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## **HARD LESSON IN MEXICAN REAL ESTATE JARS AMERICANS**

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Article Text:

PUNTA BANDA, **Mexico** - Kenneth Taylor walked through the doors of his beachfront home on the rugged Baja Peninsula and found two slips of paper ordering him to pack and get out.

At the same time, slips appeared under the doors of about 150 of his American neighbors, their homes staggered along four miles of idyllic Pacific bay about 100 miles south of the U.S. border.

Most had bought 30-year leases in the late 1980s and early '90s, but that was before the Mexican Supreme Court determined that the wrong people had control of the land. The high court's ruling in 1996 meant the Americans had paid the wrong people for the right to live there - and that they no longer held valid leases to the property beneath their homes.

Now, the retirees and weekenders are being forced to choose between buying new leases from the rightful land owners - at a cost of tens of thousands of dollars - and abandoning their houses in a hard lesson of how not to buy Mexican real estate.

"There are people who have invested their life savings down here and now they want to take it away," said Gary Gianinni, a retired California warehouse worker who received a notice to vacate.

Jose Martinez, a retiree from Sacramento, was told he would have to pay \$500 per square foot - \$120,000 in all - to live out the remainder of his lease.

He said he was furious that the Americans' investments - from \$50,000 bungalows to \$500,000 mansions, plus \$10,000 to \$150,000 just to live there for 30 years - were disregarded by the courts.

Since the notices to vacate went out at the end of August, Martinez, Taylor and their neighbors have been calling lawyers, U.S. politicians and the U.S. Embassy for help. The Mexican government has given them an Oct. 11 deadline.

**Dennis Peyton**, a lawyer who represents some of the Americans, said he will seek a court ruling to block evictions while they negotiate with the families declared the rightful owners of the land.

Misunderstandings over real estate law are common in Mexico, where an estimated 300,000 Americans live, **Peyton** said.

"You have to be conscious of the fact that when you leave the country you are playing by different rules," he said. "But a lot of people don't realize that. They get a piece of paradise and they get carried away."

Under Mexican law, foreigners can't own property within 65 miles of the border or 35 miles of the coast. They can buy 50-year, renewable leases that are held in a bank trust, something an estimated 60,000 Americans living in Baja already do.

But the Americans living near Punta Banda never had the bank trust leases. The developers they paid for the right to live there had no legal right to lease the land. As part of a land reform program in 1973, Mexico's government had awarded the beachfront land to peasants.

The peasants leased it to developers, who leased it to the Americans. The families who owned the property before 1973 sued to get it back, and in 1996, the Mexican Supreme Court ruled in their favor. The last appeal was resolved in July. Some of the Americans knew about the land dispute when they started buying the leases in 1988; others were hit with the news when they opened their doors last month. Carlos Aguilar, whose family was declared one of the legal owners, said his relatives simply want to be compensated for their property. "The houses are theirs," Aguilar said, "but the property is ours."

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