Rights for Gov Deed Archive Fee		70.00	4.54
Business Tax		280.00	18.16
No Liens Certificate		570.00	36.96
Registry Duties		2,844.00	184.44
No Debt Land Tax		140.00	9.08
Appraisal		12,471.00	808.75
Notary's Folios		500.00	32.43
Notary's Fee		43,499.50	2,820.98
Added Value Tax on Notary's Fee		6,959.92	451.36
TOTAL		\$ 165,861.72	\$ 10,756.27
Percentage of Selling Price		2.99%	2.99%

In this example, the Notario's closing costs came in at 2.99% of the purchase price. Occasionally the Notario will negotiate their fee. They do not have to. Some Notarios charge more than others and in some cases even actually provide MORE or BETTER service and accuracy in exchange for the higher fees. What a concept.