



Am I legally allowed to own property in Costa Rica?

Costa Rica is a great place to invest because Costa Rica acknowledges investors from other countries and grants them the same rights of owning land as Ticos (Costa Ricans). Most the property you encounter will be fully-titled, meaning that the land deed will be signed over to you in full allowing you to develop, sell, rent, trade or will. The only exception to this law is with "Possession" and "Concession" land. See "Concession and Possession land" below.

I hear about using a corporation to purchase property...what are the advantages of that?

Corporations, like in any country, are designed to protect the consumer. A corporation or in Costa Rica, an S.A. is a legal entity which stands legally on its own reconnaissance. A corporation is legally recognized by the government of Costa Rica. A corporation usually contains positions similar to a fully functioning company allowing several members to partake in a single corporation, i.e. President, Vice President, Chairman, Board of Directors, etc. In essence, most corporations are divided into "Shares". The Articles of Incorporation or Bylaws of the Corporation will declare the shareholders and to what amount of shares are entitled to each party member. For instance, one corporation could contain countless numbers of shares but the three Corporation representatives (President, Vice President, Chairman for example) may agree in the Bylaws to the Corporation being divided as 50% for the President, 25% for the Vice President and, of course, the remaining 25% for the Chairman. Any goods, deeds, cars, phones, properties, homes, etc that are in that Corporation are split equally by the divisions of 50%, 25% and 25%. It is possible to have only one person in a corporation just as it is easy to have 15 members in a corporation.

There are certain other advantages of using a Corporation in Costa Rica. Most will use a corporation when transferring the ownership of one property to another. In Costa Rica, there exists a fee for sending a deed to a property to the public registry for transfer but there isn't a fee for transferring the shares of one corporation, containing that property, to another. In this event, most investors save themselves the cost of transfer which, depending on the amount of property, can cost hundreds of dollars. The transferring of shares from one corporation to another is completely legal,

recognized, practiced and preferred in Costa Rica. Too, you may find it difficult to open a bank account in Costa Rica or obtaining a telephone because each is very difficult without your residency card. However, a corporation has no problem obtaining a cell phone or bank account and this is how most bank accounts and cell phones are acquired. It is true that in some banks in Costa Rica they require your corporation to be at least 6 months old to open a new account. Most Attorneys have numerous corporations formed and ready to sell. Most corporations are under \$1000 (U.S.) If you're interested in a corporation at least 6 months old these may cost you a little more.

Do I need an Attorney in Costa Rica or can I use my attorney from my home country?

Some would say that you can never have enough attorneys. However, we firmly believe that having local representation is a must! The legal proceedings in Costa Rica are definitely unique to Costa Rica. To have a local Attorney will be an invaluable asset. Not to mention the language issue. Even if you speak Spanish fluently, legal Spanish is a whole new ball game. Most contracts here are done in Spanish but translated equivalents can be provided by your attorney. Don't be afraid to shop around for an attorney. Ask for references. If you're using your attorney solely for Real Estate, then make sure the attorney specializes in Real Estate transactions or at least has some experience. Most of all be sure that you can communicate with the attorney and that you feel comfortable using his/her services.

What is a Hectare? How do you convert that to feet and acres?

A Hectare is a unit of measure used in Costa Rica. Simply, a hectare is approximately 2.5 Acres. If you'd really like to break it down, a Hectare is 10,000 m². There are approximately 11 ft² in 1 m²...so, there is approximately 110,000ft² in a Hectare.

Are there any limitations or regulations for building?

For the most part, each region and, potentially, each piece of property may have its own stipulations and regulations for building. Most of these stipulations govern the construction of buildings over 3 stories tall. 80% of people investing in Costa Rica tend to settle with a two-story home or its equivalent, but to those looking to build Condominium or neighborhood and gated community projects; you'd want to discuss any possible limitations with your attorney and your architect. Also, you will find specific restrictions with Right of Possession and Concession land (Land within the first 200 meters of shoreline).

If I purchase property in Costa Rica do I own it forever?

You do own the property forever if the property is "Titled" property. Most the property you encounter will be fully-titled, meaning that the land deed will be signed

over to you in full allowing you to develop, sell, rent, trade or will the property to your next generation.

What are the laws that pertain to the purchasing of land on the coasts? Are there any other rules and regulations I should know about?

The laws pertaining to the coastal shores of Costa Rica are very specific and convoluted. It is our advice that you fully understand all aspects of coastal land before purchasing. With a good attorney, most of the buying process can be handled. For specific information, please refer to our “Buying Property in Costa Rica” article.

What are Squatters and how do I make sure there are none on my land?

Squatters are people who find a nice little place for a farmstead or home for themselves on land that they do not own. The problem arises when their presence is found and they have certain legal rights to obtain that piece of land due to the improvements made on the land (i.e. garden, home, small farm, livestock, coral). Squatters are legally recognized by the Costa Rican government because it is a law that dates back to the times when common stakes for land were common and routine. The theory states that a person can really only make use of so much land. So, if another family moved to the opposite end of a 500 acre farm, that family had rights to their home and livelihood. In present times do squatters exist? Yes, they certainly do but present laws and awareness have made it very difficult for squatters to possess land. By law, a squatter must occupy land under the pretenses that no one else owns the land. A sure way to settle this matter is to put up a fence around the perimeter of your property. It's difficult to believe that the property belongs to no one when the potential squatters have to cross a fence. The law also states that the squatters must be notified of their eviction within 90 days. Most investors find a friendly neighbor, caretaker or renter to look after the property if the property will be left unattended for long periods of time. There are companies such as Stewart Title who offer Squatter's Insurance to protect against this type of situation. All in all, it is good to know that the property doesn't contain squatters but, too, it is a fairly simple thing to keep your property clear of Squatters.

Why is Costa Rica a good place to invest or live?

There are several opinions on what makes Costa Rica a great place to visit, invest and live. Yours will be the best one. Many will answer it's the laid back lifestyle and pace of things. Others will tell you that it's because Real Estate in Costa Rica is “Booming”. Some will tell you that because of low taxes it is appealing. The absolute natural beauty of the country is an obvious answer. The best advice is to form your own opinion. Spend some time here and find out what makes Costa Rica such a wonderful place for you.

How difficult is it to obtain residency or citizenship?

The Costa Rican government has focused their immigration department to aid those in retirement. If an individual with a fixed income would like residency in Costa Rica, the forms and procedures are pretty straight forward. With the assistance of an attorney, you can process this paperwork with ease. If you are not on a fixed income or are attempting to work in Costa Rica then the government makes things very difficult for you. There are companies who specialize in Immigration law in Costa Rica and they each have their strengths. Research them well. It is common practice for foreigners in Costa Rica to exit the country to either Panama or Nicaragua before the expiration of their 90 day Visa. By Costa Rican law, if you exit the country for at least three days you may be allowed to re-enter the country and will have successfully renewed your 90 day Visa.

Do you suggest I use the services of an Escrow company?

Although it is not mandatory to use an Escrow company for purchasing your property, it is highly recommended. The nominal fee for these services can't be bickered over considering the overall protection that you receive. And, most Escrow companies have conducted thousands and thousands of real estate transactions. They are true professionals. In Costa Rica, we suggest Stewart Title.

How does Title insurance work?

Title insurance is offered to ensure that the property in question has no liens or financial encumbrances. In Costa Rica when you purchase a property you inherit all aspects of that property. For example, if a property was ever used for a financial loan in the past and the mortgage has yet to be paid, you, as the new proprietor of that land, would inherit that mortgage. Good attorneys will automatically research a title for you to ensure the property is clear and available to sell. If not, feel comfort that escrow companies, such as Stewart Title, can do the background check for you. To most, this step of the negotiation seems basic but there have been instances when a property wasn't properly researched and issues have been inherited. What happens if you find that the property you are interested in DOES contain financial liens? Your attorney should include a clause in the contract that the sum owed be paid from the monies given as the selling price for the property. Again, a good attorney will instruct you on all of these matters.

Do most properties come with electricity and water?

Most properties with homes will have electricity and water. However, most lots or small farms that are purchased do not have electricity OR water. Nearly every property you come upon will need to have a well dug somewhere on the property. Some larger farms can use one well to feed many lots...it all depends on the layout of the property. There are certain seasons to dig for a well and not dig for a well. You want to make sure you hit your "True" water source. Any well digging professional can easily advise you on finding water. As for electricity, you need to provide your

own wire (and quite often, poles) to your property. Having a power source near a property can save a lot of time and money.

How do you obtain electricity and water and how much does it usually cost?

If you're providing power down a public road, the government requires that you place a pole every 50 meters (160 ft)...you can guesstimate that cost to be about \$1000 per pole. It's really important to pay special attention to local power points when looking for property...you can really save yourself a bundle. A well's cost can range anywhere from \$1,500 to \$10,000, depending on how deep the well needs to be to reach water.

Why are there so many realtors in Costa Rica? Is there any type of licensing?

If you've traveled through Costa Rica then you've probably noticed that every waitress, desk clerk, hotel maintenance worker and taxi driver are trying to sell you property. It is true that in Costa Rica there are no licensing requirements whatsoever. This does make it very difficult as a customer interested in Real Estate!! So, who do you trust? It's easy to go for the names you know and trust. Nearly every large Real Estate Company has some sort of representation in nearly every city of Costa Rica. That's not to say that the small, independent companies don't have their fair share of properties, either. The reality is you really need to meet a person that you trust. Stick with someone you feel comfortable with and make sure it sounds like they know what they're talking about. There are definitely horror stories on both ends. The more researched you are on realty in Costa Rica the better off you will be.

Are there advantages to owning property on a Public Road? Any disadvantages?

We should really make a calendar of "Public Roads of Costa Rica" because many of them aren't roads at all. In fact, many public roads dead end into mountains and rivers and are just waiting for some one to revive them and bring them back to use. What is considered a "road" here doesn't necessarily have to be. But, according to Costa Rican law, if you have property touching a public road you have the advantage of splitting up your land into as small a lots as you'd like. In accordance with this law, Condominiums are ONLY allowed to be built on a public road. Don't plan to buy a mountain, create a private access and build condos. It's against the law. If the bottom of your mountain property touches a public road then you can put condos wherever you'd like. Condominium projects are excellent developments and have a huge return. Therefore, land on a public road tends to be very sought after. The only disadvantage of a public road would be the fact that you can't build within 5 meters (16ft) of the public road and you may encounter a large amount of traffic because it is a public road. I suppose that could be an advantage, too, depending on your situation.

If I own a lot, can I divide it up to sell again?

Yes! You absolutely can! In fact, it is a very common practice. There are a couple of stipulations, though. If the land that you own doesn't connect to a public road then the smallest you can divide your land is in 5000m² lots (approximately 1 ½ acre). If your property is connected to a public road you can divide your property in to lots of any size. When planning a large development, make sure to keep in mind things like roads, drainage for the roads, water supply and power. Proper planning can eventually save you time and money!

Are there any Capital Gains taxes in Costa Rica?

Currently there are no capital gains taxes in Costa Rica. Capital Gains taxes are taxes on monies earned above and beyond the buying price of your land...i.e. profit. When you purchase a piece of land for (example) \$100,000 and you sell that property two months later for \$150,000, you will not be taxed separately as Capital Gains. However, there are several tax laws and regulations that you should understand both in Costa Rica and your home country.

Are there regulations against tearing down trees and destroying rainforests, rivers and wildlife?

Costa Rica realizes that the heart and soul of their tourist industry relies on the natural beauty and wonder of Costa Rica. The wildlife in this country is so special and so diverse that it is mind blowing. To preserve this beauty for generations to come, the government of Costa Rica has implemented many laws to protect the habitat and the wildlife. Here are some examples of those laws. If there is any type of running water on the property; know that you cannot build within 15 meters from either side. Too, there are certain trees that exist in Costa Rica that are protected, such as the Pochete tree and the Guanacaste tree. These trees are very important to the ecology of Costa Rica and cannot be molested or destroyed for any reason. Mostly, they are loved habitat for the monkeys, birds, lizards and other animals that inhabit the country.

Do I need to speak Spanish to buy land in Costa Rica?

Of course you don't have to speak Spanish to purchase land in Costa Rica. A difference in language can be a pretty intimidating thing, especially when you're conducting business of this magnitude. The important thing is to be surrounded by those you trust who are bi-lingual to assist you. Easily found are attorneys. Most attorneys are bi-lingual and can really assist you through the processes. A bi-lingual realtor will also be a large help. All in all you'll find that now a large number of Ticos are picking up the English language with some incredible proficiency. Hopefully, you'll find that one of the incredible parts about living in Costa Rica is learning and using another language! It's a challenge but it should be a fun one!

Is there financing for those investing from other countries?

Most of the transactions that occur in Costa Rica are cash transactions. And by “cash”, we’re referring to wire transfers. Most money is wired into an escrow account of some sort. Once the money is in the country, then the escrow company will transfer the funds to their appropriate destinations. If a foreign investor is looking to have financing, it is provided by Stewart Title of Costa Rica. I believe the interest rate is approximately 9%. You would need to contact Stewart Title and ask for more information on their financing options.

Information: www.costarica-propertiesforsale.com

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