

Selling Property in Utila, The Bay Islands, Honduras

Contributed by Mark Smith
Friday, 04 July 2008
Last Updated Saturday, 05 July 2008

Selling Property Listing your Property For Sale

- At The Utila Real Estate Company we want to ensure that when we offer a Property for Sale, the potential Buyer and Seller are not going to encounter any unexpected problems. Therefore, before we will list a Property For Sale, we require the following from the Seller;

- Copy of Seller(s) Identity Document(s)
- Copy of Deed Document(s) - either Escritura Publica or Dominio Pleno - (both is best)
- Copy of Certificación Catastral
- Copy of recently Paid Property Taxes receipt
- Copy of a stamped survey produced by a certified Honduran Engineer

(We can arrange for a stamped survey if you do not have one)

- Copy of Constancia de Validación Catastro-Registral, as issued by Proyecto de Modernización del Registro de la Propiedad (if you have one)

- Once a copy of these documents have been received, our Legal Department will check that;

- the Seller Identity Document(s) match all other Documents,
- the Deed Document(s) match those held at the Land Registry and there are no outstanding claims on the Property,
- the Engineer's stamped survey matches the Certificación Catastral and Escritura Publica or Dominio Pleno.

After all documents have been checked by our Legal Department, we will contact you to let you know that the documents are OK, or if a problem is found, we will explain and discuss the situation with you.

- Once we have established that there are no problems with any documents, we will then;

- Help you make an informed decision about an appropriate selling price for your property, by providing information about similar properties recently sold or being advertised for sale,

- Visit your property and suggest any improvements that may make the property more attractive to potential Buyers,

- Ask you to sign a Listing Agreement giving us the right to act as your Agent with agreed selling price and Agent Commission,

- Publish details of Your Property Listing on our web site,

- Explain what additional documentation needs to be submitted under the ZOLITUR Capital Gains Tax bylaws (articles 43 and 44) that came into effect for The Bay Islands (excluding Cayos Cochinos) on 13-Dec-2007. In essence, this Law requires you, the Seller, to pay a 4% Capital Gains Tax when your property is sold.

Please Note:

- The 4% Capital Gains Tax falls due on the Real Estate sale closing date, and the Seller has three working days to pay it without penalties

- In order to enforce payment of the Capital Gains Tax, The Land Registry in Roatan will not register new Title & Deed Documents if this tax has not been paid. This effectively means the Buyer is not recognized as the legal owner of the purchased property until the tax has been paid.

- The Capital Gains are calculated by the ZOLITUR Office based on the formula;

Capital Gains = Selling Price - (Original Purchase Price + Allowable Tax Deductions)

Allowable Tax Deductions are;

- Cost of Real Estate Improvements, and,

- Seller's Selling Transaction Expenses.

For Tax Deductions to be allowed, any claims must be documented and the documentation must be submitted to, and approved by, the ZOLITUR Office.

- If the Capital Gains Tax is not paid by the Seller within 3 working days of the sale closing date, then a penalty of 3% of the Capital Gains Tax due is applied per month, up to a maximum of 36% of the Capital Gains Tax due.

- We strongly recommend that any Tax Deduction documentation is submitted to the ZOLITUR Office well in advance of any anticipated sale.

- Provide you a monthly report on progress in selling your property (sent by Email or you have to pick it up at the Office).

Showing your Property to Potential Buyers We will provide details about your property to potential Buyers, and if necessary make an appointment with you to show your property to those potential Buyers. After a potential Buyer has viewed your property, we will provide you with a feedback report on the potential Buyer's reaction to the property viewing. When we receive an Offer for Your Property

- We will draw up a Purchase Agreement between you, the Seller, and the Buyer. The Utila Real Estate Company Purchase Agreement (in English & Spanish) details the process of finalizing a purchase and documents the agreement between the Buyer and Seller with regard to prices, deposits, payment schedules, document transfers, dates and fees, etc.

- Before we present the purchase offer to you, we will have had it initialed and signed by the potential Buyer.

- Assuming you accept the Buyers Offer, you will also initial and sign the Purchase Agreement. We will then pass or email a copy back to you. Once you have accepted an Offer for Your Property

- Once both parties have signed the Purchase Agreement, the Buyer's deposit must be lodged in our Escrow Account at SunTrust, Miami, Florida, USA. The closing process normally takes around 30 days once both parties have signed the Purchase Agreement.

- Prior to the closing date, our Honduran Attorney will have contacted the ZOLITUR Office for a calculation of the

ZOLITUR 4% Capital gains tax. Closing will not proceed until the results of this calculation have been provided.

- As usual, no funds will be dispersed until the closing has been executed, and, all funds must be in place in the escrow account 10 days before the proposed closing date. All these dates and amounts will be laid out in the Purchase Agreement.

- You must be present at the closing, if that is not possible, a Power of Attorney must be registered before the closing date.

- Once the closing has occurred, the Honduran Notary (Attorney) will arrange for the funds to be transferred from the Escrow Account to your account. These funds will be the agreed Selling Price, less any commissions, less the ZOLITUR 4% Capital Gains tax.

- After the closing the Honduran Notary (Attorney) will on your behalf, pay the ZOLITUR 4% Capital Gains tax within the statutory 3 working days and a receipt will be provided to you.

- If you have any questions throughout this process, please do not hesitate to contact us. We stand ready and willing to answer any and all questions and/or concerns you may have.