

Title:

Panama Real Estate Purchase Process

Word Count:

729

Summary:

Panama has three different categories of property transfer but we will deal with normal Titled Property.

Keywords:

asset protection, offshore banking, offshore bank account

Article Body:

Panama has three different categories of property transfer but we will deal with normal Titled Property. Much litigation concerns the purchase of land use rights and one needs to exercise a great degree of caution with these situations and not try to figure things out for yourself but instead use a lawyer, better yet avoid these properties all together. The third kind of property transfer is basically squatters rights and we will consider that an obscure method for the purposes of this website.

Panama Titled Property Purchase

The Panamanian Public Registry basically controls the registration of all titled real property in the Republic of Panama. One can verify clear title in the Panama Public Registry in the course of a title investigation or report. The Constitution of Panama preserves ones rights to have title property rights protected under the law of Panama. If the real estate that is registered in Panama has a valuation in excess of \$30,000 it is subject to real estate taxes unless it has the exemption granted to new property for 20 years.

Below is a rough sketch of the Panama Real Estate Purchasing Process. Never try this without an attorney. A real estate broker is not a replacement for an attorney.

Promissory Purchase Agreement - Generally a 10% down payment is required with this agreement although like anything else this can be negotiated. This promissory purchase agreement or contract should be in Spanish (having an additional translation into another language as well is fine). The agreement should be entered into the public registry in Spanish thus securing the property for your purchase preventing it from being sold out from under you to another

buyer. The Promissory Purchase Agreement gives you the time to conduct due diligence on the property, arrange financing or payment, set up an escrow etc.

Panama Title Search - This is to a large extent what you are used to in your home country. One wants to make sure the selling entity has clear title to the real property free of any encumbrances, liens, utility bills, taxes, and other filings that could interfere with the clear transfer of the title. One would also check the survey map (use a professional) to make sure all is in order on what is being sold physically in that the boundaries match what is on file in the registry, you don't want to be buying something other than what the seller has the lawful right to sell.

Panama Real Estate Purchase Contract - This is the final purchase document that will be filed in the public registry. Title shifts when the seller delivers clear title and an escrow can be used so the payment and the title shift at the same time. This contract is registered at the Public Registry and the final balance is paid to the seller, or an escrow agent. If the title of the real property being transferred is vested in the name of a Panama Bearer Share Corporation (very common in Panama), there is no transfer of title name since it is the corporation that still owns the title of the real property, what is being done is a change of ownership of the shares of the corporation. Normally the new owner of the corporation would get resignation letters from the existing nominee directors and replace them. It would be normal to also replace the resident agent. Before you decide to keep or change the existing nominee directors and registered agent make sure you know what the annual fees are going to be each year for the corporation. We charge \$695 a year complete with government fees, nominees, and registered agent. Some brokers will give you the corporation for free and charge you \$1400 a year in annual fees which is good for them not you. One should make sure there is no past due balance on the corporation like the Tasa Unica which is \$300 a year and that the nominees and resident agent are paid up current. If the Tasa Unica is in arrears you will need to bring it current to change the directors and registered agent and you may need the old registered agent to do this for you and they may charge high fees for this especially if they determine you are replacing them.

Our law firm will be happy to handle your real estate purchase from start to finish for you. Inquire.