



So, you can't help but notice that everywhere you go people are talking about Costa Rica? Everyone you know either knows someone there, has visited, or plans to visit soon. You've probably also heard that a lot of people are buying property in Costa Rica. Some people look to Costa Rica to own a little piece of paradise, while others look to Costa Rica, solely, for investment interests. Purchasing real estate in Costa Rica is a fairly simple process. For one, Costa Rican laws do not require residency for foreign investors. You, as a foreign investor, have the same rights to property ownership as Costa Ricans. Too, most foreign investors find that the taxes are extremely low, in comparison with their home countries. These factors, along with the natural "Awe" of the country and its affordability, make buying property in Costa Rica a smart investment for your future.

We at Century 21, with our professional team of attorneys, architects, contractors and title insurance, try our best to take away any burdens in purchasing Real Estate. We do recommend that you, as the buyer, retain the services of an attorney to perform the title search in the Public Registry and discuss whether to acquire the property personally or through a legal entity such as a Corporation.

Corporations

Corporations, like in most countries, are set up to protect the individual. It is a common practice in Costa Rica to use a corporation to make large purchases but it is not a necessity. Dependant on the type of property that you purchase, a Corporation can be an irreplaceable tool in some legal procedures. For instance, it may prove to be a wise move to open a Corporation and give your Attorney "Limited Power of Attorney" (LPA) over that Corporation in the event that any actions within that Corporation need to occur, i.e. the signing of certain documents. Sometimes, having a Corporation and giving a LPA can save you a trip to Costa Rica for the sake of a single signature. Progress can sometimes be a difficult thing to achieve and not having the ability to sign documents can certainly bring things to a halt. Corporations are relatively inexpensive and can prevent a lot of headaches down the road. We do know Independent Council that we can recommend above and beyond our own Legal Team.

Back Ground Search

Another reason that we recommend an Attorney is for the property background search. A property background search is a process of researching an existing Title to a property. We HIGHLY recommend this process and 99.9% of all properties sold through this office undergo this procedure. In order to perform the title search, the Attorney, or Abogado, requires the property number called the Folio Real or Plano Catastro number and/or the name of the owner. The Public Registry maintains an accurate database of registered properties and the title search will verify the identity of the owner, property size, and location and whether the title is free and clear of any encumbrances, such as liens, mortgages or pending legal actions. Next, we move into the different Zones of property in Costa Rica.

Zones

** Understand that it is possible in Costa Rica to have properties with certain terms, restrictions or limitations attached to them. It is very important that you fully understand all types of conditions for property in Costa Rica if you plan to invest here. Take your time and do your research prior to making any decisions. This section will give you the basics but never hesitate to contact us, or an attorney, with any questions that you may have. We are here to help, not to hurt.*

Maritime Zone

Most of the property that you will encounter in Costa Rica will be fully titled, clear of any financial or legal encumbrances, and ready to go. However, in Costa Rica, there exists a Zone referred to as the "Maritime Zone". This zone is also referred to the "First 200 meter" zone. A majority of the beach front and coastal land in Costa Rica is still owned by the government. Although, approximately only 5% of the beach front and coastal lands are "Fully Titled" (meaning you own the land free and clear, in perpetuity). But, you'll find, that most of the beach front land is, respectfully, in the Maritime Zone. The Government of Costa Rica has claimed that the first 50 meters from the high tide line is public land and never to be owned by anyone. If you find "Beach" land for sale or a structure on the Beach for sale...beware. It is not within the law to own (or sell) such property. Not to say that the structure doesn't exist...

Right of Possession

Now that we know the first 50 meters from the high tide line is deemed public land, what about the other 150 meters? Well, as aforementioned, about 5% of the coastal land available is titled but the rest falls under the category of "Right of Possession" land. The government ultimately "owns" this next 150 meters, too, but is willing to authorize and transfer

in favor of the interested party the temporal and, or “renovaval” (in Spanish) rights to possess it. Terms of “Possession” aren’t set in stone and terms can range from 5 years to 30 years depending on the location of the land. Once you are appointed as the beneficiary of the “Right of Possession” it is yours to keep or to sell. Most originally owned “Possession” land has been purchased and you will most often be dealing with an individual, not the Government, when purchasing this land. If you purchase “Right of Possession” land, you are forced to abide and continue with the terms of the original “Possession”. Assuming you follow and obey all the terms of the “Possession” agreement, your “Possession” will automatically renew itself upon its expiration. It is possible to renew or exchange your possession for different terms but the process is very lengthy, somewhat costly and requires the assistance of an attorney whose specializes in Realty.

Concession Land

So, now you own the most incredible Beach Front property you could ever dream of and it’s “Possession” land...Now what? Is it time to build your dream home? Maybe, put in a small restaurant and bar with a few cabinas? Perhaps, you can finally put in the quaint little Bed and Breakfast with the pool? Well, the first thing you have to do is decide what you want to do with the land. Let’s, for example, say you’re building your dream Bed and Breakfast. Some “Concession” types are “Hotel”, “Restaurant/Bar”, “Personal Home”, etc. The next step would be to start applying for your “Concession”.

The Government still owns your land and you have purchased the “Right of Possession” , so, now you need to let the government know what you intend to do with this little piece of Heaven. We’re building a B&B. First, we need to hire the architects and topographers to accurately plot the land and design the structure to every detail (don’t forget the pool). Once this is completed we can submit the drawing and plans, with the assistance of our attorney, of course, to the Government telling them “This is our plan”! We are applying for “Concession”. Due to the recent BOOM of Real Estate here in Costa Rica, the office of Concession is a bit behind. There are horror stories that people have been delayed up to three years in attaining their Concession (and, legally, you’re not allowed to build much more than a simple structure for inhabitation without the concession). However, with a good attorney, we’ve found that most concessions can be granted, hopefully, within a year.

Also, what happens if you buy land that ALREADY has its “Concession” but it’s a “Concession” you don’t like or want? We suggest that you not move or change anything until you have applied for either a change or an alteration in the “Concession”. You will have to start the process anew, so it is always nice if you find land that has a “Concession” similar to your desires.

**Too, especially in the Nicoya Peninsula, there are some cases of granted approval for building, by the Government, but in “Right of Possession” land without a “Concession” ever being granted by the Government. This was a minor glitch and the Government is working*

frantically to issue "Concessions" for all of these properties. So, don't be alarmed if you run across one of these. Simply have your attorney look into them.

Environmental

The "Concession" and "Right of Possession" are the two most common and intricate zones in Costa Rica. Please make sure you understand them fully before purchasing anything in the Maritime Zone. Other zones in Costa Rica are properties which include "Environmentally Sensitive" areas. Some areas within a property are declared by the Government to be "Protected" and no destruction of land or buildings can come within a certain distance (the distance is determined on a per/property basis). Also, if there any type of running water exists on the property; know that you cannot build within 15 meters from either side. Too, there are certain trees that exist here that are protected, such as the Pochete tree. These trees are very important to the ecology of Costa Rica and cannot be molested or destroyed for any reason. Property taxes are another detail that you should be acquainted with before purchasing property.

Taxes and Fees

Property taxes are low and you should request, from the seller, the certificate issued by the local government assuring there are no taxes due on the property. Taxes are established by law and are determined by the size, location, value of the property and can be paid annually or quarterly. Also, the property is acquired by a public deed or escritura publica that is issued by the attorney and Notary Public who is responsible in handling the closing on the property and registering the sale in the Public Registry. Closing costs are also common but minimal.

Closing costs are approximately 4-5% of the total purchase price and include attorney/notary fees, property transfer fees and legal stamps. If the buyer would like additional assurances of the property purchased, you can retain the services of [Stewart Title](#), world renowned company, and purchase a title guarantee.

Synopsis

Costa Rica is an unbelievable place and we realize that different people are attracted to it for different reasons but we think most will agree that it is the abundant nature and ecology that originally attracts us. The Government of Costa Rica understands the importance of protecting their natural environment and has established these guidelines to control the ever-increasing interests and developments in this country. The information above is to educate those interested in becoming a part of this beautiful country and, in no way, should the ideas of "Zones" and restrictions be viewed as a burden or a hindrance to the buying process. You can buy property and build a personal paradise in Costa Rica and still exist, harmoniously,

with the nature around you. This is the desired, end result of a Real Estate sale and, for that, we are proud to be part of the process.

Sincerely,

Spencer Jacobson

Beach Area Properties

<http://www.costarica-propertiesforsale.com>

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