

Financing Changes Landscape for Mexican Property Purchases

Press Release

Katie Weeks - San Diego Business Journal

October 2006 - Finance North America staff members are Christian Alvarez, vice president of sales, left, and Russ Schreier, founder and chief executive officer.

When Russ Schreier purchased a home in Loreto, Baja California, Mexico two years ago, he not only found a new vacation getaway, he discovered an underserved market that would become his livelihood.

"I said, 'Wow, you can't finance down here?' " recalls Schreier, who is now founder and CEO of Finance North America, a Del Mar-based firm he started a year ago to serve Americans, Canadians and Mexican nationals buying property in Mexico.

His firm is one of only a handful that offers mortgages only to buyers of Mexican property. But less than two years ago, companies did not offer financing for land purchases in Mexico, and mortgages had to go through Mexican banks.

Financing rates were outrageously high, industry members say.

Changes on both sides of the border, including the passage of the North America Free Trade Agreement, which led Mexico to make business transactions more transparent and accountable, created favorable conditions for mortgage companies like Schreier's to move in. Three-fourths of Finance North America's loans go through a unit of General Electric Co., GE Financial, one of the "most talked about" lenders for Americans who want to buy land south of the border.

Embarking On Foreign Venture

With \$200,000 of his own money and nearly 20 years' experience in the mortgage industry, Schreier left the security of his corporate job as executive vice president of First Capital, an affiliate of Prudential California Realty, and has grown a binational business that became profitable three months ago. His business partner is Vice President of Sales Christian Alvarez.

Most properties in Mexico are still purchased in cash, say developers and Mexican real estate law experts.

Schreier is convinced it's partly because people aren't aware of the option to use a mortgage for buying property in Mexico. He said a developer he knows recently made \$500 million in sales on a Mexican housing project.

"I've gotta believe half of those people would have taken financing if they knew it were available," he said.

Schreier and others say lending is in its infancy in Mexico, but the economy there is slowly strengthening and the culture is changing.

"The Mexican mentality is cash," Schreier said. "Primarily because there's not a lot of access to credit, but Americans will finance anything."



Finance North America

Mortgages for Mexico Real Estate