

Stewart Title Guaranty de Mexico, S.A. de C.V. (“STGM”), would like to present a process flow for the title examination procedure, issuance of the Title Commitment for an Insurance Policy of Property Ownership, Escrow Agreements and title search and escrow fees. The title policy, subject to the terms, conditions, stipulations and exceptions as contained in the STGM Commitment and as negotiated, will be issued by STGM. The STGM Policy of Property Ownership is reinsured by Stewart Title Guaranty Company in the United States of America.

- The first order of business is the **Application for the Insurance Policy of Property Ownership** 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 customer as well as the form required by the Comision Nacional de Seguros y Fianzas. In order to begin the title search, STGM must receive a negotiated **Application Fee** based on the property location, a copy of the escritura publica (current deed of record) along with the recording information of the public registry for the subject property. Once STGM has received all three (3) items, STGM can begin the title search. The title search and issuance of the Title Commitment usually takes 30 days after STGM’s receipt of the necessary information listed above. After the title search is complete, STGM will be provided with the documents in the chain of title, certificates and corresponding legal opinion or title report on the subject property.
- **Escrow accounts** may be established through the Houston office of Stewart Information International (“SII”) for any transaction in Mexico subject to a fully executed SII escrow agreement. The escrow fee is **US\$500**. SII will receipt the required deposit per the instructions contained in the SII Escrow Agreement. **SII will not** receipt any money deposit and establish escrow without an Escrow Agreement fully executed by the respective parties. Upon receipt of same, SII may, in most cases, invest that deposit into an interest bearing money market account established with Wells Fargo Bank, N.A., for the benefit of the depositor or as stipulated in the escrow agreement.
- If the deposit is of short duration (30 days or less), SII will then address this with the customer. 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 SII.
- Upon issuance of the Title Commitment, STGM 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) satisfaction of the terms and conditions contained in the Title Commitment; 6) STGM’s receipt of the applicable premium for the Policy, and satisfaction of all STGM underwriting requirements.
- **NOTE:** STGM can issue a “factura” (invoice) for the premium paid. The premium expenditure is a fully deductible expense on the real estate when the property is sold and will reduce the income tax liability payable to Mexico’s Hacienda (Taxing Authority).

I trust this will help explain some of the issues to proceed with this transaction. In any case, you should always feel free to consult us or check with us on a particular matter.