

Costa Rica



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1 Real Estate Law

- 1.1 Please briefly describe the main laws that govern real estate in Costa Rica. Laws relating to leases of business premises should be listed in response to question 10.1. Those relating to zoning and environmental should be listed in response to question 11.1.**

The following are the main laws that govern real estate in Costa Rica: the Costa Rican Constitution; the Civil Code Law Number 30; the Notary Code Law Number 7764; the Law for the Promotion of Competition and Effective Defence of the Consumer Law Number 7472; the Regulations to the Law for the Promotion of Competition and Effective Defence of the Consumer Executive Decree Number 36234-MEIC; the Condominium Law Number 7933; Regulations to the Condominium Law Executive Decree Number 32303; the Property Tax Law Number 7509, the Transfer Tax Law for Real Estate Law Number 6999; the Regulations to the Property Transfer Tax Law Executive Decree Number 21743-J-H; the Possession Information Law Number 139; the National Cadastral Law Number 6545; the Regulations to the National Cadastral Law Executive Decree Number 34331-J; the Water Law Number 276; the Construction Law Number 833; the Public Road Law Number 5060; the Agrarian Jurisdiction Law Number 6734; the Solidarity Tax for the Improving of Housing Programs, also known as the "Luxury Property Tax Law" Number 8683; and the Regulations to the Luxury Property Law Executive Decree Number 35515-H.

- 1.2 What is the impact (if any) on real estate of local common law in Costa Rica?**

None. Costa Rica is not a common law country.

- 1.3 Are international laws relevant to real estate in Costa Rica? Please ignore EU legislation enacted locally in EU countries.**

International laws are not relevant.

2 Ownership

- 2.1 Are there legal restrictions on ownership of real estate by particular classes of persons (e.g. non-resident persons)?**

There are no restrictions by particular classes of persons for the ownership of fee simple (titled) land. Rights over land which are

not fee simple, such as concession rights and use permits, mainly applicable to maritime zone areas, have particular restrictions requiring majority ownership by Costa Rican citizens.

3 Real Estate Rights

- 3.1 What are the types of rights over land recognised in Costa Rica? Are any of them purely contractual between the parties?**

The following rights over land are recognised: (i) Fee simple (Title) ownership rights and Co-ownership rights; (ii) Concession rights; (iii) Possession rights; (iv) Usufruct rights; (v) Lease rights; (vi) Use permits, and (vii) Rights of way and other easements.

Lease rights can be granted contractually between the parties.

- 3.2 Are there any scenarios where the right to a real estate diverges from the right to a building constructed thereon?**

As a general rule, according to Section 505 of the Civil Code, ownership of real estate properties covers all non-moveable assets, affixed to the land, such as a building or a tree. For such reason, the owner of the real estate will consequently be the owner of the building constructed thereon. However, there is a specific scenario, according to Section 508 of the Costa Rican Civil Code, in which a third party builds a structure on a property which is not of his/her ownership without the authorisation of the actual owner, and, consequently, the owner of such property has the possibility to purchase the construction or to force the party that built it to destroy it. If the structure was built by the constructor acting in good faith, then the property owner is not able to request the destruction of what has been built, and he has to pay for its value. According to Section 509 of the Civil Code, if the structure is built with the knowledge of the property owner, then the property owner will also not be able to request the destruction of what has been built, and he must either pay the value of what was constructed or share the property proportionally with the constructor.

4 System of Registration

- 4.1 Is all land in Costa Rica required to be registered? What land (or rights) are unregistered?**

In general terms, all land in Costa Rica is required to be registered. In most cases, including all fee simple (titled) lands and

concessions on maritime zone areas, such registration is made at the National Register, which is a centralised entity. Notwithstanding the above, there is still land not duly claimed and registered by their occupants, who may have possession rights over it. If the occupant can demonstrate, among other requirements, its possession over the land for more than 10 years, and follows a specific judicial procedure to get such possession term recognised by a civil judge, then possession rights may become fee simple (titled) ownership rights, which must be registered at the National Register. Some other rights (for example, use permits) are registered before the corresponding Municipality or the Ministry of the Environment.

4.2 Is there a state guarantee of title? What does it guarantee?

No, there is no state guarantee or title in Costa Rica.

4.3 What rights in land are compulsory registrable? What (if any) is the consequence of non-registration?

Fee simple (titled) ownership, concession rights, usufruct rights, securities (mortgages or mortgage certificates), liens, encumbrances and trust agreements must all be registered. The consequence of non-registration will be the lack of publicity for such rights and therefore hinder their capacity to be enforced against third parties.

4.4 What rights in land are not required to be registered?

Lease rights and option agreements are not required to be registered at the National Register; however, their registration allows for automatic enforceability against third parties.

4.5 Where there are both unregistered and registered land or rights is there a probationary period following first registration or are there perhaps different classes or qualities of title on first registration? Please give details. First registration means the occasion upon which unregistered land or rights are first registered in the registries.

According to the Law Number 139 Section 16, which deals with titling of possession rights, there is a three-year term from the date of first registration of the property at the National Register, in order for any affected third party to oppose it. Title on a property acquired according to such procedure is final before third parties once such three-year term has expired.

4.6 On a land sale, when is title (or ownership) transferred to the buyer?

The legal transfer of fee simple (titled) land between the parties (seller and buyer) occurs when both parties sign, before a Costa Rican Notary Public and in such Notary's "protocole" book, a transfer deed for the property, with all the required legal formalities and legal requirements. However, such transfer is not considered to be public and enforceable against third parties until it is filed and duly registered at the Costa Rican National Register.

4.7 Please briefly describe how some rights obtain priority over other rights. Do earlier rights defeat later rights?

Section 455 of the Costa Rican Civil Code governs priority of rights

before third parties according to their filing at the National Register. According to it, any title which is registered at the National Register, may only affect third parties from the time of its filing at the National Register. A "third party" is considered to be any party which has not been a party of the specific action or contract in which the registration is based. This rule establishes a principle of priority according to the time of filing at the National Register, and has only one exception in case of rights over real estate property (*in rem* rights) such as, for example, mortgages - they may have priority against earlier filings of personal credit rights seizures over a real estate, as follows: if the public deed in which the *in rem* rights were created has a previous date to the filing of the seizure request for personal credits at the National Register, and it is filed within three months of the latter, then the *in rem* rights have priority over the seizure request. If, to the contrary, the filing is made after such three-month term, the general priority rule applies.

5 The Registry / Registries

5.1 How many land registries operate in Costa Rica? If more than one please specify their differing rules and requirements.

Only one Register operates in Costa Rica, which is the Costa Rican National Register, also known as the "Public Register".

5.2 Does the land registry issue a physical title document to the owners of registered real estate?

No, there are no title documents issued by the Costa Rican National Register. However, a registration entry for the property is created by the Register for each specific property registered on it, and such entry shows who the owner of the real estate is. Such registration is currently electronic and most properties have already been entered in it.

5.3 Can any transaction relating to registered real estate be completed electronically? What documents need to be provided to the land registry for the registration of ownership right? Can information on ownership of registered real estate be accessed electronically?

Transactions relating to registered real estate cannot be completed electronically.

A legal copy of the transfer deed (which is called "*testimonio*") duly granted before a Costa Rican Public Notary in his/her protocol book has to be filed at the Public Register so ownership rights are affected. Such legal copy of the transfer deed is issued by the Public Notary, with all required formalities and security measures as required by law, and has to be filed along with proof of payment of the transfer and registration taxes for the specific action.

Information on ownership may be accessed electronically, at the following site: www.rnpdigital.com.

5.4 Can compensation be claimed from the registry/registries if it/they makes a mistake?

Yes, but only by filing the corresponding legal action.

5.5 Are there restrictions on public access to the register? Can a buyer obtain all the information he might reasonably need regarding encumbrances and other rights affecting real estate?

There are no restrictions on accessing public information registered at the Costa Rican National Register. A buyer may obtain the information reasonably required regarding encumbrances, liens and any other rights affecting real estate, such as, for example, annotations regarding pending court cases related with such real estate.

6 Real Estate Market

6.1 Which parties (in addition to the buyer and seller and the buyer's finance provider) would normally be involved in a real estate transaction in Costa Rica? Please briefly describe their roles and/or duties.

The common parties involved in real estate transactions in Costa Rica are the buyer, the seller and normally the buyer's finance provider, or a trustor, a trustee and a trust beneficiary if the property is part of a trust agreement. Other parties involved in a real estate transactions are:

(i) Public Notary: A Public Notary is an authorised public official, which has to be duly incorporated as an attorney before the Costa Rican Bar Association and additionally as a Public Notary before the National Notaries Authority. The transfer deed has to be granted by the seller and the buyer or their duly appointed representatives, before a Public Notary, who will draft accordingly a transfer deed in his/her protocol book, and such deed has to be signed by the parties and by the Public Notary. Then such Public Notary has to issue a legal copy of the transfer deed signed before him/her, and file such legal copy at the National Register for its registration. The role of a Public Notary is essential in real estate transactions.

(ii) Real Estate Agents: The real estate agents are not required to be involved in the transaction, as in the case of the Public Notary. The role of a real estate agent is being an intermediary between the seller and the buyer, and usually is the individual or agency being contacted by the buyer and/or seller in order to market or locate real estate. There may be one or more real estate agents involved in one real estate transaction. Their fee as real estate agents is usually paid by the seller, and normally does not exceed 5% of the purchase price. Real estate agents do not need to have a specific registration or license.

(iii) Surveyor: A surveyor as such is not always involved in the real estate transactions. Its services may be required in order to create a new survey and get it registered at the Cadastral Register, as a previous requirement in certain cases in order to implement the transfer of the property by the parties before the Public Notary. Other survey work may be required, especially in the buyer's due diligence process, in order to confirm or review the property's measure, as well as easements or rights of way that may affect it.

6.2 How and on what basis are these persons remunerated?

As previously indicated, the real estate agents are usually remunerated with a specific fee, which is normally a previously agreed percentage of the purchase price. The Public Notary's minimum fees are fixed by law as a percentage of the purchase price.

6.3 How has the real estate market in Costa Rica recovered or reacted following the global credit crunch and worldwide recession in 2008/2010? What were the most important real estate transactions in Costa Rica in the past year? Please include both local and international investors in your answer.

The Costa Rican real estate market was deeply affected by the worldwide recession in 2008/2010. Signs of a slow recovery are currently being observed. Relevant real estate transactions in the past year have majorly involved the establishment of hotels, especially in the Central Valley area.

6.4 Is there a trend in Costa Rica towards the investment in retirement homes / nursing homes due to the increased ageing of the population?

No. However, a large portion of the real estate buyers before the worldwide recession in 2008/2010 were "baby boomers" from the United States of America and Canada, who wanted to purchase their retirement homes in the country and this trend is slowly coming back.

7 Liabilities of Buyers and Sellers in Real Estate Transactions

7.1 What (if any) are the minimum formalities for the sale and purchase of real estate?

The sale and transfer document for real estate must be granted by the registered owner of the property and the buyer, before a registered and authorised Costa Rican Public Notary, who will enter it in its protocol book, and once it is signed by all parties, including himself/herself, will have to issue a legal copy in a special form (which is called "*testimonio*"). Then, such legal copy needs to be filed at the Public Register so the transfer of the property is duly registered. Proof of payment of legal stamps and transfer taxes must also be attached to the legal copy of the sale and transfer document.

7.2 Is the seller under a duty of disclosure? What matters must be disclosed?

Any elements of the title that are part of public information available at the Public Register are considered to be automatically disclosed and accepted by the buyer; some of them need to be expressly stated in the transfer document but this is more a formality so the property is duly described, rather than disclosure. In all other cases, disclosure is actually a contractual matter and recommendable for mitigation of possible liability.

7.3 Can the seller be liable to the buyer for misrepresentation?

Yes, such liability is possible.

7.4 Do sellers usually give contractual warranties to the buyer? What would be the scope of these? What is the function of warranties (e.g. to apportion risk, to give information)? Are warranties a substitute for the buyer carrying out his own diligence?

Additional contractual warranties are possible, although not legally

required, and are not always present; they are normally included in agreements prior to the actual sale, such as sale purchase agreements and options, and are usually covered through statements indicating that the property is in good standing, that land and municipal taxes are duly paid and up to date, and that there are no squatters, no pending payments for public utilities, etc. A legal warranty provided by law is the seller's warranty, in favour of the seller, under certain circumstances, of no hidden defects on the real estate or on the constructions/buildings located on it.

Warranties of any kind cannot be considered as a substitute for the buyer to carry out his/her own due diligence, and having his/her own legal representation, counsel and assistance and are usually present when there are time limits or other limits to the full performance of such due diligence.

7.5 Does the seller warrant its ownership in any way? Please give details.

There are no express warranties from the seller regarding its ownership, since the current ownership of a piece of real estate is confirmed by the National Register, meaning that, for third parties, the real and legal owner of the real estate is the one indicated as the owner for such property in the National Registry. For such reason, it is the buyer's duty to review and confirm the seller's ownership of the real estate to be acquired directly at the National Register. In case a sale is made by someone who is not the registered owner of the real estate, such transfer will not be registered, its filing will be cancelled from the records of the Register and all possible recourses, civil and criminal, against the seller who misrepresented ownership are possible.

7.6 What (if any) are the liabilities of the buyer (in addition to paying the sale price)?

Additional liabilities for the buyer are transparent disclosure of the purchase price, plus any additional contractual obligations that may be established within the sale.

8 Finance and Banking

8.1 Please briefly describe any regulations concerning the lending of money to finance real estate. Are the rules different as between resident and non-resident persons and/or between individual persons and corporate entities?

The main current regulations for lending of money in general (not only to finance real estate) by financial entities are mainly covered by the Regulations 1-05 SUGEF, issued by the "Superintendencia General de Entidades Financieras" (SUGEF), which is the entity in charge of supervising and controlling all financial entities in Costa Rica, and by the Organic Law for the National Banking System, Law Number 1644. According to such Laws and Regulations, there are different rules applicable to individual persons and corporate entities (such as different requirements and information to be gathered from the debtors); however, there are no specific different rules (established by law or regulation) for lending money to resident and non-resident persons. Notwithstanding the above, each financial entity may create, in practice, internal guidelines for such transactions.

8.2 What are the main methods by which a real estate lender seeks to protect itself from default by the borrower?

Securities are the most used form of protection regarding real estate transactions having a registered mortgage or a security trust over real estate.

8.3 What are the common proceedings for realisation of mortgaged properties? Are there any options for a mortgagee to realise a mortgaged property without involving court proceedings or the contribution of the mortgagor?

In case of a breach by the mortgagor of the obligations established by law or in the mortgage contract, the mortgagee can realise the mortgaged property by filing foreclosure procedures before the competent judicial courts. All procedures to realise a mortgaged property involve court proceedings.

8.4 What minimum formalities are required for real estate lending?

There are no minimum formalities required in order to lend for the acquisition of real estate. Usually, a loan contract will be required by most lenders and securities, such as a mortgage, trust agreements or promissory notes, will be required. In such cases, formalities for the correct drafting, validity and execution of such securities will be required, such as their registration at the Public Register, if applicable.

8.5 How is a real estate lender protected from claims against the borrower or the real estate asset by other creditors?

One of the most important protections is obtained by performing due diligence through a thorough review and title search over the real estate that will be used for security. Once it is confirmed that the title is clear and free from any securities, seizures or procedures filed by previous creditors, it is essential to sign a mortgage or a security trust over such property and have it duly registered at the Costa Rican National Register.

9 Tax

9.1 Are transfers of real estate subject to a transfer tax? How much? Who is liable?

Yes, there is a transfer tax for transfers of real estate. The transfer tax is 1.5% of the purchase price and the seller and the buyer are both liable, since, according to the law, both parties must pay such transfer tax in the same proportion –although an express agreement establishing different distribution rules is possible.

9.2 When is the transfer tax paid?

The transfer tax must be paid within fifteen business days from the signing of the transfer document by the parties, and in particular no later than at the time of first filing of the transfer document at the Costa Rican National Register, since it is a requirement before the filing is accepted for processing.

9.3 Are transfers of real estate by individuals subject to income tax?

No, if they are isolated transactions. If the activity is repetitive, income tax liability arises.

9.4 Are transfers of real estate subject to VAT? How much? Who is liable? Are there any exemptions?

Real estate transfers are not subject to VAT.

9.5 What other tax or taxes (if any) are payable by the seller on the disposal of a property?

No other taxes are payable on the disposal of property, but it is usual and recommendable for the property being transferred to be up to date with land and municipal taxes and, for houses and depending on their value, the tax on luxury houses (also called “solidary tax”).

9.6 Is taxation different if ownership of a company (or other entity) owning real estate is transferred?

No, the same rules must apply, as per a very recently enacted law denominated Law to Reinforce the Tax Administration Law Number 9069.

10 Leases of Business Premises

10.1 Please briefly describe the main laws that regulate leases of business premises.

The main laws that regulate leases of business premises are: General Law for Urban and Sub Urban Leases Law Number 7527; Regulations for Administrative Eviction Procedures; Executive Decree Number 37262; and the Costa Rican Civil Code Law Number 30.

10.2 What types of business lease exist?

Commercial leases are the only type of business lease.

10.3 What are the typical provisions for leases of business premises in Costa Rica regarding: (a) length of term; (b) rent increases; (c) tenant's right to sell or sub-lease; (d) insurance; (e) (i) change of control of the tenant; and (ii) transfer of lease as a result of a corporate restructuring (e.g. merger); and (f) repairs?

a) Length of term:

There is a minimum lease term of three years, according to Section 70 of Law Number 7527, which works in favour of the tenant, meaning that if a shorter lease term is agreed contractually, it can be automatically considered as a three-year lease term.

b) Rent Increases:

Specific rules for rent increases of real estate for housing are covered by Section 67 of Law Number 7527. Rent increases for leases of business premises are usually agreed between the parties with specific amounts or percentages for yearly increases on rent payments.

c) Tenant's right to sell or sub-lease:

The tenant is not authorised to sell the leased property.

Additionally, the tenant is not allowed by law to sublease or sell his/her rights as tenant unless there is an express authorisation from the landlord to do so. Notwithstanding the above, the parties may contractually agree on specific or general authorisations for subleasing.

d) Insurance:

There are no particular regulations regarding insurance for leases of business premises. Provisions on insurance policies in leases of business premises are common and usually requested by landlords.

e) (i) Change of control of the tenant:

In this case, the tenant remains the same corporate entity and, unless the lease establishes a specific prohibition for changing share ownership for the tenant – a stipulation which is extremely uncommon in Costa Rica, there will be no effects.

e) (ii) Transfer of lease as a result of a corporate restructuring (e.g. merger):

According to Section 75 of Law Number 7527, if the leased property is transferred from the landlord to a third party, the lease agreement is still valid between the tenant and the new landlord (the new owner of the property). The same rules apply for corporate restructuring of the landlord, such as mergers of companies in which the resulting company will be considered as the new landlord for the lease. In the case of a change of corporate restructuring of the tenant, a fusion will allow the continuation of the lease; however, if a new entity, not formed totally or partially by the tenant company, is the one that survives, express authorisation by the landlord for the assignment of the lease will be required.

f) Repairs:

Repairs and improvements to leased real estate are regulated by Sections 34 to 38 of Law Number 7527. As a general rule, the landlord must pay the tenant for any repairs or improvements made by the tenant but only if it was expressly agreed in the contract or further authorised in writing, and with an express indication that the landlord would pay them. Any improvement or repair made by the tenant will be considered as part of the property unless removing such improvements or repairs is expressly agreed between the parties, or if such improvements may be removed without damaging the property. Any necessary repair for the normal use of the property has to be made by the landlord, unless otherwise agreed between the parties or if the damage is attributable to the tenant.

10.4 What taxes are payable on rent either by the landlord or tenant of a business lease?

The landlord must pay income tax on rent payments received. The tenants currently do not pay any tax for leases.

10.5 In what circumstances are business leases usually terminated (e.g. at expiry, on default, by either party etc.)? Are there any special provisions allowing a tenant to extend or renew the lease or for either party to be compensated by the other for any reason on termination?

Business leases are usually terminated because of the expiration of the lease term, lack of payment by the tenant or breach by the tenant of other obligations stated in the lease contract, such as damaging the property or not taking good care of it, or because of the unilateral earlier termination by the tenant, if notified at least three months before the expiration of the term, and only if such early termination is not prohibited by the lease contract. However, even if the early termination is prohibited in the lease contract, “escape” clauses may also be agreed in the lease contract, in which the tenant

can have the possibility of an earlier unilateral termination, with notice and/or penalties or by losing the security deposit as compensation in favour of the landlord. Notwithstanding the above, “escape” clauses are not possible for the landlord, by reason of the three-year minimum lease term in favour of the tenant as explained in question 10.3 above. According to Section 71 of Law Number 7527, there are automatic extensions of the lease (unless otherwise agreed between the parties on the lease contract) if the tenant does not notify the landlord at least three months before the expiration of the term, indicating his intention of not renewing the lease contract.

10.6 Does the landlord and/or the tenant of a business lease cease to be liable for their respective obligations under the lease once they have sold their interest? Can they be responsible after the sale in respect of pre-sale non compliance?

Both the tenant and landlord may remain liable for certain obligations. The lease contract remains in full force and effect against the new owner (and tenant) of the property according to Section Number 75 of Law Number 7527.

10.7 Green leases seek to impose obligations on landlords and tenants designed to promote greater sustainable use of buildings and in the reduction of the "environmental footprint" of a building. Please briefly describe any "green obligations" commonly found in leases stating whether these are clearly defined, enforceable legal obligations or something not amounting to enforceable legal obligations (for example aspirational objectives).

This is not legally applicable in Costa Rica. However, the parties may agree on specific environmental obligations as part of the lease contract.

11 Public Law Permits and Obligations

11.1 What are the main laws which govern zoning and related matters concerning the use and occupation of land? Please briefly describe them and include environmental laws.

The main laws are the following: The Maritime Zone Law Number 6043; Regulations to the Maritime Zone Law Executive Decree Number 7841-P; Regulations for the specifications for the definition of the Public Zone on the Maritime Zone Executive Decree Number 36642; The Civil Code Law Number 30; the Water Law Number 276; The Forestry Law Number 7575; Regulations to the Forestry Law Executive Decree Number 25721-MINAE; The Organic Law for the Environment Number 7554; The Law for Urban Planning Number 4240; Regulations for Constructions of the National Institute for Housing and Urbanism; Regulations for the National Control of Divisions and Urbanisations INVU Meeting Number 3391; Approval for Kyoto Protocol Law Number 8219; and the General Health Law Number 5395.

11.2 Can the state force land owners to sell land to it? If so please briefly describe including price mechanism.

Yes it can, through a procedure of expropriation of real estate according to the Expropriation Law Number 7495 and to the Regulations for Enforceable Expropriations Executive Decree Number RCL 1957/843. In order to expropriate, a formal

declaration of public interest is required. When such declaration is issued, a temporary annotation of the procedure at the Public Register is also ordered, within the specific property's registration entry. Then the property's value has to be determined by an expert in a maximum term of two months counted from the Government's request of such proceeding. In order to determine a fair price for the property, the expert must follow the rules established in Sections 40 and 22 of Law Number 7495, such as taking into account the description of the land, the current status and use of the constructions on it, the current use of the land, rights of tenants, if there are any licences or commercial permits, the approximate price of the neighbouring properties or the sale price for any of such neighboring properties, if there are liens and encumbrances on the property, current damages on it, etc. The results obtained by the expert are then notified to the owner, the tenant –if any– and any other interested party. The owner or any other interested parties have an eight-day term to accept or oppose the price obtained by the expert. If there is opposition to such price, or in some other specific cases listed in Section 28 of Law Number 7495, the Government will issue an Expropriation Agreement in order to initiate the special procedure of expropriation before the judicial courts within a six-month term after the opposition of the owner to the price determined by the expert. The court will then appoint another expert in order for him/her to review the first administrative valuation made by the initial expert. Then the judge may order the owners or tenants to leave the property when the Government deposits at the courts the amount determined by the initial expert as a fair price. Subsequently, the judge will personally go to the property and inspect it together with the parties. In the end, the judge will issue a final resolution on the matter. The final fair price must not be higher than the maximum amount determined by the experts for the property's price. The owner of the property may appeal the resolution within a term of five days counted from its date of notification. As part of the agreement with the Government, the property owner or the tenant may be relocated to a property with similar characteristics as the one being expropriated.

11.3 Which bodies control land/building use and/or occupation and environmental regulation? How do buyers obtain reliable information on these matters?

The regulation, compliance, control and issuing of permits for land or building use, as well as issuing of zoning, construction and land segregation permits are made and granted by the local governments (municipalities), according to the location of the property. Environmental compliance is controlled by SETENA (“*Secretaría Técnica Nacional Ambiental*”) and by the Ministry of the Environment Energy and Telecommunications. Additionally, there is a specific court, which is the Environmental Court, in charge of environmental procedures initiated by any third party against possible environmental infractions. Consultations may be made directly at the municipalities in order to confirm any information regarding zoning, constructions, land segregations, and operation permits granted by such municipalities, although usually these entities are not willing to provide much detail unless a formal request is filed. In order to obtain reliable environmental information on a specific property it is recommendable to use the services of an environmental expert or consulting firm.

11.4 What main permits or licences are required for building works and/or the use of real estate?

In order to build any kind of structure or construction on real estate, a building permit granted by the municipality where the property is

located will be required. Each municipality establishes particular requirements and information to be filed in order to obtain the permit (such as construction blueprints, environmental feasibility, discharge of pluvial water, etc.). For the commercial use of the property, an operation permit will be required, which needs to be specific for the commercial activity to be developed in the property. Commercial operation permits are also issued by the municipalities, and usually a zoning permit, a health permit and approvals by some entities such as AyA (the public entity in charge of providing water services) are usually pre-requirements for filing.

11.5 Are building/use permits and licences commonly obtained in Costa Rica? Can implied permission be obtained in any way (e.g. by long use)?

Building and use permits are commonly obtained if all requirements and conditions are met, and depending on zoning regulations on the property location and on specific conditions. Building permits are issued by the local governments (municipalities) with jurisdiction according to the location of the real estate. Implied permission, by long use of other elements, is not possible.

11.6 What is the appropriate cost of building/use permits and the time involved in obtaining them?

The cost of a building permit corresponds to 1% of the value of the construction. The time and some other costs involved in obtaining a building permit change according to each local government (municipality).

11.7 Are there any regulations on the protection of historic monuments in Costa Rica? If any, when and how are they likely to affect the transfer of rights in real estate?

Law Number 7555 for the Historical-Architectonic Patrimony of Costa Rica and its Regulations (Executive Decree Number 32749-C) are the ones that protect historic monuments and any private or public real estate with cultural or historic relevance, as determined by the Ministry of Culture, Youth and Sports. Real Estate (and any building or construction on it) that is declared part of the historical-architectonic patrimony of Costa Rica according to the above mentioned Law, has several restrictions and limitations for its use, modification, construction, improvements, etc. The transfers of rights in such real estate are not directly affected, but the new owners must respect the same regulations and limitations that affect the property as mandated by the above indicated Law.

11.8 How can e.g. a potential buyer obtain reliable information on contamination and pollution of real estate? Is there a public register of contaminated land in Costa Rica?

The most effective way to obtain reliable and accurate information on contamination and pollution of real estate in Costa Rica is engaging the services of a private environmental expert or consulting agency. SETENA is the entity in charge of environmental control and regulation in Costa Rica. In order for SETENA to evaluate and conduct research and studies on a specific piece of real estate, a formal filing for environmental pollution or contamination on such property has to be made before such entity or before the Environmental Court. There are no public registers of contaminated land in Costa Rica; there are only searches and studies made by SETENA which are handled as internal information and not as a register for public consultations.

11.9 In what circumstances (if any) is environmental clean up ever mandatory?

Environmental clean up is mandatory for property owners when there are “solid objects” affecting the environment or the health of the population. This kind of procedure is controlled and regulated by the municipalities and the Ministry of Health according to Sections 105 to 107 of the General Health Law Number 5395, and, when such issues may cause an environmental impact, according to the Executive Decree Number 27001-MINAE, and also by the Ministry of Environment, Energy and Telecommunications.

11.10 Please briefly outline any regulatory requirements for the assessment and management of the energy performance of buildings in Costa Rica.

This is not applicable to Costa Rica.

12 Climate Change

12.1 Please briefly explain the nature and extent of any regulatory measures for reducing carbon dioxide emissions (including any mandatory emissions trading scheme).

Costa Rica is currently part of the Kyoto Protocol according to Law Number 8219.

12.2 Are there any national greenhouse gas emissions reduction targets?

As indicated above in question 12.1, Costa Rica is part of the Kyoto Protocol.

12.3 Are there any other regulatory measures (not already mentioned) which aim to improve the sustainability of both newly constructed and existing buildings?

Currently there are no other regulatory measures to improve the sustainability of newly constructed and already existing buildings. However, there are current discussions regarding regulations issued by INTECO (“*Instituto de Normas Técnicas de Costa Rica*”) denominated “Requirements for Sustainable Buildings in the Tropic” which is currently in process of being finally approved as an official regulation.

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