

# Costa Rica Real Estate Regulations

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### General Information

Foreigners and Costa Rican citizens have equal rights under the law. In case the owner bought the land as part of a government program, the land can be traded or sold to foreigners only after the original owner has held it for certain period of time. Foreigners do not have to live in Costa Rica to own property here. Transactions may be conducted in U.S. dollars.

Costa Rican lawmakers have drawn up very strict rules governing the development of ocean front property along both coasts. First, according Costa Rican law, the beaches belong to everybody and everybody has a right to use them. The first 50 meters (164 ft.) above the mean high tide line are public land. No one can restrict access to a beach or claim a beach is privately owned, exceptions being landholdings in port areas, old land grants or by some agreements made prior to 1973. Second, along 80% to 85% of the coastline, the 150 meters (492 ft.) after the 50 first meters (164 ft.) are called the Maritime Zone and are controlled by the government. A foreigner must establish five years of residency to own more than 49% of a lease in this zone. Foreigners can evade the law by assigning the lease to a corporation that is wholly foreign owned or by assigning 51% of the ownership of the land (on paper) to a Costa Rican citizen. Take a careful look at the zoning laws before you start development in any of these areas.

### Research & Registration of a Property

Properties are registered at the Registro de la Propiedad (Property Registry) which keeps track of all the title registrations and ownerships. It is a great resource for verifying the status of a title or claim associated with a property. Buyers may either hire a lawyer or go themselves to the Registro De La Propiedad to search the title and verify that there are no liens against the property. By law all properties must be registered in Registro Publico to show the new legal owner. Most properties have a title registration number called the "Folio Real." Once you have this number you can search the database. The Registro Publico's Report, called the "Informe Registral," contains information such as the name of the title holder, boundary lines, tax appraisal, liens, mortgages, recorded easements, and other records that could affect the title.

Upon request, the sellers shall provide you with the latest version of the property map. This will give you measurements, boundaries and topographic details of the property. If they don't have an official map, you can get one at Catastro Nacional (National Cadastre Office). If no map exists, a registered surveyor can draw a property map and register it at the Catastro Nacional. The process can be completed in two to four weeks. It is advisable that a complete study of the conditions and amenities of the property to be conducted, things such as topography, electricity, water drainage, telephone services, restrictions on land usage.

### Zoning and Subdivisions

Building and subdivision plans must be signed by a local engineer, and plans are approved by the local Ministerio de Salud (Ministry of Health) and by the Instituto de Vivienda y Urbanismo (INVU) (Housing and Urban Development Department). By law, all applications for construction permits must be filed by an architect or civil engineer who is a member of the Costa Rican Association of Engineers and Architects (Colegio Federado e Ingenieros y Arquitectos). These experts will review your plans to ensure the building meets seismic, electrical and other regulations standards.

### Taxes

Property taxes vary from 0.5% to 1.5% of the declared value of the property. However, Costa Ricans are a calm and resourceful people, so they customarily undervalue their properties by at least 20% when they register it.

### Construction and project supervision

It is regulated that you have your engineer or architect supervise the project. The engineer or architect visits the site once a week, inspects to make sure that the plan is being followed by the general contractor, informs you of the quality of materials being used, and checks the invoices submitted by the general contractor. Also, for the higher price, you may

request the engineer or architect visits your site daily and to be more directly involved with the construction and management.

#### Building Permit

Building a house of more than 70 sq. /m. (750 sq. /ft.) requires a construction permit. You or your architect must file for permits at the Oficina Receptora de Permisos de Construcción (Permit Reception Office). The plans will be studied by representatives from the MOPT (Roads and Transportation Department), INVU (Housing and Urban Development Department), ICE (Electricity Department), AYA (Water Department), SNE (National Electrical Services), CFIA (Costa Rican Architect and Engineer Association), the Health Department and the local municipality where the property is located. Please note that condominium, commercial construction or urbanization projects require additional permits. In addition to the permits listed above, you will need a construction permit from the municipality where your property is located. Each municipality creates and enforces building codes for construction project in its area.

#### Coastal Building Regulations

The Maritime Zone runs for more than 1,500 km. (932 mi.) along both coasts. More than one third of this (590 km. (367 mi.) is open to legal development. The rest is invested in mangrove swamps, National Parks, mouth of rivers and other protected areas. Most of this land is already developed, most of it illegally. According to the law, land can be acquired only through temporary 5-20 year concessions, and must be developed according to a detailed regulatory plan consisting of a zoning plan, showing what is going to be built and where, and a construction implementation framework, showing in detail how all this is going to be handled. The regulatory plans must be approved by A. The local municipality; B. The Costa Rican Tourist Board and C. The Housing and Urban Development Department (INVU). Currently, only three hundred building concessions are recorded in the Registro Publico, and only two hundred of these are current and in accordance with the law. However, there are fifteen THOUSAND hotel and tourist developments along Costa Rica's coasts which received government approval but, for mysterious reasons, were able to bypass planning controls required by law. Most coastal lands under concession are leased at very low prices. Most beaches are not regulated. Only a few have even been surveyed. It has been a common practice, through bribery or influence, to take beach land illegally. The land is then sold to foreign investors who believe they are taking legal title to the property.