

Mexico/Latin America: 'The last frontier'

By John MacCormack
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SAN CARLOS, Mexico — In the end, it wasn't the heady talk of trophy bucks, monster yellow cats, or even turkey and quail waiting in the pecan bottomlands that convinced Art Stark III to go Mexican.

Rather it was the chance to buy a large hunting ranch with river frontage and a large private lake for under \$300 an acre, money that just across the Rio Grande would buy little more than dry scrubland.

"I think this is a really good deal. If this ranch with this water was in Texas, I'd be paying \$700 to \$900 an acre. We've looked at some that sold, for comparable value," said Stark, 38, who owns a 1,400-acre ranch near Brady.

"There were a lot of amenities on the place. The roads were terrific, the house was nice, and so were the fences. I'm very enthusiastic. I think we can do it," he said of the deal.

With prices for high-quality deer-hunting land soaring in Texas, and the demand vastly exceeding the supply, a few savvy buyers like Stark are looking south for bargains and good racks.

Obstacles — both real and imagined — to Americans owning land in Mexico are giving way to market pressures and significant changes in Mexican land laws.

Where for decades Mexican law effectively blocked foreigners from direct ownership of land within a 62-mile restricted zone along the border, constitutional amendments in the early 1990s followed by the 1993 North American Free Trade Agreement have eased some of those prohibitions.

Aimed at accommodating *maquiladora* owners, the changes that now allow for 100 percent foreign ownership of commercial property along the Mexican border also have created an opening for well-heeled Texas deer hunters.

And a handful of real estate agents and investors are now scrambling to take advantage of the opportunities to buy into the Mexican market at what some believe will prove to be all-time low prices.

Among them is Kerrville agent Joel Meek, who began thinking about the Mexican market while hunting deer on leased property in Coahuila several years ago. A casual conversation with a ranch owner eager to sell led Meek to commit heavily to Mexico.

"Everyone always told me you had to have a Mexican partner to buy land in Mexico, and that's been the biggest re-

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striction on Americans buying there," said Meek, an avid whitetail hunter.

"But I started researching NAFTA and I found it provides an easy way for Americans to buy land in Mexico for commercial use. So I came up with this concept: Why can't we buy a ranch for commercial use instead of agricultural use?" he said.

While foreign ownership of agricultural and residential property within the border zone is still restricted, a hunting ranch meets the legal standard for commercial property, he said.

And to own a hunting ranch free of Mexican trusts, partners or co-owners, all an American has to do is create a fully owned Mexican corporation with which to buy the property.

An international lawyer in San Antonio hired by Meek to pursue his plan said Mexican land experts already have signed off on the concept. The lawyer spoke on the condition his name not be used.

"It's a fairly sophisticated legal analysis to get to the point where you can say this is permissible, but under the law, it's clear that Americans can buy these properties through a Mexican corporation that they own," he said.

"Based on our consultations with Mexican lawyers and notary publics, these projects are fully consistent with Mexican law. He (Meek) is really one of the first, if not the first to pursue it," he said.

For the still faint at heart, title insurance on Mexican ranches is available in the United States. Stewart Title Co. was the first American company to guarantee ownership in Mexican land.

"We've put our money where our mouth is," said Mitch Creekmore, a vice president who specializes in Mexican properties. "We created the first title insurance underwriter Mexico has ever had, and we already have hundreds of millions of dollars worth of liability in Mexico."

He said that national policy in Mexico for most of the last decade has been to "promote, enhance and protect," foreign investment, and that there are ample protections for American buyers.

"Mexico is not the Wild West. There are rules and regulations and formalities, and Americans who follow them can buy with full confidence," he said.

And, although he is not a deer hunter and does not track prices of ranches in South Texas, Creekmore said the market in Mexican ranches being offered by Meek and others could be strong.

"It's a wonderful idea. If they can find Mexican ranches at half the price as in Texas, and it has the same game, I think there will be a lot of enthusiasm," he said.

To Meek, and Kash Morrow, another Kerrville real estate agent offering Mexican ranches, the possibilities are intoxicating. After years of drought and the 1996 peso devaluation, many Mexican

ranchers are hard up and looking to cash out.

"It's the last frontier. It's where the opportunities and the money are," Morrow said.

Morrow advertises a dozen Mexican ranch properties on his Web site, mexicohuntingranches.com, and gets 20 to 30 inquiries a week.

While Morrow has yet to close his first deal, Meek, who is backed by private investors, is far deeper into the market. His proposed sale with Stark is only one of many.

"I took the risk. I bought the first couple myself and held onto it for a couple of months," he said.

"Right now we've closed on five ranches totaling about 50,000 acres and are closing on two more very soon. We have five more under contract to buy, and we're negotiating contracts on another 10 ranches. Within three months, we ought to be up to about 100,000 acres under contract or sold," Meek said.

According to Robert Garza, a prominent Ciudad Acuña businessman, the American investors are welcome in Mexico.

"There's always been an interest by Americans, but it's been quite reserved until the last few years," he said.

"I see a lot more investment coming. I think it's good because it will increase the international trade both ways," he said.

One of Meek's first customers in Mexico was Todd Brock of Brock Enterprises, an industrial services company in Beaumont, who now owns several ranches there totaling more than 25,000 acres.

"I couldn't find anything in South Texas, and that's what tweaked my interest over there. We're still seeing \$750 an acre for good South Texas land, and it's a third that on the other side, and

it will have better water and better deer," he said of Mexico.

Brock said that one of the other draws is the low cost of maintenance.

"I have a ranch in Kerrville, and where it costs me a couple of hundred thousand a year to maintain that ranch, in Mexico it cost me about \$20,000 year. Those guys make eight or nine bucks a day," he said.

Last fall, Brock hunted on a ranch he bought in Guerrero, and shot the biggest deer of his life.

"We didn't set up any blinds this year. We didn't have time, so we just high-racked, and we killed three in the 150-point class, one in the 160 class and a 176. That's a dad-gummed good deer,"

"I have title insurance, and as far as my legal adviser and accountant tell me, I'm totally protected. No less than I am over here."

he said.

"I'm 38 and I've been hunting deer since I was eight, and I shot a 167 point (Boone and Crockett scoring system) buck in Mexico. I'm converted," he said.

And even though he doesn't speak Spanish and had not traveled extensively in Mexico before buying property there, Brock said he doesn't lose sleep at night worrying about his investment.

"It's very much a foreign land to me, but I have title insurance, and as far as my legal adviser and accountant tell me, I'm totally protected. No less than I am over here," he said.

Meek, who is backed by two groups of Texas investors, said he believes the Mexican market has tremendous potential.

"I truly believe this will revolutionize American land ownership in Mexico. I'm a real conservative person, but I think within three years, sales in Mexico will be in the hundreds of millions a year," he

said.

"We're trying to buy up or broker all the best hunting and live water properties between Ciudad Acuña and Laredo," he said. Already, he said he has visited more than 150 ranches within the 160-mile strip of borderland.

To capitalize on the anticipated boom, Meek, long prominent in South Texas ranch sales, is shifting the focus of his business to Mexico. Already he has crews working there to find, acquire, upgrade and maintain ranches. He also has set up a welding and mechanic shop in Piedras Negras.

"I've got 29 people working for me full-time in Mexico. This includes ranch managers, caretakers, people installing irrigation systems, home builders, heavy equipment operators and welders," he said.

"We're setting up a total support system for American owners in Mexico. I'm not just selling them a ranch and walking away. We've got everything they need. From bookkeepers to ranch labor. If they want to put in a new road or a 3,000 square foot house or a high fence, we'll do it," he said.

The ranch that Stark and several relatives looked at lies about 30 miles south of Ciudad Acuña on the San Rodrigo River. And although it's named the Emerald Lake Ranch, the 3,000-acre lake that is the ranch's finest feature had shrunk to a tenth its full size because of drought.

In early April, the only green in sight was the lime-fresh new growth on the mesquite trees. But the Stark family was nevertheless charmed after a two-hour windshield tour that included several sightings of whitetail deer.

"They've killed some 200-class white tails in this area, and there are 180s and 190s here right now," said Meek to Stark, one whitetail fanatic to another.

While the Starks pondered the numbers over a lunch of carne guisada in

the well-appointed ranch house, Jose Luis Peña, 47, whose father-in-law sold the ranch to Meek last year, said the foreign money is badly needed.

"There are a lot of Americans involved, trying to find ranches, and it's good. There is more money coming into Mexico, a lot of investment," said Peña, who now works for Meek.

"Right now the ranching business in

Mexico is very low. If we can do something for the American hunters, people here will do better," he said.

After more than a week of negotiations, the deal on the Emerald Lake Ranch was done.

"We're preparing a contract now," Meek said. "They're buying about 60 percent of the ranch, not the whole 11,000 acres. They want the part with the

ranch house and part of the lake frontage."

"We'll close in two or three weeks, just as quick as we do the survey and the paperwork. We do all the their paperwork, set up the corporation and the taxes. And we'll keep our ranch man in place, until they're comfortable with hiring their own."

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Mexican ranches tempt U.S. buyers

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JIMENEZ, Mexico — In its glory days just a few years back, the Oro Verde Ranch, a party spot tucked away in the brush a few miles south of Ciudad Acuña, was a social hotspot for all of Coahuila.

"It's a very famous place around here. We had big weddings, dances and retreats. We could entertain 1,500 people there," said Lenin Pérez, the son of the original owner.

With tennis courts, cabanas and an enormous pool equipped with a swim-up bar, the Oro Verde was more a private country club than a working ranch, although it was later used to raise ostriches.

But the floods of 1998 damaged it heavily when the San Diego River burst its banks. Later, its owner took sick and then died this spring, and now the ranch with the huge arched entranceway is for sale.

"We love the ranch, but we have to sell it for personal reasons," said Pérez, son of Evaristo Pérez, a well-known Mexican politician whose affinity for leftist causes survives him.

"In the '60s and '70s, my father visited Cuba and Russia many times, so he named all his children after Russians. I like it. It's a good thing," Lenin Pérez said.

The 680-acre ranch is one of about a dozen in Mexico being offered by American real-estate agents to American customers. The asking price: \$350,000, marked down from \$650,000.

"Palm trees at the houses, giant eucalyptus trees on the lake, large springs at the river's edge. No, not in Puerta Vallarta. In Ciudad Acuña." So reads the real estate agent's Web site — mexicohuntingranches.com — that lists it for sale.

"This is a place that has fallen on hard times, but imagine what it could be," said Kash Morrow, a Kerrville real-estate agent, as he steered his pickup over a caliche road for a critical meeting with some prospects.

Waiting anxiously at poolside were various members of the Sumrall family, three sisters and a brother of retirement age in search of the perfect family getaway.

"I've been after my brother to get us a place out somewhere so we can all get together, but I know nothing about this — that's why we're all here," said Jean Fine, the eldest of the five, who had flown in from New York City.

For the family, spread between East Texas and the East Coast, buying a ranch in Mexico was an exotic and enticing possibility, but also one fraught with uncertainties.

To buy the ranch, they had legal and

tax issues to ponder — they would have to form a Mexican corporation. And they would face the logistics of repairing and renovating it.

"I figure it will be like buying a huge yacht. A money hole," said Fine, who divides her time between Florida, New York and Paris.

In a whirlwind walk-through, Morrow talked up the Oro Verde's charms, showing the family the empty, oversized pool, the three gaudy cabanas, the empty ostrich barn, and finally the cool springs that once fed the pool.

"Those colors have to go. I can't stand to look at them. Someone had too much tequila," said Fine as she surveyed the bright orange, pink and white cabanas.

An infestation of bats and associated guano deposits in the cabanas somewhat dimmed the mood. But enthusiasm and ambition returned, and an architect from Ciudad Acuña who followed along, notepad in hand, took furious notes of translated instructions for changes and renovations.

"We'll need some bar stools out there that don't float," said Troy Sumrall, 55, of Nederland, the youngest of the group. He was most interested in the possibilities of deer and bird hunting.

"As soon as we get this place all fixed up, I'm gonna move down here with my coonskin cap and muzzle-loader," Sumrall said jokingly.

"I figure when I put the feed out here, I'll have some fantastic deer hunts," he said.

When a stout padlock on a cabana door threatened to slow things down, Morrow scrambled back to his pickup and returned with a "universal master key," otherwise known as a 42-inch bolt cutter.

To approving chuckles, he gained access with one snip. "If you show ranches in Mexico, you learn to carry one of these," he said.

After the tour, Sumrall family members compared notes.

"It's a disaster area that will take a lot of work and money. It can be done, provided we all live long enough to get it fixed up," said Martha Beeckler of Nacogdoches.

"I see us all sitting down here, having a great time together, and having a beautiful place where we can come to enjoy each other," said her sister Dot Ware of Austin.

But all agreed, that for the money, the Oro Verde was a bargain.

"You can't find a place like this in Texas. I've been looking for a ranch for six years. This one would cost \$2 million in Texas with the springs and river," Sumrall said.

At the end of the showing, Morrow confided cautious optimism.

"To be real honest, it went better than I anticipated. You get this many people together with all their different ideas, and an architect who doesn't speak English, and things can get complicated," he said.

"I want these people to be happy. We're not going to make that much money off it, but hopefully we'll get some good references," he said.

For Morrow, who thinks a Mexican land rush is just over the horizon, spurred by Texans looking for bargain ranches, selling the Oro Verde would be a breakthrough.

After a year of showing properties in Mexico, he has yet to close his first sale.

"My wife is to the point on Mexico of 'Show me the money,'" he said.

Enthusiasm continued to run high during a white-linen luncheon that followed at Lando's Restaurant in Ciudad Acuña, and when the Sumralls headed back to the Del Rio Airport, the deal looked good.

But three weeks later, some of the old bugaboos about buying property in Mexico had resurfaced, and the deal seemed to be fading fast.

"I just love the place and I want it, but right now my hands are tied. I'm getting a lot of static from people who say it's not the thing to do," said Fine, who would be the largest investor.

"My financial advisers are against it. They say the Mexican government can just take it, and that's it," she said.

"My brother thinks it will be snatched up fast, but I think we'll have to go slow," she said. "It's in limbo, and nothing is going to happen soon."

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