

Daily News, Los Angeles, real estate column.

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May 8--How does a new house for \$65,000 sound? Petty good, especially since a typical home in the San Fernando Valley now costs more than half a million bucks.

OK, there is a catch. This bargain is near Rosarito, Mexico.

But now a Granada Hills-based real estate company is making it a little easier to tap into that market through a partnership with a unit of a big international conglomerate.

The arrangement between Fidelity Realty Group Inc. and Construmex, a unit of Cemex Inc. USA, enables clients to use the equity in their homes here to build, complete or buy a home in Mexico.

Joe Fernandez, president and chief executive officer of Fidelity, said that his company handles all the paperwork and then the client buys the building materials from Construmex, which delivers it to the job site. The price is whatever the going rate is in Mexico where the house is.

But those materials will cost a lot less than here and land is cheaper, too.

Like here, land and home costs vary with the coastal areas more expensive. But a two- to three-bedroom home averages between \$25,000 to \$30,000 in inland communities, Fernandez said.

He's targeting the Latino market because that is 98 percent of his business, but anyone can use the program.

"Lots of my clients send money back home to build or fix their (relatives') homes but it sometimes gets used for other emergencies," he said.

Doing the transaction on this side of the border ensures that the money is invested in real estate.

Fernandez said that the client has the responsibility of finding a contractor and making sure the project proceeds according to plan.

Gustavo Sanchez, Construmex marketing manager, said the company also provides blueprints and designs and clients can see a computer model of their house.

"It has a lot of potential. We are opening a new opportunity for people who want to build

a house in Mexico," he said of the partnership.

Fernandez also cautions that buying a home in Mexico is a lot different than here since that country doesn't regulate the real estate industry.

There are also some other differences, according to the Web site Mexonline.com.

Foreigners can own property in the interior but the Mexican constitution prohibits foreigners from directly owning real estate in what's called the restricted zone -- land within about 62 miles of the border and 31 miles from the coast. The latter is attractive because beachfront property there is cheaper than here.

So to build and live on the coast foreigners can participate in a fideicomiso, or real estate trust.

It's similar to trusts set up in the United States, but a Mexican bank must be designated as the trustee and, as such, has title to the property and is the owner of record. This enabled foreigners, as beneficiaries of the trusts, to enjoy unrestricted use of land located in the restricted zone without violating the law.

The players in this transaction are a real estate company, the buyer's lawyer, a bank and a public notary.

And foreigners must apply for a permit from the Ministry of Foreign Affairs.

"There's no question about it that the Mexican government, even before the passage of NAFTA (the North American Free Trade Agreement), has been trying to bring in more foreign investment," said Chula Vista attorney **Dennis Peyton**, who is writing the third edition of his book "How to Buy Property in Mexico."

Peyton also represented more than 200 people who in 2000 lost some homes and parcels in a land dispute south of Ensenada.

But that is the exception rather than the rule, he said.

Some American developers have taken note.

Palm Springs-based Soblar Investment last month began construction of Playa de Paraiso, an eight-story, 160-unit luxury condominium complex on the Sea of Cortez in San Felipe.

Half the units have already been sold even though they won't be finished for two years. A marina is also being built near the project.

Eric Garcia, director of sales at Playa del Paraiso, said that nearly all the buyers are Americans. Prices range from \$180,000 to \$650,000.

And values are rising, there, too.

"I don't have to tell you if we're looking at boats how valuable these things are," he said.