

Puerto Peñasco, Sonora, December 10, 2021.

Good morning,

The purpose of this email is to inform you that the AMPI Board is aware of changes being made to the way the city's Catastro office is processing LLC transactions.

Members of the board met with the Secretario and City Attorney on Wednesday. At that meeting, the city expressed concern about not being able to collect the 2% transfer tax on sales of LLCs which were formed solely for the purpose of buying and selling properties located in Mexico.

What the board understood was that LLC transactions will still be permitted under new rules that the Catastro office is in the process of finalizing. Although some transactions may be delayed, we think it's likely that those in process will be allowed to continue. That said, the city wants to discourage clients from putting properties in to new LLCs and has asked for our help in steering our clients away from them.

The city also said that we will receive a letter from the city that we can distribute to all agents. That will explain their decision, their legal basis, and exactly what will and will not be allowed. Once that letter is distributed to us, we will distribute to everyone.

We understand that some closing coordinators are under the impression that LLC transactions will be outlawed all together. We urge everyone to wait for more details from the city. We do not think it's appropriate to tell your clients that these types of transactions will end because we simply don't know what the final outcome will be.

The AMPI Board will have another meeting with the city next week and we will update you as soon as we know more. In the meantime, let's avoid panicking or spreading unnecessary fear for the good of our clients and the entire Peñasco real estate community.

Please understand, neither I, nor Robin Miller, nor any other members of the board have any additional information at this time. We cannot answer any additional questions as we simply do not have answers. Please do not respond to this email with questions.

Thank you to everyone. I hope you have a productive weekend!

Sincerely
AMPI Board of Directors



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