

Buying a piece of paradise With strong dollar, Canadians can cash in... With the recession hitting the United States harder than Canada, and the Canadian dollar still strong, this may be a great time for Canadians to buy that sunny, tranquil getaway in the U.S. or further south. But to make sure it is truly tranquil, do your due diligence, just like you would at home.

Tom Kelly, a syndicated columnist based in Washington state, has co-authored two books about buying real estate in Mexico and Central America. He believes prices in those areas will go up once American baby boomers recover some of their wealth. U.S. boomers weren't prepared for the economic downturn and once they rebuild, they are going to look for cheaper styles of living. And it's definitely cheaper in Mexico and Central America, Kelly said.

Canadians, on the other hand, haven't been as hard hit and were better prepared, he said. So they are in a better position to buy now. "And the further you go, typically the less expensive it's going to be," Kelly said. Panama, for example, "is a bargain right now," Kelly said. "But it costs money to get there." And while Puerto Vallarta and other places in Mexico are easier to get to, deals can be found there, too, because not as many people are buying, he said. The outbreak of H1N1 flu in the spring turned some people off. And the rash of drug-related crime did, too. But Kelly believes Mexico is perfectly safe, with the violence limited to the drug trade near the border. "There's no history of these people targeting non-nationals," he said.

Mexico is also safe from a purchasing perspective with title insurance now available to those buying property, he said. A lot of the horror stories of people buying in Mexico and ending up with nothing really stemmed from "non-nationals buying property they should have never bought in the first place because nobody owned the title to it," Kelly said. So just like you would in Canada, "go out and do the due diligence" before you buy, he said. "Don't leave your brains at the border. Check out the property in person to make sure it's what you want, rather than buying off the Internet." For financing, it's cheaper to remortgage your Canadian property and buy with cash than to get local financing. While there are international banks that will lend you money, they will charge more, he said. David Ingram is a North Vancouver-based former real estate agent who has made a career out of advising Canadians who want to buy property outside the country, and foreigners who want to buy property in Canada. About 6,000 people attended his seminars last year, an indication of the interest in offshore real estate, Ingram said.

He said the first thing to remember is that every country and every state is different. So, get the advice you need to learn the rules before you buy. In Mexico, for example, non-nationals aren't allowed to buy within a certain distance of shores or borders, for reasons of national security. But that can be overcome by setting up a trust to purchase the property, for which title insurance is available. Other things to think about are local laws relating to rentals. If the property is to be rented out, chances are tax must be paid on the rental income, both Kelly and Ingram said. While owners may be tempted not to pay the tax, Kelly recommends against it. If you don't pay and the government finds out, you will have to go through a hearing and the government could put a lien on the property. "So it's better to be safe than sorry," Kelly said. Don't forget about visa requirements to stay in the country where you buy, Ingram said. While no visa is needed for the U.S., if you stay too long you may have to pay tax on your worldwide income. And if you're not careful, you may lose your entitlement to your medical services plan. B.C., for example, requires residents to be physically present in the province for at least six months of the year. "So, get proper advice" before you buy, Ingram advises. By Fiona Anderson, Canwest News Service July 27, 2009 © Copyright (c) The StarPhoenix www.FivesMexico.com