



## Stewart Title Guaranty Company Mexico Division - Houston, Texas

### PROCESS FLOW, COMMITMENTS, FEES & PREMIUMS

Stewart Title Guaranty Company (STG) would like to present a process flow for the title examination process, issuance of the Commitment for Title Policy on Mexico Land, Escrow Agreements, all title search and escrow fees and finally the Owner's or Loan Policy to be issued.

- First order of business is the Application for Policy of Title Insurance and the Application Fee. The Application is a one-page form that is easy to fill out and must be signed by the proposed insured client. Generally, a title search or a title update requires an Application Fee of \$500-3000, paid once. If the property is a “one off” search where STG has never done title work, the Application Fee will be \$3000. On properties that STG already has a base file on, a title update fee will be \$500. In some instances, for example, like the Los Cabos or Puerto Vallarta markets, the Application Fee may range between \$500-1500 depending on the location of the subject property. If multiple searches are to be done in the same municipality or subdivision, STG may be able to discount the cost of the title work. In all cases, an agent should check with us on the search fee, but we will always use our best effort to get the lowest fee possible for the benefit of the customer. A copy of the escritura publica with the recording information of the public registry for the subject property **must** accompany the Application and the Application Fee. Once STG has received all three (3) above items, we will begin the title search. STG, under normal circumstances, will issue the Commitment within 30 days of receiving these items and the subsequent receipt of the legal opinion or title report on the subject property.
- Escrow accounts may be established for any transaction in Mexico. **NOTE:** STG is not in the business of establishing escrow accounts. We are in the business of issuing title policies and escrow is an ancillary service we provide for the benefit of the parties involved. Generally speaking, if the parties are only interested in our facilitating an escrow service and **NOT** the issuance of a title policy, we're not interested! With that said, the escrow fee in **every case** is \$500. STG will receipt the required deposit per the instructions contained in the STG Escrow Agreement. STG **will not** receipt an earnest money deposit without an Escrow Agreement executed by the respective parties. Upon receipt of same, STG may, in most cases, invest that deposit into an interest bearing money market account for the benefit of the depositor.

- If the deposit is of short duration (30 days or less), then we will advise the customer as to their desire. In deposits that earn interest, there **MUST** be a W-9 form (verification of U.S. taxpayer status) or a W-8 form (verification of foreign residence status) executed and returned to STG as well.
- Upon issuance of the Commitment, STG can insure the purchaser at the time of closing with the receipt of the following items: 1) a copy of the executed escritura publica (public deed), 2) a copy of the aviso preventivo (preventive notice), 3) a copy of the certificado de libertad de gravamen (lien certificate), 4) written notification from the notario publico closing the operation (transaction) that the deed is fully executed and the operation is closed, 5) STG must have received the premium for the Owner's Policy at the time of closing and satisfied all of the STG underwriting requirements.
- Generally speaking, the one time premium payment for residential properties will be calculated at \$7/1000 of the **purchase price**, not the declared value of the operation. STG will insure the property for the actual investment made. The capital gains issue between the seller and the buyer is not the concern of STG nor will we be a party to tax fraud! In the case of land transactions, the premium is fully negotiable based upon the aggregate insured value, i.e., total coverage for land and improvements. The general range for premiums is between \$4-7/1000 of insurance coverage.
- In the case of residential projects where the developer is willing to pay for the title policies at the time of closing, STG can offer a discount to the developer. The premium would then be calculated at \$5/1000. However, there must be a signed agreement between the developer and STG concerning the premium structure and the method of payment. STG is willing to provide the discount in order to issue title policies on **all** of the units, villas or lots in the subject development.

We trust this will help explain some of the issues to proceed on any property. In any case, you should always feel free to consult us or check with us on a particular matter. We are here to serve your well being and get deals closed, funded and insured! If we can be of service, we welcome the opportunity.

Saludos,

**Mitch Creekmore**

*Vice President & Director of  
Mexico Business Development*