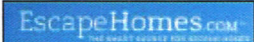




Mexico's Baja California Opens to American Investment

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For years, owning a Baja California home has been the impossible dream for most Americans.

Today, thanks to the newfound availability of traditional, US-style mortgages, the Baja market is suddenly primed for major development and Americans are pouring across the border to satisfy the desires for ownership of beachfront property that have been held in check for so long.

Until recently, many would-be Mexican real estate investors were frustrated by governmental insistence limiting property that could be acquired and how it could be paid for. Russ Schreier, president of Finance North America explains what happened behind the scenes. "Before 2005 there were basically two options for you to buy property south of the border. You could borrow money from a Mexican bank, but there was a down side. Mexican Peso-based loans tend towards higher interest rates than US loans, tie to inflation indexes, and oftentimes cause negative amortization. Or you could pay cash. For most would-be property owners, neither was a viable option."

The equation changed last year when Schreier and his associates made the Mexican legal system their ally. Working with Mexican bank trusts (Fideicomiso), FNA began financing renewable 50-year trusts on land that otherwise couldn't be bought by non-Mexicans. "With a Fideicomiso, you can buy, improve and sell property just as with a traditional deed, only now you can finance it from a foreign source," says Schreier. "Best of all, the trust is renewable into perpetuity,

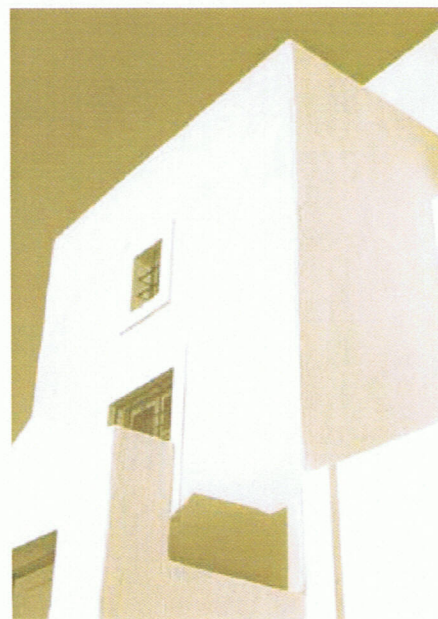
and guaranteed by the Mexican constitution."

With Americans suddenly able to carry US-based mortgages to buy Mexican property, interest in home ownership there soared. Numerous recent studies have shown a direct link between the ability to carry an American mortgage and buying in Northern Baja, Cancun, Puerto Penasco, Los Cabos, Puerto Vallarta and San Miguel.

Says company co-founder Christian Alvarez, "With the legal changes now in place, foreigners can own land in the formerly restricted zones - within 50 kilometers (31 miles) of the beach and 100 kilometers (62 miles) of the border. All that by using the Fideicomiso."

Terms of the North American Free Trade Agreement (NAFTA) guarantee Mexico may not directly, or indirectly, expropriate property except for a public purpose. This is the equivalent of America's Eminent Domain clause. Furthermore, should it become necessary to expropriate land, NAFTA rules ensure swift and fair market compensation is paid, together with accrued interest.

These rules of fairness, combined with the ability to use financial instruments with which Americans are comfortable, have been the key to the tsunami of new



interest in the Baja real estate market.

Baja offers a tranquil way of life, where clear skies over serene deserts engulf you. Visitors year-round enjoy cactus-covered mountains, soft beige sandy beaches, and sparkling waters of the Pacific or the Gulf of Mexico. Baja boasts every type of available activity, including hiking a desert wash, kayaking, walking miles of uninhabited beaches, renting a boat, shopping or bird watching. Just minutes from the California border, Northern Baja is a major center of ecotourism, with whale sanctuaries, coral reefs, surf destinations, and desert areas with exotic animals and plants.

"No longer will American investment be stunted by bureaucratic regulations," proclaims Schreier. "We've effectively eliminated the cross-border barriers that once stunted real estate investment south of the border."