

Five Things You Must Know Before Buying Property In Belize

Marty Casado Mon, Aug 15, 2011 [Real Estate](#) 0 11442

Buying property is always a stressful process and can be even more so when purchasing in a foreign country. However, Belize is part of the British Commonwealth with a legal system that shares the same British common law as does Canada and the United States. However, there are five basic things that every buyer must know before they begin that process of buying their dream property in Belize:

1. A foreigner can own property outright in Belize and has the same rights as a Belizean citizen to freehold property ownership. Since the Alien Landholding Act was abolished in 2001 there are no licenses, permits, special permissions or conditions needed for a foreigner to take title to freehold land in Belize.
2. It is always advisable to have professional legal advice when purchasing property although you will often be told the opposite. There are experienced and reputable paralegals who will be familiar with the title history of local properties and they can often finalize a purchase. However, there can be important issues concerning how best to take title which can impact your closing costs and potentially impact how you sell your property. Don't take any risks, obtain qualified local, legal representation.
3. Title insurance is very prevalent in the US and increasingly so in Canada but is not so common in Belize. However, Belize is one of the few Central American countries that in fact does offer title insurance through one of the major American providers, Stewart Title. It is important to note that the Government of Belize guarantees most Belizean titles while your local lawyer can provide a title opinion which makes property purchase as secure regarding your title as in the USA and Canada.

4. Closing costs in Belize are very straight forward. Since there is no capital gains tax associated with the purchase and sale of real estate, the Government assesses a 5% stamp tax on the declared purchase price of the property at the time of transfer of title. However, there is an additional tax of 5% for foreigners and persons who have resided in Belize for less than 3 years. It is important to fully review and understand your options prior to completing the sale to insure you take title to your Belizean property that best serves your particular circumstances. Closing fees to your lawyer or paralegal should be budgeted at a minimum of \$500 – \$1500.

5. Local financing, although available, would not be a recommended course of action. The majority of foreign property transactions is either cash or otherwise financed offshore. Belizean interest rates are typically much higher than you will be used to in your home markets with fixed terms of only twelve months and only issued in Belizean dollars. At the end of every year the loan is closed out and then renewed at the current interest rate. A more reasonable alternative may be to borrow through an offshore banking institution and, as always, professional advice is very important.

Common sense needs to prevail when contemplating buying property in any foreign jurisdiction and that should begin by retaining an advisor who is on your side and not compromised by acting for the seller as well. Begin by following the above five factors and you will go a long way to making this an exciting and joyful experience.

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