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Real Estate 2022

Mexico: Law & Practice
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Law and Practice

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1. GENERAL

1.1 Main Sources of Law

Mexico is composed of 31 states and Mexico City. The Federal Constitution enumerates the matters in which the Federal Congress is authorised to approve laws. Matters not expressly delegated to the Congress are deemed as reserved to each state. The law applicable to real estate and its ownership is the place where the real estate is located.

In corporate combinations (ie, mergers, purchase of shares) or trusts, typically the General Law of Commercial Companies, the Commercial Code and, in some cases, the Stock Market Law are applicable, and the parties, if complying with certain elements are free to choose the court with subject-matter jurisdiction.

The main laws applicable to real estate transactions, depending on the value and nature of the transaction, are:

- Federal Constitution;
- Civil Code and tax laws of the state where the real estate is located;
- Agrarian Law;
- Income Tax Law;
- VAT Law;
- Foreign Investment Law;
- General Law of Commercial Companies;
- Stock Market Law;
- General Law of Ecological Balance and Environmental Protection;
- General Law of Securities and Credit Transactions;
- Federal Antitrust Law; and
- federal, state and municipal zoning and planning provisions.

1.2 Main Market Trends and Deals

During the past 12 months, the real estate market has been impacted in Mexico, as it has been

internationally by the COVID-19 pandemic, with a slowdown in most real estate transactions, including leasing, acquisition of commercial and office space, mortgage transactions and the construction industry. On the other hand, the acquisition and rental of real estate for residential and industrial purposes saw significant growth. According to reports from market participants, real estate prices were not affected since the real estate sector is considered as a safe investment opportunity to safeguard capital. Due to worldwide and Mexican inflation, Central banks have increased the interest rates, which in some cases, where businesses have not recovered from the pandemic, could affect the volume and values of the transactions.

The modification of the modality of many jobs to home-office (including the recent amendment to the Federal Labour Law to properly regulate the home-office), has implied and definitely continues to indicate that even after the pandemic, modification in the use of office space in the country and the real estate residential market with more workers working from home.

Furthermore, due to the pandemic effect, the limited operation of several authorities involved or usually related to the closing of real estate transactions, such as treasury offices, public registries, municipal offices, etc, will continue. Although the pandemic pushed the digitisation of certain procedures and processes that previously required the physical presence or filing of physical documents and applications, this only happened towards the end of 2021.

In the past 12 months, the most significant deals have been related to the reconfiguration of industrial spaces because of the e-commerce boom that forced companies to rethink their supply chains and acquire or expand their distribution centres.

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1.3 Impact of Disruptive Technologies

New technologies have impacted all business sectors in Mexico and the real estate industry is no exception.

Investors in the sector have found new ways to invest with the use of blockchain technology, decentralised finance (“DeFi”) and proptech, which have allowed the expansion of potential acquisition portfolios, the creation of marketplaces where fractions of properties are acquired, and even mortgage debt has been fragmented. Furthermore, blockchain technology has been acknowledged by the real estate industry because it brings transparency to transactions, reducing risk and processing time, and in the not-too-distant future, should eliminate unnecessary costs for the acquirers, such as search and no-liens expenses, need to formalise before notaries public and registration costs. Smart contracts and the strengthening of electronic commerce has also had an effect on doing business in the sector.

Lenders, specifically, have benefited from the implementation of new technologies through risk assessment allowing algorithmic processes and data analysis, while in the construction and development sector, Contech has benefited the players through the introduction of collaborative software, improvements in financial management and, in general, reducing construction costs and making processes more efficient.

Considering that in 2018 the Law to Regulate Financial Technology Institutions, also known as the Fintech Law, was published in Mexico, which gives these types of technologies a legal framework, and that the Mexican National Banking and Securities Commission (CNBV) has been granting authorisations to start operating in terms of the law, an increase in the number of technology companies that will seek to enter the market is expected, including the real

estate market. However, it is unlikely that, within the next 12 months, there will be a significant change in the way of doing business in the sector as a result of the use of these technologies, and because of the existing legal requirements of Mexican civil law legal system, where a notary public and filings are needed to transfer title and record mortgages on real property.

1.4 Proposals for Reform

There are initiatives in the Mexican congress, which seeks that, in the event of a health emergency, owners of housing and commercial establishments may not terminate leases if tenants are unable to pay rent, or which, restrict landlords to only claim partial payment of rent for the duration of such emergencies. There is no clarity at present regarding the possible approval of the relevant reform.

2. SALE AND PURCHASE

2.1 Categories of Property Rights

Mexican Civil Codes provide for several categories of property rights: full ownership, usufruct (the real and temporary right to enjoy the property of others and, therefore, grants the right to receive all the fruits/benefits, whether natural, industrial or civil, produced by the property) and other minor rights, such as use or certain easements. In infrastructure projects, rights of way or other types of easements are used for the construction of roads, gas and oil pipelines.

Another type of property is the “Ejido Property”, which accounts for over 50% of the Mexican country’s land, and is subject to a special regime, regulated by Article 27 of the Constitution and the Agrarian Law.

2.2 Laws Applicable to Transfer of Title

The law applicable to transfer of title, if the transfer is considered as a commercial act by

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the Commercial Code, is the Civil Code of the relevant state where the real estate is located. If at least one of the parties is a merchant (including real estate for industrial purposes, offices, retail and hotels), the applicable law would be the Commercial Code and the Civil Code of the relevant state where the real estate is located.

In combinations involving corporations (ie, mergers, the purchase of shares) or trusts, the Commercial Code, General Law of Commercial Companies, the Stock Market Law and the General Law of Securities and Credit Transactions will apply.

For the transfer of title of agrarian property “Ejido Property”, the applicable law is the Agrarian Law.

2.3 Effecting Lawful and Proper Transfer of Title

In Mexico, the legal forms of acquiring property are usucapion, accession, succession by reason of death and by transfer, whether onerous (such as a sale and purchase agreement) or gratuitous (such as a donation agreement). The most common way to acquire property is by entering one of the following agreements.

A purchase agreement in terms of Article 2248 of the Civil Code for Mexico City, pursuant to which there is a sale when one of the contracting parties agrees to transfer the ownership of a thing or a right, and the other, in turn, agrees to pay a certain price in money for them.

A trust agreement in terms of the provisions of Article 381 of the General Law of Securities and Credit Transactions pursuant to which, by virtue of a trust, the trustor transfers to a trust institution (trustee) the property or ownership of one or more goods or rights, as the case may be, to be used for lawful and determined purposes, entrusting the realisation of such purposes to the trust institution itself. Where an administra-

tion trust is executed, the trustee would keep the ownership of the good or right and the beneficiary would be considered as the holder of the trust rights.

Corporate combinations (mergers or purchase of shares).

All transfers of title of real estate in Mexico are formalised before a notary public or judge, registered in the Public Registry of Property of the state where the real estate is located or in case of Agrarian Property in the corresponding agrarian registry.

Protection of bad title is usually included in the purchase agreement as an indemnity in case of eviction. Although title insurance is available in Mexico, it is not common to purchase it, as well as to purchase insurance to cover contractual liability as a result of breaches of the seller’s representations and warranties in an acquisition agreement. Typically, the indemnity is backed by an escrow holdback, a price adjustment or a combination.

The coronavirus pandemic has not resulted in new processes or procedures for the completion of real estate transactions since the Mexican civil law legal system mandates a notary public and certain filings. Nevertheless, as a consequence of the coronavirus pandemic, the digital execution of private documents has increased significantly, as well as the confidence of the parties in such system.

2.4 Real Estate Due Diligence

Buyers usually carry out real estate due diligence through their legal advisors. The matters usually involved in real estate due diligence are as follows.

- Ownership – to be performed by the attorneys. Encumbrances on the real estate

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(including liens and some litigation aspects) may be identified through the request of a real estate folio, from Public Registry of Property. Payment of real estate taxes and utilities for the past five years, which, in general, is the applicable statute of limitations for tax payments, are also requested. In certain cases, searches are conducted to determine the existence of agrarian issues, mainly by reviewing the title chain and determining if the process to have the property become private property were completed. In the case of agrarian properties, there are other aspects to be reviewed, such as the records of the property in the Agrarian Registry.

- Corporate – to be performed by the attorneys. Liens on the company through the request of a commercial from the Public Registry of Commerce of the area where the company is located.
- Agreements – to be performed by the attorneys. The scope of the review of agreements in the context of a real estate business combination (ie, merger, purchase of shares) varies depending on the structure of the transaction.
- Assuming the transaction is the direct purchase of real estate, the review should cover at least:
 - (a) the last sale-purchase agreement that transferred the property of the real estate and the chain of title;
 - (b) any agreement that may affect the property, such as leases, commodatum, usufruct and easements;
 - (c) federal zone concessions; credit agreements, if the real estate is subject to a mortgage or any encumbrance on the property;
 - (d) agreements regarding services, maintenance, repair or supply of assets or utilities;
 - (e) franchise agreements;
 - (f) insurance policies;

(g) and management, licensing and operation agreements.

- Environmental – to be performed by the attorneys and environmental specialists for phases I and II, and authorisations reviews.
- Tax matters – to be performed by the tax advisers.
- Disputes – to be performed by the attorneys.
- Surveys, usually under American Land Title Association standards – to be performed by professional surveyors, ALTA surveys, zoning confirmations, analysis to determine if the real estate is located in an archaeological zone or historical monument, etc.

Some processes have been impacted by the sanitary measures imposed by both federal and local governments as result of the COVID-19 pandemic. For example, the closing or limited operation of certain public offices that issue documents, such as the Public Registries of Property who issues the no lien certificates, the Public Registries of Commerce who issues the mercantile folios, the treasury offices responsible for issuing certificates of non-debt of real estate taxes, as well as the authorities and individuals in charge of issuing certificates of non-debt of certain utilities, etc.

2.5 Typical Representations and Warranties

The most common representations and warranties agreed in sale and purchase agreements are related to the seller faculties, legitimate ownership of the real estate, non-existence of liens or limitations affecting the real estate (including archaeological limitations or easements), no pending payments (including tax), no land-use issues, existence of permits, no agrarian backgrounds. In relation with the environmental representations, it includes those relating to the non-existence of any type of contamination, including asbestos, which in many cases tend to be limited to the seller's knowledge. This is

one of the reasons why phase I and depending on the asset or the results of the other studies, a phase II study is needed.

The coronavirus pandemic representations and warranties, even if not required in all cases, relate to running businesses such as hotel/office buildings and include the non-existence of health situation, claims, procedures by the authorities, and the existence of sufficient insurance coverage, mainly business interruption.

Where the transaction is through combinations involving corporations (mergers or purchase of shares), typical M&A representations and warranties are included. It is important to mention, that in some cases, with transaction structured as an asset acquisition (real and movable property, assignment of permits and licenses), there is the risk of the transaction being treated by certain authorities as the business acquisition, in which case, seller's obligations (tax, labour, etc) in case of a seller's breach with the tax authorities, ie, may carry forward to the acquiring entity.

In real estate transaction, there are certain statute indemnification provisions that result from the law (Article 2283 of the Federal Civil Code), where the seller shall guarantee the qualities of the thing sold, as well as respond in case of eviction.

Protection against the seller for misrepresentation is usually included in the purchase agreement as an indemnity and/or payment of damages, like in common law jurisdictions' there is a variety of provisions negotiated, which deal with remedies and misrepresentations (max cap, survival, basket, joint liability, anti-sandbagging, etc). Typically, the indemnity is backed by an escrow or other type of holdback or joint liability by parent companies. Although representations and warranties insurance are available in Mexico, it is not commonly used.

2.6 Important Areas of Law for Investors

The main areas of law to which an investor must pay attention when acquiring real estate are tax aspects (mainly determined by the Federal Tax Code, the Income Tax Law and local real estate acquisition provisions), environmental aspects, urban development and construction limitations, and limitations imposed on the use of the real estate, eg, in terms of leasing, especially for residential purposes, limitations that may result depending on where the real estate is located (eg, federal zone residential restrictions of 100 km-wide strip along the border and a 50 km-wide strip inland from the beaches). As indicated, it is important for the investor to understand that there are specific laws which apply to the "Ejido Properties".

2.7 Soil Pollution or Environmental Contamination

While the practice is to include in the agreements that the seller is responsible and guarantees against environmental liability, the purchaser, may also be responsible before the environmental authority for the environmental status of the land and its remediation.

2.8 Permitted Uses of Real Estate under Zoning or Planning Law

In terms of the provisions of the constitution, the municipalities in Mexico are the entities authorised to regulate zoning and planning matters following guidelines set forth by the Federal Congress and the states. Thus, to determine the land use of specific real estate, it is necessary to analyse the applicable laws (zoning and planning). At the state level, the applicable provisions might be found in the State Partial Development Plans, and at the municipal level, in the Municipal Development Plans, the Urban Development Plans that determine the main land-use of the urban centres and, sometimes, the Detailed Plans. To confirm the land use of a given real

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property, the purchaser must review the land-use zoning certificate and the relevant land-use licence issued by the competent authority.

In environmental matters, there are General Ecological Partial Plans at the federal level that regulate the use of land to protect the environment and promote sustainable development, the State Ecological Partial Plans and, sometimes, sectorial programmes for agricultural, territorial and urban development and in matters related to protected natural areas. Additionally, there are ecological reserves that include areas for the protection of certain flora and fauna. These reserves, in legal terms, limit human action.

It is not common to enter into specific development agreements with the relevant public authorities to facilitate a project, but it may happen if the authority is interested in a specific project because of its size or its impact on urban development, which in experience has worked in mega developments that may include marinas, golf courses, residential, hospitality, commercial, hospitals, etc.

2.9 Condemnation, Expropriation or Compulsory Purchase

Expropriation Law

Possible reasons

The Mexican government is authorised at the federal and local levels to expropriate the property of individuals for public utility purposes. Causes of public utility include:

- the establishment, operation or conservation of a public service;
- the opening, expansion, construction, or alignment of streets, roads, bridges, paths and tunnels to facilitate urban and suburban traffic;
- the beautification, expansion and sanitation of towns and ports;

- the construction of hospitals, schools, parks, gardens, sports fields or airfields; and
- the construction of public infrastructure and services.

The Procedure

The expropriation procedure begins with a declaration of public utility by the authority published in the Federal Official Gazette and, where appropriate, in a local newspaper, and the owners of the property and rights to be affected will be personally notified to respect their right to due process. If applicable, after the process of filing evidence and allegations, the judge will issue the corresponding resolution and, subsequently, the Federal Executive will decree the relevant expropriation that will be published again in the Federal Official Gazette. The pertinent decree, jointly with the appraisal in which the amount of the compensation will be fixed, will be notified to the interested parties, who may then go to court. The price set forth as compensation will be equal to the commercial value of the property and, in no circumstances, may it be less than the fiscal value shown in the cadastral offices, which tend to be very low. Once the expropriation is decreed, the authority is authorised to occupy the property. The applicable law, ie, the Expropriation Law, provides for the existence of temporary occupation, total or partial, and the simple limitation of ownership rights, which may be decreed for reasons of public utility.

National Law on Ownership Extinction

The National Law on Ownership Extinction regulates the extinction of ownership in favour of the state through the federal government and the states, as appropriate. In terms of the law, the product, instrument or material object of some of the following crimes can be subject to extinction of ownership: crimes under the Federal Law against Organised Crime, kidnapping, crimes involving hydrocarbons, oil and petrochemicals, crimes against health, human trafficking, corrup-

tion, concealment, crimes by public servants, theft of vehicles, extortion, and those contemplated in the Federal Criminal Code with respect to operations with resources of illicit origin.

2.10 Taxes Applicable to a Transaction

If real estate is acquired through a direct purchase of assets, different taxes and rights must be paid, namely:

- Property Acquisition Tax, which is paid by the purchaser and varies depending on the state where the property is located. It is usually between 2% and 6%;
- VAT on the value of the construction (unless it is a residence), paid by the purchaser and at a 16% rate; and
- income tax, paid by the seller and calculated on the net gains from the sale of the property.

Certain deductions are available (ie, acquisition cost, construction, improvements and extensions, notary expenses and commissions, and mediations, among others).

Finally, there are registration fees that purchaser pays to the public registry and for obtaining certificates (no liens certificates, no tax debts certificate, etc).

Taxes are withheld by the notary public before whom the transaction is formalised, when seller is an individual or foreign tax resident.

If a purchase is performed through share acquisition, only income tax will be generated.

2.11 Legal Restrictions on Foreign Investors

In principle, foreigners can acquire real estate in Mexico, with the exception of properties located within the restricted zone (100 km-wide strip along the border or 50 km-wide strip inland from the beaches). However, foreigners may partici-

pate with 100% of the equity of corporations, which may acquire real estate all over the country, including in the restricted zone, provided the property will not be used for residential purposes.

A foreigner can own property located in the restricted zone through a trust, by holding beneficiary rights, which will grant to the beneficiary practically all the benefits of an owner.

3. REAL ESTATE FINANCE

3.1 Financing Acquisitions of Commercial Real Estate

Acquisitions of commercial real estate are generally financed by a loan facility whose terms and conditions will depend on the creditworthiness of the borrower and the collateral available.

There are different financing options for the acquisition of large real estate portfolios or companies holding real estate. In addition to a loan facility with collateral (mortgage, pledge, etc), other options include acquiring the seller's debts or swapping shares, depending on the transaction and the parties involved.

3.2 Typical Security Created by Commercial Investors

A commercial real estate investor who is borrowing funds, typically creates the securities requested by lenders. Lenders usually request mortgages, trusts, shares pledges, FF&E pledges, cash deposits, etc.

Lock boxes, trusts or other forms of cash control may also be requested by the lender. Depending on the nature and function of the real estate, the borrower may create reserves for maintenance, insurance and improvements.

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The most common equity financing provisions include the following:

- equity financing – the amount of investment versus the participation percentage of the company's equity;
- access to the books and records;
- reporting and covenants;
- expected return for equity;
- the right to appoint directors; and
- investment restrictions-certain projects or purposes.

3.3 Restrictions on Granting Security over Real Estate to Foreign Lenders

There are no restrictions on granting securities over real estate to foreign lenders nor with respect to repayments to foreign lenders under loan or security agreements. Taxes may be withheld from the interests paid, which in some cases, depend on the lender tax residence and the existence of treaties to avoid double taxation with the country of residence of the lender.

The acquisition of real estate by foreign lenders as result of a mortgage foreclosure, could be restricted based on its location and use.

3.4 Taxes or Fees Relating to the Granting and Enforcement of Security

The granting of security over real estate does not cause taxes, only notary public fees and registration fees to the Public Registry of Property should be paid. Notary public fees and registration fees usually vary from state to state, depending on the amount secured. Enforcement of a real estate security will result in the same taxes as in its acquisition (see **2.10 Taxes Applicable to a Transaction**).

It is important to consider that in some cases depending on the lender, where there is a foreclosure procedure, mainly if collateral is owned by a private individual, the lender may end up

having to pay borrower taxes (income tax and/or VAT) resulting from the transfer of the property as part of the foreclosure procedure, since the notary public has the obligation to withhold taxes from private individuals.

3.5 Legal Requirements before an Entity Can Give Valid Security

There are no special legal rules or requirements the entity must comply to grant a valid security, other than complying with the regulations included in its by-laws, to avoid ultra vires acts.

3.6 Formalities when a Borrower Is in Default

Typically, real estate collateral is structured through mortgages or security trusts. In the event of default by the borrower, the lender must initiate a foreclosure legal procedure in the case of a mortgage, while securities granted through trusts, will follow the rules set forth in the relevant trust agreement, where the trustee usually acts as the executor.

Where other creditors of the borrower are secured with the same asset, the priority is usually evidenced in the document through which it was granted, and the judge will order that the other creditors be notified of the existence of the lawsuit or procedure to be part of the process.

Where the borrower has other creditors, Mexican law gives priority to the mortgagee or trustee over other creditors, to collect with the secured asset.

There are no restrictions on lender's ability to foreclose or realise on collateral, as a response to the pandemic.

3.7 Subordinating Existing Debt to Newly Created Debt

It is possible for existing secured debt to become subordinated to newly created debt by agree-

ment of all the parties involved. There are certain legal obligations which have preference in relation to pending debt or securities, such as tax and labour credits, under certain circumstances and with limitations.

3.8 Lenders' Liability under Environmental Laws

A lender holding or enforcing a real estate security is not liable under environmental laws for any pollution of the real estate if it did not cause it. In terms of the Federal Environmental Liability Law, the individual or legal entity which, through its action or omission, directly or indirectly damages the environment, is liable and must repair the damage, or where repair is not possible, shall be liable for environmental compensation.

3.9 Effects of a Borrower Becoming Insolvent

Security interests created by a borrower in favour of a lender cannot be considered as void just because the borrower becomes insolvent. Mexican law only provides that securities granted by the borrower affecting its creditors might be considered void, at the request of the creditors, if this results in the borrower's insolvency and the claim is prior to the relevant granting.

3.10 Consequences of LIBOR Index Expiry

Agreements normally provide a substitute index. If such alternative index is not provided, legal interest rates as per the Commercial Code could apply.

4. PLANNING AND ZONING

4.1 Legislative and Governmental Controls Applicable to Strategic Planning and Zoning

In Mexico, municipalities are the entities authorised to regulate planning and zoning matters, following certain guidelines established by the Federal Congress and the states. At state level, the applicable provisions are in the State Partial Development Plans, and at the municipal level in the Municipal Development Plans, and the Urban Development Plans. In addition, see the environmental provisions in **2.8 Permitted Uses of Real Estate under Zoning or Planning Law**.

4.2 Legislative and Governmental Controls Applicable to Design, Appearance and Method of Construction

For legislative and government controls typically applicable to the design, appearance and method of construction of new buildings or refurbishment of existing buildings, see **2.8 Permitted Uses of Real Estate under Zoning or Planning Law** and construction regulations. In addition, various aspects, modalities and limitations regarding the construction and refurbishing of existing properties are usually included in the provisions that regulate condominiums, which are regulated by local laws.

4.3 Regulatory Authorities

In relation to the regulation of the development and designated use of individual parcels of real estate, refer to **2.8 Permitted Uses of Real Estate under Zoning or Planning Law**.

The most common requirements provided by the plans include the protection of natural resources, the correct implementation of services, the integration with the environment. On the other hand, the most common legal restrictions provided by said ordinances are the prohibition of urbanisa-

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tion in certain areas, the surfaces that must be left free of construction, and restricted areas due to railway facilities, drinking water, drainage, electricity, telecommunications and roads.

It should be noted that, depending on the applicable provisions, it will be determined which authority must participate, usually municipal or state authorities. However, for some projects, especially those developed in coastal areas or those involving archaeological sites or historical monuments, the participation of federal authorities such as the Ministry of the Environment and Federal Resources (SEMARNAT), the National Institute of Anthropology and History (INAH), etc, is required.

4.4 Obtaining Entitlements to Develop a New Project

Local Licences and Permits

In order to be legally entitled to develop a new project and carry out a major refurbishment, it is necessary to obtain, at a local level, a construction licence to be able to build, extend, modify, repair, install, demolish, dismantle a work or installation. Also, in certain cases, building permits for historical monuments and archaeological zones are required.

Third-Party Objections and Approval

Considering that the regulation of construction matters is the responsibility of each state, it is necessary to analyse local construction regulations to determine the rights of third parties to object to construction projects. In certain projects, an Environmental Impact Authorisation is required, involving third parties and, in some cases, neighbours, or a public consultation procedure is initiated. Finally, third parties can file appeals against the issuance of construction licences.

In the case of environmentally sensitive infrastructure projects, which may include pipelines,

the community may be part of the process to get the project approved through a public consultation.

4.5 Right of Appeal against an Authority's Decision

An appeal for review is available against the refusal to grant a construction licence for any type of work, or other decisions arising from construction regulations. Likewise, nullity and amparo proceedings may be initiated. Depending on the authority, it is also common for other procedures to be initiated, in the event that a new project is not approved.

4.6 Agreements with Local or Governmental Authorities

Agreements with the authorities or with utility suppliers are usually required in the following areas:

- for the provision of public services such as electricity, drinking water and sewerage;
- for the development of destination areas for infrastructure, urban equipment, green areas and roads for real estate developments; and
- for concessions (such as ZOFEMAT and port authorisations).

In some cases where the projects have certain density or requirements, the developer might enter into agreements with the authorities to build certain infrastructure, which may include treatment plants, roads, energy infrastructure, etc, and then have said infrastructure assigned to the municipality or to the energy company (CFE).

4.7 Enforcement of Restrictions on Development and Designated Use

Failure to comply with the restrictions on development and designated use are sanctioned by each state or municipality depending on the location of the real estate and on the relevant

violation. Sanctions usually include the temporary suspension of the project, cancellation of the authorisations granted, closure of the project, fines and arrest for up to 36 hours.

5. INVESTMENT VEHICLES

5.1 Types of Entities Available to Investors to Hold Real Estate Assets

The most common vehicles for acquiring real estate in Mexico are commercial companies and the most frequently used are the stock company (*sociedad anónima*) and the limited liability company or LLC (*sociedad de responsabilidad limitada*), both of variable capital and trusts. These are the most widely used forms because they have perfect patrimonial autonomy.

The Stock Company

The stock company is composed of shareholders whose liabilities are limited to the amount of their contributions. Its capital is represented by negotiable certificates, and it is the only form of corporation whose shares may be traded on the stock exchange.

The LLC

The LLC is composed of partners whose liabilities are limited to the amount of their contributions. For the transfer of equity and the admission of new partners, the consent of the partners representing the majority of the capital stock is necessary. LLCs are often used by US residents because they can be treated as transparent entities for US tax purposes.

The Trust

In the case of a trusts, the property is owned by the trustee who is a regulated financial institution. Trusts are commonly used, since in many cases it is easier to determine the various obligations of the trustors and beneficiaries, vis-à-vis a shareholders/partner's agreements, such as

contributions by each trustor, reversion of the property if certain conditions are not met, etc.

The FIBRA

Another vehicle widely used in Mexico to acquire real estate is the FIBRA (REIT), which is typically used because it is considered a tax pass-through entity and allows for more flexible structuring of real estate combinations than may be achieved through a corporation. However, because of recent changes to the tax laws, certain tax benefits previously available to all FIBRAS are now limited to publicly traded FIBRAS. FIBRAS are investment vehicles listed on the Mexican Stock Exchange (BMV) for the acquisition and construction of real estate for leasing. Trust certificates are offered to the general public through a public offering in the stock market. Holders of trust certificates issued by a FIBRA will be entitled to receive dividends at least once a year for at least 95% of the result of the immediately preceding fiscal year.

Other Structures

Other structures currently used for these types of transactions include real estate investment companies (SIBRAS), development capital certificates (CKDs) and investment project fiduciary securitisation certificates (CERPIs).

5.2 Main Features of the Constitution of Each Type of Entity

Mexican companies must be incorporated before a notary public or a commercially authorised person (*corredor público*). All of the constituent shareholders or partners (minimum two), or attorneys in fact, must be present upon the incorporation of the company. For the incorporation, it is necessary to:

- obtain a permit, to use the company's name;
- indicate domicile, purpose, amount of authorised capital and its division into shares (or equity membership); and

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- to indicate the internal rules of the company governing:
 - (a) shares (or equity membership), the transfer and issuing of shares;
 - (b) calling, holding, proceedings, quorum and powers of general meeting;
 - (c) appointment, removal, conduct and powers of attorney of the directors or the sole administrator and auditors;
 - (d) the payment of dividends; and
 - (e) the dissolution and liquidation of the company.

The by-laws containing all the above information may be drafted either by a lawyer or by the same notary public or commercially authorised person (corredor público) who will incorporate the company.

FIBRAs

To incorporate a FIBRA, the parties must have at least 70% of their assets invested in real estate, be engaged in the purchase or construction of real estate to be leased, and distribute among the holders at least 95% of the tax result of the previous year.

SIBRAs

SIBRAs operate in a similar manner to FIBRAs; however, they are commercial companies incorporated under Mexican law instead of trusts. As with FIBRAs, real estate developers receive some tax benefits for using a SIBRA as a financing and structuring mechanism for their project.

CKDs

CKDs are securities that are issued through an irrevocable trust. Initial patrimony is formed with the proceeds of the placement and is used to invest in or to finance Mexican companies, either directly or indirectly, through various investment vehicles. CKDs are designed to allow the flow of resources to finance projects that consume

resources in the short term and later generate long-term flows.

CERPIS

CERPIS are similar to CKDs; however, only qualified investors can own CERPIS.

5.3 Minimum Capital Requirement

For the stock company there is no mandatory minimum capital stock provided by law. Therefore, the initial minimum capital stock is determined by the shareholders upon incorporation of the company.

For the LLC, there is no mandatory minimum capital provided by law. Its capital will be divided into equity memberships, each of which must represent at least MXN1 or a multiple of said amount, and there is a restriction of a maximum of 50 partners.

5.4 Applicable Governance Requirements

Stock Companies and LLCs

The obligations of a stock company and LLCs are imposed on the directors by law and by the company's by-laws. The directors are jointly liable with the company for compliance with legal and statutory requirements in relation to the dividends; for the existence and maintenance of the accounting, control, recording, filing or reporting required by law; for the fulfilment of the shareholders/partners resolutions; and for the creation of the reserve fund required by law. Some others special liabilities are provided by law.

In general terms, company's officers will be at least one director (who, in such a case, will act as sole administrator). Furthermore, stock companies shall designate one or more statutory auditors, which requirement does not apply to LLCs. Directors or employees of a company cannot be internal auditors for that company.

FIBRAs

As to FIBRAs, they must comply with certain standards of corporate governance and best practices among the shareholders, the investor, the management and technical committee, like all companies listed on the Mexican Stock Exchange (BMV).

5.5 Annual Entity Maintenance and Accounting Compliance

In Mexico, there is no annual fee/tax for the simple existence of a company. Since companies are subject to periodic compliance with administrative and tax requirements, the maintenance cost will depend on the nature, complexity, volume and frequency of the transactions and operations carried out.

6. COMMERCIAL LEASES**6.1 Types of Arrangements Allowing the Use of Real Estate for a Limited Period of Time**

Mexican civil law recognises four arrangements that allow a person to occupy and use a real property for a limited period, without buying it outright:

- the lease (*arrendamiento*), ie, the agreement through which one of the parties grants to the other party the right to temporarily use or enjoy a property, and the other party agree to pay a certain price for such use or enjoyment;
- the commodatum or free lease (*comodato*), ie, the agreement through which one of the parties grants to the other party the free use of a property;
- the real right of occupation (*habitación*) which grants to the right-holder the faculty to freely occupy part of another person's house, for themselves and their family members; and
- the real right of usufruct (*usufructo*), which is the real and temporary right to enjoy another

person's property and to receive all the fruits, whether natural, industrial or civil, produced thereby.

6.2 Types of Commercial Leases

Mexican civil law recognises only one type of lease agreement, although specific rules are provided in the federal and state civil codes, depending on the purpose or location of the leased premises.

6.3 Regulation of Rents or Lease Terms

Rentals and lease terms are usually freely negotiable, however, there are certain legal provisions within the regulation provided by the federal and state civil codes that are binding and non-negotiable/waivable since they are considered as public interest provisions. These are usually provisions applicable to residential leases, although certain state civil codes may also provide restrictions to other types of leases, such as maximum duration of the lease (ie, commercial 20 years). It is always recommended to review the set of rules provided by the applicable state civil code.

The government has not so far enacted any legislation directly affecting leases because of pandemic. However, it should be noted that civil codes already contain legal provisions applicable to the case of impediment of the use of leased premises, mainly in commercial leases when the leased premises cannot be operated due to a force majeure. For example, Article 2431 of the Federal Civil Code, also applicable to commercial leases, provides that if by reason of an Act of God or force majeure the tenant is totally prevented from using the leased premises, no rent shall be due while the impediment lasts, and if such impediment lasts more than two months, the tenant may request the termination of the agreement. Similar provisions are included in the civil codes of the various states of Mexico.

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Furthermore, in some state civil codes, the “unforeseeability theory” is acknowledged, the spirit of which is to seek a balance between the mutual obligations undertaken by the parties in the event that there are extraordinary national events, impossible to foresee, that make the obligations of one of the parties more onerous. In such a case, the affected party may take action to have the balance between the obligations restored, under certain conditions and circumstances.

6.4 Typical Terms of a Lease

Length

From a general perspective, the length of a lease term is freely negotiable, however, it must be taken into account that civil codes may contain provisions for minimum and maximum terms. For example, the minimum term of a residential lease agreement, pursuant to the Civil Code for Mexico City, is one year for both parties, and may be extended at the tenant’s will for up to one more year, under certain circumstances. Lease of real properties destined for commerce and industry, under the same code, cannot exceed 20 years. Landlords and tenants may freely determine if a term is binding or not and may even agree on penalties to be paid if the binding term is breached by any party.

General Rules

General rules contained in the federal and state civil codes establish that the landlord is liable for defects in the leased property that may prevent the use thereof, even if the landlord was not aware of the defects or occurred during the lease term, provided they are not a consequence of the tenant’s negligence. On the other hand, the tenant is responsible for minor repairs required from the use of the leased property. Standard provisions are that the landlord must maintain the structure of the property and carry the extraordinary maintenance thereof, while the ordinary maintenance is usually the responsibility

of the tenant who must return the property the way it was when the tenant moved in, except for the ordinary wear and tear arising from its use. Also, in this case, the parties may freely negotiate the allocation of responsibilities associated with maintenance.

Frequency of rental payments may be freely determined by the parties. The standard is payment on a monthly basis.

Likewise, in relation to COVID-19 issues, refer to **6.3 Regulation of Rents or Lease Terms.**

Finally, regarding construction build-out/supply chain issues, there are no specific provisions under the law, and therefore, are to be freely negotiated and agreed upon by the parties.

6.5 Rent Variation

Mexican civil law does not provide binding or automatic updates of rentals and matters can be freely negotiated by the parties. The standard is that rent is updated on a yearly basis by applying the same percentage increase as the National Consumer Price Index published in the Federal Official Gazette by the National Institute of Statistics and Geography (plus some additional points, in certain cases). In lease agreements of premises located in commercial malls, it may be agreed that the tenant must pay a variable rent (in addition to, or instead of, the monthly fixed rent), calculated as a percentage of the net sales of tenant.

6.6 Determination of New Rent

This matter is freely negotiable by the parties. The standard is that an agreed percentage increase applies to the monthly rent in force at the end of the agreed period (usually on a yearly basis, although semi-annual increases are also possible, but less frequent). It could also depend in case of new developments (shopping malls),

to increase the rent based on the number of stores open or capacity.

6.7 Payment of VAT

VAT is 16% and payable with the rent of real properties used for commercial purposes. Rents payable under lease agreements for residential purposes are not subject to VAT, unless the leased premises include furniture.

6.8 Costs Payable by a Tenant at the Start of a Lease

It is customary to pay the first month's rent in advance, plus payment of a security deposit (usually one- or two-months' rent) to be kept by the landlord as a guarantee of tenant's compliance with its obligations under the agreement. In commercial leases (commercial malls), the landlord (or previous tenant) may also request a one-time payment of goodwill or key money, the amount of which usually depends on the standards and success of the mall.

6.9 Payment of Maintenance and Repair

Costs and expenses associated with maintenance and repair of (common) areas used by several tenants are usually charged to and paid by those same tenants to the landlord or the manager of the building or mall, as the case may be, as "condominium quotas" or common area maintenance fees. Condominium or mall regulations usually establish how such quotas are allocated among the co-owners/users of the common areas. Leases of premises located in commercial malls may also provide for payment of a certain amount or percentage of the rent as advertising/marketing fees. Such fees and quotas are usually payable on a monthly basis.

6.10 Payment of Utilities and Telecommunications

Utilities and telecommunications that serve a property occupied by several tenants are usu-

ally paid on a pro rata basis and reflected in the maintenance.

6.11 Insurance Issues

There is no provision in the federal or state civil codes on this matter. Tenants are usually required to take out an insurance policy covering civil liability and fire, the latter being a tenant's liability under the federal and state civil codes. Insurance coverage for the property of the leased premises is usually taken out by the landlord. However, in commercial and industrial leases, the tenant may sometimes be held responsible for taking out and paying insurance coverage for the property including, among others, the risk of earthquake and flood. Common areas insurance is usually included in the maintenance fees charged to the tenant.

The insurance tenants obtain mainly relates to the property, and unless there is finance involved, it is not customary to have business interruption insurance, which, in Mexico, mainly relates to the closing of the property because of Acts of God or force majeure. It is not a practice to include insurance coverage for a pandemic or similar situations.

6.12 Restrictions on the Use of Real Estate

Pursuant to the federal and state civil codes, the tenant must use the leased property only for the agreed use or pursuant to the nature and destination thereof. Violation of such provision gives grounds for termination of the agreement by the landlord. Lease agreements usually contain such provision and specify that use of the leased premises must be in accordance with the permitted use of land corresponding to the leased property.

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6.13 Tenant's Ability to Alter and Improve Real Estate

Pursuant to the civil codes, the tenant may not vary the form of the leased property without the landlord's express consent. If such provision is breached, the tenant will be held responsible for restoring the leased property to its original state and paying the damages caused to the landlord. Usually, improvements are paid by the tenant, however, legal provisions establish that, unless there is a waiver, the landlord must pay them if it authorises the tenant to perform them or they are useful or urgent improvements.

6.14 Specific Regulations

Premises used for commercial, industrial, office or retail purposes, are generally subject to the same set of rules. The federal and state civil codes contain a specific set of rules for residential and rural properties.

- Properties intended for residential purposes. Specific rules are provided in the civil codes to address, among others, hygiene and health conditions, and minimum term of lease; the preferential right of the tenant to acquire the leased property or enter into a new lease; and currency for payment of the rent. Rules applicable to residential leases are usually considered to be of public order and social interest, and therefore, they are not waivable.
- Rural property. Specific rules are provided in the civil codes to address, among others, the terms for payment of rent, the rights of the tenant in the event of lack of productivity of the leased property, and the minimum term of the lease.

As previously mentioned, no specific COVID-19 legislation has been enacted. In addition to what was discussed in **6.3 Regulation of Rents or Lease Terms** regarding the “unforeseeability theory”, it should be noted that judicial criteria established that such a theory does not apply to

acts entered into between traders (commercial acts), and therefore, its application to commercial leases might be challenged.

6.15 Effect of the Tenant's Insolvency

The Law on Commercial Insolvency (*Ley de Concursos Mercantiles*) provides that a tenant's commercial insolvency does not terminate a lease agreement. However, the conciliator appointed for the insolvency procedure may opt to terminate the agreement, in which case, the compensation agreed in the lease must be paid to landlord or, failing that, an indemnity equal to three months' rent, for early termination.

6.16 Forms of Security to Protect against a Failure of the Tenant to Meet Its Obligations

The most common security requested by landlords to ensure tenants' compliance under lease agreements are:

- a security deposit (*depósito*), usually one or two months' rent;
- bond policy (*fianza*), issued by a bond institution, which guarantees the fulfilment of tenant's obligations;
- letter of credit; and/or
- a joint and several obligation by a third party (*obligado solidario*).

6.17 Right to Occupy after Termination or Expiry of a Lease

As a general rule, a tenant is not entitled to continue occupying the leased property after the termination of the lease agreement, and the landlord is entitled to enforce eviction. However, if tenant keeps occupying the property without landlord's opposition, the lease agreement will continue for an undetermined period. In such a case, either party may terminate the agreement by giving 30 days' written notice to the other party in the case of residential property and one

year in case of rural, commercial or industrial properties.

6.18 Right to Assign a Leasehold Interest

The tenant may not sublet the leased property or a portion thereof, or assign the tenant's rights, without the consent of the landlord. If the tenant breaches this rule, it will be jointly liable with the subtenant for damages.

6.19 Right to Terminate a Lease

Pursuant to the federal and state civil codes, a landlord is entitled to terminate a lease in the following cases:

- tenant failure to pay the rent;
- tenant failure to use the property for the agreed use;
- if the tenant sublets the property, without the landlord's consent;
- in the case of material damages to the leased property attributable to the tenant; and
- where the tenant modifies the form of the leased property, without the express consent of the landlord.

On the other hand, a tenant is entitled to terminate a lease:

- if the landlord does not keep the leased property in good condition;
- in case of total or partial loss of the leased property; and
- due to the existence of hidden defects or flaws in the property, originating prior to the lease and unknown to the tenant.

The parties may also agree on events of default different from or in addition to those provided by the law.

6.20 Registration Requirements

The civil codes require lease agreements to be in writing.

The state civil codes may provide certain registration requirements. The Civil Code for Mexico City, eg, establishes that lease agreements with a six-year term or more, must be recorded in the Public Registry of Property, or when advance payments of more than three years rent are made.

6.21 Forced Eviction

The landlord is entitled to terminate the lease agreement and start a procedure to enforce eviction when a termination cause provided by law or the lease agreement, occurs. The duration of the eviction process may vary, depending on the peculiarity of the case, but on average it may last from one to two years.

No COVID-19 eviction moratoriums or related restrictions were implemented by the government during the COVID-19 pandemic.

6.22 Termination by a Third Party

Expropriation of the leased property for public utility and judicial sale are grounds for termination. The landlord and tenant are entitled to receive an indemnification from the competent authority. The landlord will be indemnified in accordance with the expropriation decree. The tenant will be indemnified with an amount of six months' rent (provided it has occupied the property for more than one year) as well as with the value of the improvements made during the last six months, provided they were needed.

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7. CONSTRUCTION

7.1 Common Structures Used to Price Construction Projects

The most common structures used in Mexico to price construction projects are:

- unit-price construction agreements;
- lump-sum construction agreements; and
- refundable costs construction agreements.

Unit-Price Construction Agreements

Under the unit-price construction agreement, the parties agree on a price per construction unit and the total value of the contract will be the sum of the units multiplied by the value of each unit. Each unit must include a value that represents the value of the contractor's remuneration.

Lump-Sum Construction Agreements

Under the lump-sum construction agreement, the contractor provides the fixed price of the work, regardless of the effective costs of the work it incurs during the execution of the project. Usually, the cost is higher than in other construction contracts, since contractor tends to have a margin in case of material, equipment and sub-contractors cost variation.

Refundable Costs Construction Agreements

Under the refundable costs sum construction agreement, the price that the contractor receives will be that resulting from the expenses assumed in the execution of the project plus a profit.

It is a practice in Mexican construction contracts to include a "change clause" that allows the owner to modify the work to be performed, and as a consequence of such changes, the price also changes. This gives the owner the flexibility to reduce or increase the work.

7.2 Assigning Responsibility for the Design and Construction of a Project

In Mexico, different methods are used to assign responsibility for the design and construction of a project.

If the contractor developed the design and engineering of the project, they are responsible for the correct construction of the project and for any defect, error, failure or malfunction. Therefore, contractor is required to guarantee all the construction work and activities performed thereunder from defects (including hidden defects), malfunctions, deficiencies and damage of any kind, including but not limited to, structural damage, design and engineering errors, labour problems, availability of materials, malfunctions of equipment and installations, during the term of the construction agreement and commonly 12 months after the termination date of the construction (guarantee period). In the event any defect is detected during the guarantee period, the contractor, usually at their own cost, immediately fixes any such defect and the guarantee is extended for the defective work, as agreed by the parties.

If the contractor does not develop the design and engineering of the project, unless provided otherwise, it is responsible for defects, errors, failures or malfunctions, but shall not guarantee the design and engineering defects, which are the client's responsibility.

The above-mentioned responsibilities are typically allocated in specific responsibility and indemnification clauses within the construction contract, by means of which, the contractor agrees to indemnify and hold the client, as well as its indemnified parties free from any damage, claim, liability, obligation, loss, action, administrative proceeding, complaint, expenses, interest, fines and costs (including reasonable attor-

neys' costs and expenses), in connection with the construction agreement.

7.3 Management of Construction Risk

In Mexico, several means are used to manage construction risk on a construction project. The most common ones are:

- bonds;
- insurance; and
- guarantee fund; to cover any contractors' responsibility and contingencies such as construction defects.

Bonds

Typically, a contractor grants the following bonds in construction agreements.

Down-payment bond to guarantee the correct use of the down payment in an amount equal to the full amount of the down payment. The down-payment bond is effective until the full down payment is amortised.

Performance bond, usually equal to 10% of the construction price, and guarantees the complete performance of the works, and timely completion of the construction.

Guarantee and quality assurance bond, usually delivered simultaneously with the completion of the construction works in an amount equal to 10% of the construction works price and effective for a one-year term from the delivery of the fully terminated construction works. This bond usually guarantees the payment of any hidden vices or defects in the construction that may be generated after the termination and delivery of the construction works and third-party claim.

Insurance

Typically, the contractor is responsible for obtaining the all-risk and civil liability insurance. Generally, it includes any risk inherent to the construc-

tion works, including constructions adjacent or within the construction site, personal damages and death, basic coverage for activities and real estate, subsoil installations, demolition, machines used for work, foundations, propping and other works, sudden and unforeseeable pollution. The insurance policy usually covers gross liability, design errors, employers' liability and damage to property.

Guarantee Fund

From the amounts paid by client to contractor, the client usually withholds 5% of the total amount of each invoice, until they have accrued a guarantee fund equivalent to 5% of the construction price to guarantee compliance with the obligations of the contractor under the construction agreement.

The guarantee fund is typically used by clients to correct any defect, responsibility or claim against the contractor that may result from the construction agreement, including, but not limited to, the payment of liquidated damages of the agreement or if the contractor fails to comply with any obligation established in the agreement.

There is also the possibility of limiting contractor's liability or capping it at a certain amount, dependent on the project and the specific negotiations. Other than with respect to the maximum liability under the law or limitation or prohibition of certain damages (consequential, risk of loss, etc) under the law, all the provisions relating to indemnification, risk of loss, waivers and limitations of liabilities are freely negotiated by the parties.

7.4 Management of Schedule-Related Risk

Parties may agree that the owner is entitled to monetary compensation/liquidated damages if certain milestones or completion dates are not achieved. Usually, unless there is a force majeure

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event, owner or third-party delays (licenses, permits, etc) if the work or part of it is not completed, liquidated damages are paid. The payments by contractor of penalties or other amounts (damages) are usually guaranteed through the issuance, for the benefit of the owner and/or owner lenders, of:

- performance and advance payment bonds;
- letters of credit; and
- parent or third-party guarantees, in addition to payment holdbacks as agreed by the parties.

7.5 Additional Forms of Security to Guarantee a Contractor's Performance

The most common ways for owners to seek to guarantee a contractor's performance of a project, is to obtain performance bonds, including advance payment and performance bonds. However, letters of credit, parent guarantees, holdbacks and escrow accounts are also customary.

7.6 Liens or Encumbrances in the Event of Non-payment

Contractors and/or designers cannot lien or otherwise encumber a property in the event of non-payment. In Mexico, there are no mechanical liens like in other jurisdictions. However, it is important to consider that in the case of certain equipment (ie, elevators, air conditioning equipment, etc), the seller or manufacturer may sell the equipment with a domain reserve, meaning that it keeps title until the price is paid, which domain reserve must be registered in the RUG.

7.7 Requirements before Use or Inhabitation

Local laws determine the requirements to be met to inhabit a project after its construction. For example, in Mexico City, it is necessary to obtain authorisation for the use and occupation of the construction and for this it is necessary to pre-

sent the construction licence, the construction logbook in which the progress of the executed works is registered and endorsed by an expert, among others. Furthermore, it should be noted that the properties must comply with safety regulations, evacuation routes and civil protection, etc. Finally, we have the operation licenses that must be obtained for the property to be used for its intended use, which depend on the business (hospitality, restaurant, parking lot, etc).

8. TAX

8.1 VAT

If real estate is acquired through the direct purchase of real estate, various taxes and rights must be paid, including VAT on the value of the construction (unless it is a residence), paid by the purchaser at a rate of 16%.

8.2 Mitigation of Tax Liability

The most common method used to defer transfer liability is by contributing real estate trust, which is not considered as a sale for tax purposes, in accordance with the provisions of Article 14 of the Federal Tax Code, if the trustor reserves the right to reverse the ownership of the real estate. Once the reversion right is lost, either because of a further sale, termination of the reversion right or because the formal tax requirements are not met, taxes should be paid by the transferor.

8.3 Municipal Taxes

There are no federal or local occupation taxes, only fees, licences and permits as required.

8.4 Income Tax Withholding for Foreign Investors

The taxes to be paid are withheld by the notary public before whom the transaction is formalised if the seller is not a tax resident in Mexico. Taxes are determined as per the income tax law and up to 35% of the net gains.

Rental income from real estate is taxed in Mexico, as per the income tax and VAT law. There are different rules in relation with leases, such as 20% flat fees, certain deductions, etc, which apply depending on if it is an entity, individual, Mexican or foreigner.

8.5 Tax Benefits

Owners of real estate in Mexico are entitled to tax depreciation of fixed assets, mainly constructions and deduct some concepts from the income tax to be paid against the income generated from the sale, such as the proven cost of acquisition, certain construction and improvements, notary expenses and commissions. In the case of land, there is no depreciation for tax purposes, however, when the real estate is sold, part of the price is allocated to the land.

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Cannizzo, Ortíz y Asociados, S.C. was established more than 40 years ago and is one of the pioneer firms in real estate mega-developments (projects that include different real estate components, such as golf courses, residential, commercial, hospitality and marinas). The firm participated in mega-development projects, including marinas in Puerto Peñasco, Guaymas, Mazatlán, Puerto Vallarta, Ixtapa, and Los Cabos, the largest in their areas. It was active in the acquisition, structuring and development of projects such as Bosque Real, Puerto Cancun,

Playacar and Mayakoba. Cannizzo participated in M&A operations of hospitality brands in Mexico, including Barceló, JW Marriott, Sheraton, Hyatt, Auberge, Fiesta Americana, Four Seasons and Hilton. In the industrial sector, Cannizzo participated in several industrial acquisitions by Pirelli and Macquarie. In matters related to commerce and entertainment, Cannizzo advised Cinemex with 40 theatres, and more than ten shopping centres nationwide, as well as luxury brands, including Ermenegildo Zegna, Salvatore Ferragamo, Cartier and Bvlgari.

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Roberto Cannizzo is an expert in corporate, M&A and real estate matters, and advises both domestic and international clients on business and investing in Mexico, and cross-border and multi-jurisdictional transactions. He has represented clients, including multinational companies, private equity funds and their portfolio companies, in a wide range of industries, including hospitality, leisure, manufacturing, infrastructure and government solutions. As a pioneer attorney in this field, Roberto was involved in the structuring and acquisition of some of the most important mega-developments in Mexico, such as Playacar, Marina Vallarta, Marina Ixtapa, Bosque Real and Puerto Cancun.



Carlo Cannizzo focuses his practice on real estate, infrastructure, construction, corporate, finance and M&A transactions. With more than 25 years' experience, he has acted as leading counsel in many strategic transactions in Mexico, including the acquisition and sale of different real estate mixed-use projects, the negotiation of pipeline transport and construction agreements for the oil and gas industries, and finance structuring. Carlo has acted as main counsel to large foreign banks, real estate funds, REITs, hotel management companies, construction companies, hi-tech companies, and leading international fashion brands. He participates on the board of directors of several Mexican companies.

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Stefano Amato focuses his practice on real estate, corporate, finance and M&A transactions. He has been involved and has acted as counsel in many strategic

transactions in Mexico, some for several hundred million dollars. He has been the main counsel for large shopping centres, industrial establishments, hospitality, foreign banks, entertainment companies, leading international fashion companies, transactions involving acquisitions construction and leases of commercial and industrial facilities. He has been a speaker in several symposiums for issues related to real estate law.



Mauricio Moreno-Rey has extensive experience and provides high-level specialised advice in the areas of real estate, business and corporate, tourist developments, mergers

and acquisitions, advising domestic and foreign clients in conducting business and investments in Mexico and in cross-border and multi-jurisdictional transactions. His knowledge of the law, detailed analysis and understanding of his clients' business has allowed him to successfully represent clients in a wide range of industries, including hospitality, industrial, commercial and residential developments, macro condominiums, branded residences and wind farms.

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