



The 19-step Costa Rica real estate guide for foreign buyers by Ivo Henfling January 14, 2016

Can a foreigner purchase and own Costa Rica real estate? Do you need a partnership with a citizen? Should you purchase property in Costa Rica through an LLC or any other legal structure?

So many foreigners don't really know where to start the process of buying real estate in this beautiful country that I decided to write the Costa Rica real estate guide for the [Tico Times](#) so that readers will have a handy tool and won't be making any mistakes.

1. Can a foreigner purchase Costa Rica real estate?

Any foreigner, resident or non-resident has the same rights as a citizen, except for voting rights in presidential and municipal elections and can, therefore, purchase and own Costa Rica real estate legally.

There are only two exceptions:

- A foreigner cannot own 100% of a property in a Maritime Zone.
- A foreigner cannot own any IDA (now INDER) property, in which land is donated to poor farmers.

2. Titled property

Most property in Costa Rica is titled. Any property that is located within 50 meters of the high tide line is public and protected. The 150 meters that are adjacent to this zone is called the Maritime Zone (ZMT). This land is a concession by the municipality and a non-citizen can own only up to 49% of the concession. Very little property within the ZMT is titled in Costa Rica. Concessions can be verified in the municipality. (Please check other legal issues mentioned in this Costa Rica real estate guide with your real estate attorney before you make a purchase.)

Agricultural property that was donated to farmers by the former IDA (now INDER) cannot be sold until after the farmer has owned the property for 15 years.

There is very little untitled land left in Costa Rica, but it is possible you will find some land that is in the “possession” of the people who live on it (this is different from territory invaded by squatters) who can request title after 10 years.

3. Title insurance

Title insurance is available in Costa Rica but is almost never used by the local population in their real estate purchases. If you are interested in getting title insurance for your property purchase, do an online search for title companies in Costa Rica.

4. Restrictions and zoning

Since Costa Rica has so many protected areas for nature conservation, you will find setbacks from rivers and forests, which are always annotated in the [National Registry](#). Many cities have a zoning plan which should be checked before you buy any land. The zoning will show if it is agricultural or residential and what the restrictions are. Always request a copy of the cadaster plan (survey or plot map) where you can see any restrictions. Setbacks from rivers should be requested from INVU.

5. National Register



All titled property, INDER property, and concessions under ZMT are registered in the National Registry and all registered surveys are to be found in the National Cadaster, part of the National Registry.

The National Registry is now almost completely digital and certifications of a property, the powers of attorney of a corporation and a copy of a survey can be bought online on the website <http://www.rnpdigital.com/index.htm> after registering on this site.

6. Hire a real estate attorney

Citizens, residents and non-residents alike should hire an attorney for their real estate purchases. Don't just hire any attorney for your Costa Rica real estate purchases, I recommend you hire your own bilingual real estate attorney/notary public and someone who specializes in real estate, so you are well represented. Only a notary public can record a purchase in the National Registry through a protocolized deed that will be registered in the National Registry.

Make sure the real estate attorney you hire has a SUGEF (Financial Institution Superintendency) approved escrow account or use a title company, so earnest money can be held in escrow without any legal problems.

7. When you start your property search

Start your search online for the locations that match your requirements. Visit Costa Rica and the locations you are interested in several times. If you don't know where to start, make a reservation on a retirement tour, which can be found online easily. Use this Costa Rica real estate guide as a guideline for

any purchases you will make and check on other real estate articles in the [Tico Times Real Estate section](#).

If you plan to make a serious offer on a property once you are in Costa Rica, talk to your banker ahead of time so you will be able to make a wire for the earnest money by phone. If you don't, you will have to wait to conclude your offer until you are back home, as most banks won't allow you to do a wire transfer unless you are there in person.

8. Real estate agent

Research the available real estate agents in the area(s) that match your requirements. Don't hire any agents who are not an expert or don't have a license. It's not required but you'll be better off knowing that you are dealing with someone that knows the process well. It's rare, but if you can find an agent that has international resources, you're in a better position, they generally are not dedicated to a particular area and the right agent can help you for years to come with all your needs. If you contact many agents, they will all just show you what they have listed and you will never find out about the best options.



9. Real estate commissions

It is typical for the seller to pay the real estate commission, which varies from about 5 percent in the Central Valley and up to 7 percent elsewhere. Exclusive listing agreements might show up to 8 percent real estate commission depending on what advertising materials are agreed on and the agency.

You as the buyer will not have to pay this commission unless you hire a buyer's agent. In most cases, the buyer's agent will split the commission with the listing agent, unless it's a for-sale-by-owner listing or a foreclosure.

10. Offer on a property

Don't make any verbal offers. Ask your real estate agent to write up the offer and take it to the seller. Once agreed on, have your agent ask your real estate lawyer to write up a formal purchase-sale agreement. When you and the seller sign the agreement, it is customary to wire 10 percent of the sales price (unless agreed differently) into escrow with your lawyer.

If you have not organized this before you traveled, you can do so when you get back home, but the purchase sale agreement will not be legal until the deposit arrives in escrow.

11. For the closing

If you are not going to be able to be in Costa Rica for the closing, I recommend you leave a SPECIAL power of attorney for your lawyer's assistant, your real estate agent or anybody you trust, that will allow that person to purchase the property in the name (personal or corporate) that you approve of this power of attorney ONLY.

12. Escrow

Wire the complete purchase price and any necessary legal fees into escrow WELL before the closing date as banks in Costa Rica, to comply with money laundering laws, might hold the money for several days. Ask your attorney to send you the “Get to know your customer” form in time, so there won’t be any time wasted in finding the necessary documents.

13. Register title in your name, a corporation or other legal entities

When you purchase Costa Rica real estate, you can register the purchase in your name. In case you would like to share the property title with your spouse, another family member or business partners and you don’t want to allow the other to be able to sell without your consent, you can share the title in equal parts as a “right” or “derecho.” The title will show, for example, 1-345678-001 and -002, with as many partners as you’d like: -003, -004, -005, etc.



You can also purchase any Costa Rica real estate in a corporation such as a Sociedad Anónima (S.A.) or a Sociedad Responsabilidad Limitada (SRL), which is similar to an LLC. Ask your attorney for advice on the legal part of the transaction.

Another way to purchase your property is in the name of your retirement fund or the corporation that represents it, such as an IRA or 401(k). Not all Costa Rican attorneys know how to do this, so do your research.

14. Real estate title transfer costs

You can purchase a property in the same holding company or transfer the title to another company or your own name. The cost of the title transfer is 5 to 6 percent of the sales price total, which is customarily shared between buyer and seller unless negotiated differently. Legal stamps are approximately 1.1 percent, as they are on a sliding scale, and transfer taxes are 1.5 percent. Notary fees are also on a sliding scale and add up around 3 percent. Again, ask for your attorney’s advice on this matter.

15. Annual property taxes

Besides the real estate transfer taxes that you pay at closing, you also have to pay the 0.25 percent annual property taxes at the local municipality, over the registered value in that municipality. All property owners are obliged by law to re-assess their property every five years. If you don’t, the municipality will do it for you. At closing, the seller should bring a certification from the municipality that the property taxes are paid up to date; just bringing the last paid receipts is not enough.

Since 2009, luxury homes pay an annual “impuesto solidario” or luxury home tax on a sliding scale that changes almost every year. Check with your real estate agent or your attorney to find out if the property you are buying should pay luxury home tax and how much.

16. Corporation tax

For those who purchase real estate in a corporation, it is important to know that in 2012, the Costa Rican government created a corporation tax, but it was declared unconstitutional in the Costa Rican Constitutional Court in 2015. At the time of publication of this Costa Rica real estate guide, we don't know when a new law will be approved by Congress. Check with your closing attorney.

17. Condominium Fees

If you purchase in a condominium or a gated community, the seller should bring a letter of the condominium administration that the HOA fees are paid up to date.

18. Utilities

Once the deed is registered in the National Registry, your attorney can supply you with an "estudio de registro" proving you own the property. With that and your residency ID, you can go to the power company, the water company and the phone company to change the services to your name. You need to be a resident to do so. If you're not, I recommend you purchase the property in a corporation and have a lawyer's runner do all the changes at the utility companies for you. It is also quite customary to leave all the utilities in the former owner's name.

19. Squatters

Squatting is not very common in Costa Rica, but if you abandon your property, you don't take care of it and don't pay your property taxes for years, you're asking for trouble. Someone might just move in.

If you follow this Costa Rica real estate guide step by step, you should be able to be not only successful in your property purchase, you will also be able to enjoy your property worry-free.