



Welcome to Las Terrenas and PlayaMax Real Estate

Our aim is to make your dream become a reality by providing you with the most precise and clear information available and to be able to share our considerable experience and knowledge with you in order for you to make informed decisions on your purchase with us.

The Dominican Republic is a large island and the government realizes the importance of tourism and foreign investment in order for it to further develop. Recent laws have simplified the process for foreigners to purchase properties either in their personal name or by forming a Dominican Corporation. Foreigners only require a valid passport to purchase and legally hold title of any property. In the past few years, real estate investment has increased at a rapid rate, but it still remains affordable and well below most Caribbean islands. In the past, the Dominican Republic was a tropical getaway for Canadians and Europeans but with the increased availability of flights from the USA, Americans have also begun investing. Last year, the New York Times dubbed the Dominican Republic as the next Saint-Barth.

Stabilization of the government and the economy has been an important factor in the growth of foreign investments as well. The signing of CAFTA (Caribbean American Free Trade Agreement) and restructuring and aid from the IMF have brought about positive publicity and noticeable change. The Canadian government is also working on a Free Trade agreement with the Dominican Republic, which will be finalized in the not so distant future.

Costs Involved in Purchases

i) **Land Transfer Tax** is a one-time tax that is paid upon purchase of a property. The tax is calculated at 3% of the assessed value of the property. Generally the assessed value is well below the actual purchase price.

ii) **Annual Property Tax.** This tax is calculated at 1% of the assessed value of the property over DOP \$6.5 MILL or USD \$286,000.00, approximately at the current exchange rate. Generally the assessed value is well below the actual purchase price.

iii) **Legal Fees** will be around 1% of the purchase price with a minimum of US \$500.00. This will include search of title, transfer of title and all closing costs.

Offer Procedures

Purchasing a property through PlayaMax Real Estate consists of three contracts:

1) **Offer of Purchase** - The first contract is a basic one-page document that consists of the potential buyer's name, the property that is receiving the offer, the offer price and any financial terms and conditions to be included with the offer. All counter-offers will be executed on this contract.

2) **Promise of Sale** - This second contract is drawn up after the Offer of Purchase has been accepted. This contract consists of the seller's name, personal information and agreed purchase price, and any financial terms and conditions.

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3) **Closing Contract**- The final contract is similar to the Promise of Purchase except that it includes the exchange of money and property.

With the Offer of Purchase, two items must be included:

- i) **Copies of the Passports** of the buyers who are to be included in the contract.
- ii) **Offer Deposit:** Approximately 1% of the offer. The purpose of this deposit is to show good faith to the seller. If the offer is accepted, and all money has been sent as stipulated in the contract, the deposit is applied to the final payment. If the offer is accepted and the buyer does not send the money as agreed on the contract, the seller would receive the deposit. The charge would not be credited to the buyer's account unless the buyer defaults on his payment.

Money sent for the purchase of property is held in an escrow account. Payment for this account is done either by money wire or transfer. Cash cannot be accepted for payment of property.

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