

MEXICO MORTGAGE OPTIONS FOR CANADIANS

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As the weather turns cooler in the North Country, the thoughts of many Canadians turn to sunny Mexico and areas like Ajijic Mx, and the Lake Chapala area. This is not only a wonderful place to discover a beautiful and unique culture, but also a great place to meet fellow Canadians who visit and live in Lake Chapala, Ajijic Mx, San Miguel Mx and other areas. When first visiting Mexico, it is easy to think “Wouldn’t it be exciting to own a place in Mexico that we could come to every year?” With the strength of the Canadian dollar to the Mexican peso, it is more affordable than ever to look at purchasing a home or condo.

Until very recently, Canadians had to pony up with “cash only” in order to pay for their lake chapala real estate, or houses for sale in Chapala, Ajijic mx, or San Miguel de Allende. Let’s face it, most of us haven’t been saving up money to purchase a second home in a foreign country! The thought of paying all cash for ever increasing real estate prices in Mexico is only a dream for most people. However, now there are mortgage loan options available to Canadians that are the same as for US citizens (about time). These are US-style mortgage loans, so you are approved for your loan only once and you don’t have to renew your home loan every 3 to 5 years. Rates are a bit higher than you’re used to paying in Canada, but certainly much lower than you would expect. Until about 5 years ago, the best interest rates available in Mexico were in the 14-18% range. Today, interest rates are between 7% to 9% for loans up to 30-year terms. Downpayments are as low as 20% down.

When looking for financing, be sure to align yourself with a reputable mortgage broker. There are many in Ajijic Mx. Brokers are not required to be licenced in Mexico, and everyone looks good on the internet! Ask how much experience the broker has had in Mexico—not only length of time, but number of successful closings. If they avoid a direct answer, move on. Talk to the loan brokers on the phone and you’ll quickly determine who knows what they’re doing, and who doesn’t. There is a steep learning curve to doing loans in Mexico, and loans to Canadians have only been available for the last year. Beware of someone who doesn’t even know what T-4 income is. Work with a broker who is doing loans in Mexico as their full-time business, not as a part-time supplement to their main US or Canadian mortgage business. Be sure you get an accurate estimate of closing costs. Some brokers estimate costs low in order to attract business, and then borrowers can be surprised at closing. Learn what the total costs of the transaction will be for both loan fees, and Mexico fees. Closing costs are considerably higher in Mexico than Canada. For those Canadians already fortunate enough to own real estate in Mexico, cash-out refinances are also available.

Purchasing real estate in Mexico may be just the right thing for you and your family. With the availability of excellent mortgage financing for Canadians, many people can now purchase in Mexico where once it may have been only a dream. Enjoy your time in Mexico. **PS**