



Professional Organizations: Strong Guardians of Rocky Point's Future

By Raúl O'Farrill, Founder, OTP Trust

When Arizonans first began coming to Rocky Point in substantial numbers in the 1960's there was very little in the way of physical infrastructure to support their dream of living on Mexico's beautiful coast. Avenue Benito Juarez was only partially paved; the municipal water treatment plant had only just begun operation; and Cholla Bay and Las Conchas were still decades away from grid-supplied electricity! Sandy Beach -- which you probably associate with spectacular high-rise buildings -- was in those days simply that: a sandy beach!

Similarly, the legal and professional infrastructure to support real estate transactions in Rocky Point was virtually non-existent. Not only was real estate practice in our community completely unregulated -- or even monitored in any meaningful way! -- but non-Mexican's in those days couldn't even *own* coastal properties: the best they could hope for was a lease that ran for slightly under ten years and was, hopefully, renewable for two additional under-ten-year terms.

Now Rocky Point is the fastest growing destination in Mexico, with robust water and electrical infrastructure, connection to the West Coast of the United States via our new Coastal Highway, an international airport under construction, a part of the Sea of Cortez's Nautical Ladder, and home to thousands of American and Canadian homeowners and investors who have built every type of residence here, including many spectacular multi-million dollar seaside villas and estates.

Obviously, this explosive large-scale development could not have taken place without a complete overhaul of the legal and business-practice mechanisms that serve our new residents and investors, and I would like to highlight some of the modern procedures and organizations that we at OTP Trust believe have been the most important building blocks of the secure foundation that our real estate market now enjoys.

The first major change came at the federal level in 1972 with the enacting of Mexico's Foreign Investment Law, which created the bank trust mechanism for non-Mexicans who wished to own coastal real estate. This mechanism was designed to facilitate the safe acquisition of coastal and border properties by non-Mexicans, and specifically designed to protect foreign owners rights. For over 35 years these bank trusts have proved themselves a secure ownership vehicle for the more than a million and a half Americans and Canadians who are now enjoying the lifestyle and financial benefits of Mexican property ownership. It is worth

noting that these trusts are also wonderful tools that offer sophisticated estate and tax planning benefits -- as well as significant legal protections -- and are used by many Mexicans -- *who are not required to use them* -- as well. For example, my personal real estate holdings in Mexico are held in bank trusts, and I was born in Mexico City and my family have been residents and citizens of Mexico since 1846!

But as any American or Canadian knows, government initiatives are rarely complete solutions, and it is in the private sector that Rocky Point has most rapidly and radically evolved.

For homeowners and investors, two of the most important professional organizations in modern Rocky Point are Asociación Mexicana de Profesionales Inmobiliarios (AMPI) and the Puerto Peñasco Association of Real Estate Agents (PPAREA).

AMPI is a national organization with 53 chapters throughout Mexico, and is the oldest of Mexico's associations of real estate professionals. It is a tribute to the strength of our market that our AMPI chapter -- formed in February 2005 -- already has more members than the chapters in Cabo San Lucas or Puerto Vallarta!

AMPI has served a vital role in the evolution of Rocky Point's real estate culture and practice by instituting a code of ethics, enforcing licensing requirements -- and providing licensing support -- for real estate professionals, providing commercial tools like the AMPI MLS, and by instituting intensive ongoing educational efforts for its members.

AMPI's President is Martin Martinez, President of Terranova Inversiones, and the President-elect is Kent White, President of Realty Executives. SBR Realty, Remax, and The Puerto Peñasco Real Estate And Yacht Clubs are among the important Rocky Point real estate entities that are enthusiastic supporters of AMPI.

It is in the area of ongoing professional education that my personal efforts within AMPI have been most focused. I am Vice President of Education for AMPI, and feel proud of each one of the brokers and agents I have had the blessing to teach, train, and learn from. It is worthwhile noting that every member of AMPI is a member of The National Association of Realtors, NAR, in the United States. I am certain -- from my experience over more than twenty years in the majority of major tourist markets in Mexico -- that AMPI agents are the best trained, best educated, sales force dedicated to serving non-Mexicans not only in Rocky Point, but in all of Mexico!

AMPI has drawn the membership of virtually all of Rocky Point's brokers, the majority of its agents, and a number of bi-nationally licensed real estate professionals, such as Bruce D. Greenberg, Senior Consultant and Appraiser of Montana Verde of Tucson, and myself and our bi-nationally licensed trust processing firm, OTP Trust, and our bi-national law firm, O'Farrill & Associates.

AMPI's MLS is also poised to expand its reach through database interfaces with not only the PPAREA MLS, but with MLS systems throughout Mexico, as well as MLS systems in the United States!

PPAREA is Rocky Point's oldest association of real estate professionals, and has led the way in offering secure property ownership in the Greater Rocky Point market. Since its inception

in 2003 PPAREA has ceaselessly worked to make the tools, mechanisms, and ethics of real estate practice in Rocky Point conform to the highest expectations of Americans and Canadians flocking to our golden beaches.

PPAREA has led the way in developing standardized forms and contracts that as closely as possible mirror the instruments that non-Mexican buyers are familiar with from their home countries. The ongoing efforts of PPAREA have served to further refine the tools that PPAREA members use to serve their valued clients. PPAREA is committed to ongoing educational programs for PPAREA members that assure potential buyers that they will be served in the most professional and ethical manner by their PPAREA real estate agent.

Led by Paul Waterman, Partner, Tri-Vista Partners, PPAREA is widely respected within Rocky Points real estate community, and OTP Trust, Terranova Inversiones, SBR Realty, and The Puerto Peñasco Real Estate And Yacht Clubs are also members and among the many strong supporters of PPAREA.

AMPI and PPAREA compliment each other -- a brokers association and an agents organization -- with common goals: to work on behalf of *both* buyers and sellers, and continually improve the ethics and professionalism of real estate practice in Rocky Point.

Joining these two important organizations is the newly incorporated developers association -- ADITUR PP -- which was just admitted to the National Association Of Tourism Developers. I am a proud member of this new organization. We are honored to have Reyel Taylor of Sandy Beach Resorts as our first President, Mario Mendez of Las Palomas as our Secretary, and Miguel Guevara of Puerta Privada as our Treasurer -- three true pioneers and seminal architects of Modern Rocky Point! Our mission is to help guide the development of Rocky Point, with a special emphasis on protecting buyer investment by promoting safe and sustainable market development; representing community interests; and cooperating with the government of the state of Sonora in efforts that will insure that Rocky Point becomes the largest, best, and more important tourism destination in Mexico.

As an example of the positive influence that ADITUR PP is destined to have on the future of Rocky Point development, one of our organizations first actions was to reach agreement with Aero Litoral to inaugurate scheduled commercial air service from Rocky Point to Los Angeles International Airport, Las Vegas, and Hermosillo. Our association has also pledged to pay for advertising of this new airline service, and to further promote Rocky Point as an International Destination (the fastest growing in The Americas!) in Nevada, California, Colorado, and other important North American markets.

It is indicative of the broad base of support for our efforts -- and the harmonious coordination between the public and private sectors -- that our inaugural meeting where the Aero Litoral agreement was forged was attended by Sonora Secretary of Tourism Epifanio Salido; Sergio Cuellar, Congressional Representative from Rocky Point; Rocky Points' Mayor Heriberto Renteria; Miguel Guevara of Puerta Privada; David Corona of Corona Del Sol; Mario Mendez of Las Palomas; Benjamin Aguilera of Villa Cortez; Oscar Palacio of Playa Bonita; and Eugenio Bornacini of El Dorado Resort and Gila Towers.

We believe that Rocky Point is the model upon which all future Mexican coastal development will be based. And, in fact, for the past ten years that has already proved to be the case. What has been pioneered in Rocky Point -- especially with regard to the security,

transparency, and user-friendliness of the real estate culture for the non-Mexican buyer/investor -- has become THE model for all of Mexico.

Just look at what our real estate community has accomplished: streamlined and standardized ownership documentation; title insurance; bi-national bank trust processing agencies; real estate law firms organized; bi-national banking and escrow structures, MLS, privately funded infrastructure, strong international promotion and advertising of our community, strong security both in town and along our highways, innovative ownership mechanisms that allow American's to invest IRA funds in our community; United States financing for Rocky Point properties, and a great task force from the Arizona-Mexico Commission who made it possible to establish the mandatory licensing of real estate agents.

I am proud to be an adoptive Rocky Pointer, and feel privileged to be part of the exciting evolution of this community. AMPI and PPAREA and all of their members, and every single developer, have been great vehicles to reach this point. But, of course, all of us within the real estate community owe limitless thanks to our real benefactors: each real estate buyer, whos demonstrated belief in this little sea side town has made Rocky Point what it is today!

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