



Riverside, Mountain & Ocean View Lots

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## Frequently Asked Questions

### Buying Land in Costa Rica

#### How do foreigners buy property in Costa Rica?

Buying property in Costa Rica is a significant investment that involves potential language barriers and unfamiliar local laws and procedures. Our team will assist you with this exciting endeavor to make sure the process of purchasing titled land in our community is as easy as possible.

All foreigners have equal rights with Costa Rican nationals for purchasing and owning land. Many foreigners simplify the purchasing process by creating a Costa Rican corporation (Sociedad Anonima) or Limited Liability company (Limitada). It is straightforward, inexpensive and eases the process of opening bank accounts and utilities in Costa Rica. A corporation also helps protect the buyer's assets, helps facilitate future transactions, and gives beneficiaries easier access to the estate in the case of death or injury. As a corporation, the company can transfer title tax-free which avoids property transfer taxes and registration stamps in the case of a sale. For more information our sales representatives will be happy to walk you through the advantages and process of setting up a corporation. This is certainly not a requirement; it just can simplify the process and allow for more options.

#### How do I purchase land at Palm Springs?

To purchase land at Palm Springs a buyer or corporations must complete a sales agreement with Palm Springs Inc. At the time of mutual acceptance the buyer will deposit earnest money funds into an escrow account to be held until closing. Palm Springs provides insurance to its buyers by having Stewart Title and Escrow of Costa Rica underwrite all its properties, ensuring smooth escrow transactions and title that will be free and clear of encumbrances.

At closing the buyer will transfer funds by certified check or by wire transfer to an escrow account, which can take up to several days. A new deed will be issued and the buyer's name will be recorded with the National Registry. An appointed lawyer will act as public notary and certify the official Title Guaranty.

An escrow account prevents manipulation or mishandling of funds prior to closing. The escrow agent is a third party responsible for issuing checks and executing payments. This system gives confidence to all the interested parties that funds are protected during the buying process and that all funds will be disbursed properly at closing.

#### How is title transferred?

Title transfer requires a transfer deed (escritura) before a public notary. In Costa Rica, a public notary must be an attorney. They have extensive power to act on behalf of the state and can draft and interpret legal documents, as well as authenticate and certify the authenticity of documents.

Once a transfer deed is accepted for registration, the Public Registry will return original documents, stamped and properly sealed. Assuming there are no defects in the transfer deed, it should be registered by the Public Registry within 45 to 60 days.



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## Frequently Asked Questions

### **Buying Land in Costa Rica - continued**

#### **How is title transferred? - continued**

All properties in Costa Rica are registered in the Public Registry section of the National Registry. Each parcel is given an identification number (folio real or matricula) and is available to for the public to view on-line at [www.registronacional.go.cr](http://www.registronacional.go.cr). Some properties are not registered on-line and can be found by going down to the local municipality to search through filed records.

Title at Palm Springs will be taken under Condominium ownership rather than Fee Simple ownership and therefore will be registered in the Public Registry under a special Condominium section called Propiedad Horizontal. Condominium ownership allows a developer to restrict and regulate certain aspects of the development by providing its own by-laws outlined in the Covenants, Conditions and Restrictions (CCR's). These CCR's describe the privileges that can be enjoyed by individuals who purchase a property in a development. CCR's also ensure that the integrity of the project will be maintained in perpetuity. A Home Owner's Association will manage the execution of the CCR's and will collect a small annual fee to maintain commonly shared areas.

#### **Can I purchase land with other parties?**

Yes, just as it is easier for individual foreigners to purchase property by setting up a corporation, a group can also set up a corporation to purchase a parcel of land together.

#### **What are the closing costs?**

Closing costs include a number of taxes and stamps, a notary fee, and any additional mortgage or escrow fees. Historically, closing costs are shared equally between buyer and seller. Buyers should expect to pay between 3.5-4% of the total purchase price in closing costs which includes property transfer tax (1.5%), notary fees (1.5%) and stamp duty fees (.5%). Buyers will receive a closing costs statement from Steward Title and Escrow.

#### **What are the property and capital gains taxes?**

Property taxes (Municipal Taxes) are .25% of the declared property value. For example, for a property price of \$100,000, the property tax is \$250 annually. The municipal tax is administered at the municipal level. The amount is small and varies depending on the type of property and location. Taxes are paid quarterly and must be shown to be fully paid immediately prior to transferring title.

An incentive for foreign investment is that there is no capital gain tax. The Costa Rican government will not tax you on profit from the future sale of your property as long as this is not undertaken as a means of business. You would be obligated to pay taxes on any "declared" earnings being brought back to your country of citizenship.



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### **Buying Land in Palm Springs Costa Rica**

#### **Where is Palm Springs located?**

Palm Springs is located in Playa Esterillos along the Pacific Coast of Costa Rica, just 20 miles south of the bustling town of Jaco Beach. Playa Esterillos is approximately a 2 hour drive from San Jose international airport and 30 miles north of Manuel Antonio.

#### **How do I get to Palm Springs?**

Palm Springs can be easily accessed from Costa Rica's largest international airport in San Jose which services most major airlines. From the San Jose airport, it is about a 1.5 hour drive to Jaco and another 20 minutes from Jaco to Palm Springs. From the Airport to Jaco, you can take a taxi, bus or car rental. Rental cars are available for as little as \$199 (US) a week. From Jaco you will need to hire a taxi or rent a car to drive to Palm Springs in Playa Esterillos.

#### **Are there guidelines on what I can build at Palm Springs?**

Palm Springs operates under Condominium Law rather than Fee Simple Ownership and therefore has community Covenants, Conditions & Restrictions (CCR's) to help to protect the integrity of the vision and the environmental standards in the community. For example, home design and building standards must be approved by our Architectural Review Committee and be in compliance with local green building standards. Residents can build up to 3 structures on each lot including 2 residences and 1 guest quarter, as long as the total footprint that is developed equals no more than 25% of the total site.

#### **How can I get my home built?**

Palm Springs will provide referrals for green architects, builders, materials and contractors for custom homes. The permitting process can be complex, so hiring a local professional can help streamline the development. Once your initial architectural plans are approved, it will then take about one month to complete your blueprints and another 6-9 months to finish construction.

For those who do not wish to build custom homes, Palm Springs will provide three prepackaged green home building plans for buyers to choose. Each design has been approved for permitting. For a fee Palm Springs will help to facilitate the construction management of prepackaged homes.

#### **Will there be a Homeowners Association?**

Yes, in order to provide for the maintenance of planned community amenities such as security, hiking trails, common areas, and the reforestation project, residents will be required to pay a modest annual fee. In addition, there will be certain landscaping restrictions that will ensure for the best environmental standards.

Please see Palm Springs Homeowners Association documents and CCR's for more information.



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## Frequently Asked Questions

### **Buying Land at Palm Springs Costa Rica - *continued***

#### **What amenities and utilities will be available at Palm Springs?**

Each home at Palm Springs will be equipped with a septic system, water, phone and electric power. Electrical power lines will be buried underground to provide for a more natural landscape that is more appealing and safer for wildlife.

Electric power on the public grid in Costa Rica can be spotty and residents can expect blackout periods on a regular basis. Palm Springs encourages our residents to fit their homes with alternative power source such as solar panels, which can reduce global warming, lower your electric bills, and provide a more consistent source of power during the hot summer months. Palm Springs will provide alternative energy referrals and information during the architectural review process.

#### **If I want to rent my home, is property management service available?**

You are welcome to rent out your home as a vacation rental property as long as it is in compliance with the CC&Rs of Palm Springs. We have professional property managers we can refer to you or you can handle the booking and payment of fees yourself. Local property management fees are approximately 4% of the rented value.



### **Living in Costa Rica**

#### **What is the local climate like?**

Costa Rica has a rich tropical climate. Tropical weather patterns typically vary between two seasons—hot and dry, and rainy and temperate. Summer is from early December through May, which is a dry season, ranging to the mid-upper 90s. June through November is a wetter, colorful, lush season that ranges in the low-mid 80s with sunshine throughout the morning hours and heavy rain in the afternoon and evenings.

Palm Springs is located on a hill that tempers the heat of the sunny days and offers a cool sea breeze. The air is clean and clear and evenings offer beautiful sunsets and starry nights. The Architectural Review Committee can recommend passive solar design considerations for your home that will help keep you cool and comfortable during the dry season.

#### **What type of communication services are available in Costa Rica?**

Costa Rica has modernized communications amenities such as cell phones, land lines, and wi-fi internet. In general power transmissions are steady, although in extreme hot weather, blackouts can be experienced.



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## Frequently Asked Questions

### Living In Costa Rica - *continued*

#### **What is the status of the Costa Rican economy and political stability?**

Costa Rica has a very stable democratic political system and a healthy, growing economy. Costa Rica is unique in that it has had over 60 years of uninterrupted political democracy, without a formal military. It has averted many of the wars and dictatorships that plagued Central America during the past half-century. The current president, Oscar Arias, was the 1987 Nobel Peace Prize laureate for his efforts to end civil war fighting in Central America. Voter turnouts for presidential and parliamentary elections are over 60% on average.

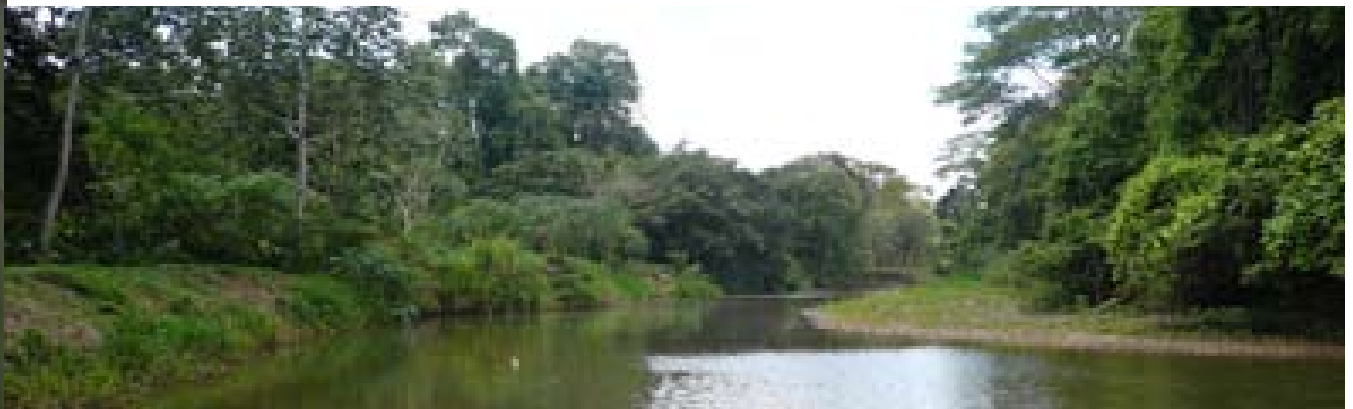
The Costa Rican economy has recently opened its markets to free trade and has attracted high-tech investment. Costa Rica is a desirable location for businesses due to its highly educated population (96% literacy rate). Its main industries are electronics, software, agriculture, and tourism. The population growth rate for 2006 was 4.57%, with 6.6% unemployment.

#### **What is the quality and availability of health care?**

The health care system in Costa Rica is ranked as one of the best in the world by the World Health Organization. In fact, many foreigners travel to Costa Rica for surgeries and dental care since it often more affordable. Healthcare is administered by a state administration known as Caja Costarricense de Seguro Social (CCSS) and is offered to citizens and visitors alike for a reasonable cost.

CCSS has the primary responsibility for providing low cost, health services to the Costa Rican population, with a government sponsored network of 29 hospitals and more than 250 clinics throughout the country. Physician's offices can be found in the nearby areas including Jaco.

Foreigners living in Costa Rica can join the CCSS by paying a small monthly fee based on their income. They can also buy health insurance from the State Monopoly Instituto de Seguro Nacional (INS), which is valid with over 200 affiliated doctors, hospitals, labs and pharmacies, in the private sector.





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## Frequently Asked Questions

### Local Lifestyle

#### **What goods, amenities and conveniences are close to Palm Springs?**

Palm Springs is located in Playa Esterrillos, which is 20 miles south of the Town of Jaco. Jaco is a world-renowned surf town with consistent rolling waves inside the bay, perfect for long boarding or the beginner surfer. Jaco has countless restaurants ranging in fare from Thai to Italian and pizza to fresh seafood. Jaco also has grocery stores, lots of shopping, with boutiques selling house wares, clothing, and souvenirs. Jaco is also a great place for nightlife and has numerous bars, discothèques and one hotel casino.

In Jaco services and amenities can be found for almost all your needs ranging from health and financial services to maid service, laundry, car rental, internet and tourism and adventure.

#### **Is there crime in the local area?**

Petty theft and burglaries are on the rise with the growing population of tourist and foreign nationals. Home and car break-ins are increasing. It is wise to lock up and protect your belongings. Crime that involves physical harm is very rare.

Palm Springs is in a rural area, thus removed from the regular occurrences of petty crime in the denser urban areas. However, like most developments in Costa Rica, as a precaution we will have on-site security.

#### **What recreation and outdoor activities are there close to Palm Springs?**

Palm Springs is close to some of Costa Rica's best places to see wildlife, as well as enjoy outdoor sports and adventures. Within minutes to an hour of Palm Springs, you can enjoy some of the world's best surfing, hiking, golfing, hang gliding, biking, horse back riding, white water rafting, zip-line and canopy tours, world class fishing, sailing, snorkeling, scuba diving and exotic bird and wildlife viewing.

Esterrillos is the nearest beach to Palm Springs, just a quick 4-mile drive from the property. This long, unpopulated beach has few inhabitants and an abundance of seashells and great surf. Esterrillos is a growing area on the Pacific Coast of Costa Rica. To the south about 40 minutes lies the Manuel Antonio National Park. The park is known for its healthy monkey populations. Wildlife sightings are nearly guaranteed. The park also has affordable guides readily available and white sand beaches. Manuel Antonio has many high-end hotels and restaurants.

Palm Springs is located on the Rio Chires and residents will have access to the trails that run along the river for horse back riding, hiking and biking. In addition, Palm Springs is close to Marriott's Los Suenos resort and Marina.

#### **Do I need to know how to speak Spanish?**

Many local people speak both English and Spanish and it will not be difficult to navigate your way around the city areas. It is recommended that you take some time to learn the local language and become familiar with how to give basic instructions for your needs to taxi drivers and in restaurants. The more Spanish you learn, the greater your experience will be.

#### **Where can I learn to speak Spanish?**

Spanish classes are available in Jaco through AmeriSpan and Academia Tica.



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## Frequently Asked Questions

### Financing

#### **What are the steps and options to financing property in Costa Rica?**

Palm Springs does not offer financing for land purchases or home construction. You may either receive financing in your home country or through a local lender. If you finance in your home country, you may be eligible for a tax deduction. Many buyers take an equity loan out on their existing home or pay cash.

There are several Costa Rican banks that offer construction financing and mortgages to foreigners for new home construction. Most banks require 20-40% down payment, although some lenders now offer up to 90% financing. Loans can be used for full time residences, vacation homes, rental property for investment purposes and the purchase of residential land. Each local lending institution has its own formula of rates and terms which usually include interest rates, rate spread, if variable, length of loan, closing costs, origination fees and various other fees associated with the financing industry. Lenders provide 10-30 year loans with rates around 2.5% over prime or LIBOR rates.

#### **How do I open a personal bank account in Costa Rica?**

Anyone may open a bank account in Costa Rica. You will need your passport or residency card, a letter of recommendation from your US bank and possibly a local letter of recommendation to be provided by Palm Springs. Tourists are not prohibited from opening an account, but most banks require a current utility bill as proof of your address and residency. Banks are subject to many of the 'Know your customer' reporting requirements to prevent money laundering, including the \$10,000 transaction reporting limit. However, banking secrecy laws are in effect, so no government (or private) agency may get access to your specific account information without a court order.

There are both government and private banks in Costa Rica. It is recommended that you keep your accounts in dollars, and change to colones when needed due to the devaluation of colones currency in comparison with the dollar.

As part of the purchase and sale process our team will help you determine whether you need a Costa Rican bank account. We will provide you with 3 banking options and help you facilitate getting an account set up.

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