

# Buyers Guide

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ROATANS REAL ESTATE - ANA FLORES

## A BUYER'S GUIDE

### TO INVESTING IN ROATAN

Whether you're a first-time homebuyer or an experienced investor, purchasing a home is a significant decision and investment. The complexities of the market, offers, and negotiations can be daunting. Hiring a real estate agent can simplify this process and protect your interests.

We assist buyers in finding their ideal home and securing the best deal. Recognizing that each buyer is unique, we utilize all available resources to ensure you feel comfortable and informed throughout your homebuying journey.

Let's get started!

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2. Who Can Buy in Roatan?
3. The Buying Process
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## **REAL ESTATE MARKET ORGANIZATION**

The Roatan Realtors Association (RRA), comprising 17 brokers, strives to enhance professionalism in the local real estate industry. It is affiliated with both the Honduran National Real Estate Association (CANABIRH) and the National Association of Realtors (NAR) in the US, following established Standards of Practice and Ethics Codes.

The Roatan Multiple Listing Service (MLS) is a unique tool for a Latin American country, promoting collaboration among real estate professionals and fostering a client-centric environment. The MLS streamlines property information distribution, allowing agents to efficiently search for and access details about available homes. This system is publicly accessible, enabling clients to research property values and explore listings online.

Browse the MLS at [www.roatanbytomas.com](http://www.roatanbytomas.com).

## **WHO CAN BUY IN ROATAN?**

**Locals:** There are no restrictions for locals purchasing property in Honduras.

**Foreigners:** Honduran law, specifically Article 107 of the Constitution, allows foreign nationals to buy up to 3,000 square meters (approximately 0.74 acres) of land in their name for residential purposes. However, this is limited to properties within 40 kilometers of the country's borders or coastlines.

**Buying in Roatan:** Article 5 of Congress Decree #90-1990 provides an exception, permitting foreigners to purchase properties for residential or tourism projects anywhere in Honduras, regardless of distance from the coast. A requirement (though rarely enforced) exists to demonstrate property improvements within three years to establish residency.

For purchases exceeding 0.74 acres, forming a Honduran Corporation is necessary. Larger tourism projects require special authorization from the Honduran Institute of Tourism.

It's important to note that foreigners are limited to owning one residential property; multiple properties cannot be registered under a single foreign name. These regulations facilitate foreign investment while protecting national interests and promoting responsible land use.

## **THE BUYING PROCESS**

- 1. Pre-Search**
- 2. Finding a Qualified Real Estate Agent**
- 3. Searching for a Property**
- 4. Making an Offer**
- 5. Finding a Qualified Real Estate Attorney**
- 6. Conducting Due Diligence**
- 7. Closing**

## **THE BUYING PROCESS**

### **Pre-Search**

Before you begin your property search, clearly define your needs, expectations, and budget for both the property and closing costs. Know how much you can comfortably spend. If paying in cash, ensure your funds are readily available. If financing, have enough for the down payment and closing costs.

## **Finding a Qualified Real Estate Agent**

Choosing the right realtor is crucial. Your agent should:

- Be knowledgeable about the buying process, types of homes, neighborhood amenities, and market dynamics.
- Help clarify your real estate goals and set expectations regarding price and home size.
- Provide access to a network of professionals, including agents, sellers, mortgage brokers, and attorneys, and keep you informed about off-market properties.
- Schedule showings that fit your availability and attend them to offer perspective beyond the listing agent's.
- Submit offers on your behalf and negotiate the best deal with the seller or their agent.
- Manage the contractual process and negotiations between you and the seller's side.
- Coordinate your closing and final walk-through.
- Serve as a resource for future market information or selling your home.

In your Roatan real estate journey, having a trustworthy agent who prioritizes your needs is essential. Honesty and transparency are key, as your agent should guide you through the process, negotiate effectively, and ultimately save you time and money.

## **THE BUYING PROCESS**

### **Selecting an Agent**

Take your time to interview several candidates when choosing an agent. Ask insightful questions about their specialties, experience, and knowledge of Roatan to ensure they can match properties to your preferences and needs. A great agent will be an invaluable asset, pre-screening properties to filter out unsuitable options and focusing on those that meet your criteria. They will prioritize thorough home inspections, providing you with accurate information and negotiating power.

To find your ideal agent, utilize online resources like Google, websites, and social media reviews to create a shortlist. Ensure the agent is a member of the Roatan Realtors Association (RRA) for professional standards and access to a wide range of listings.

## **Searching for a Property**

Start your Roatan property search with the Roatan Multiple Listing Service (MLS) at [www.roatansrealestate.com](http://www.roatansrealestate.com). The MLS serves as a curated collection of pre-approved properties, ensuring all documents are in order for a seamless transaction.

Don't stop there! Ask your agent about potential off-market properties. A well-connected agent with in-depth market knowledge can help you discover hidden gems. They will present various options and arrange property showings, either in-person or virtually. Take your time exploring each property, and don't hesitate to request a second showing if needed.

## **Making an Offer**

Once you find your dream property in Roatan, it's time to make an offer! Your real estate agent's expertise is crucial at this stage. They will prepare a formal offer and negotiate on your behalf, safeguarding your interests with appropriate contingencies.

## **THE BUYING PROCESS**

### **Key Components of an Offer:**

- **Offer Price:** A crucial part of negotiation. Research the property's history and ownership to inform your starting point.
- **Contingencies:** Conditions that must be satisfied for the sale to proceed, protecting you after acceptance. Common contingencies include a satisfactory home inspection and financing approval.
- **Closing Date:** The anticipated date for finalizing the sale and transferring ownership.
- **Payment Terms:** Specify your payment method, whether it's a cash payment or details of the mortgage if financing.

### **Negotiation and Acceptance:**

After submitting your offer, the seller can accept, reject, or counteroffer. Your agent will negotiate to reach a mutually agreeable deal.

### **Upon Acceptance:**

You'll receive a signed copy of the agreement. Within 7-10 business days, you'll transfer a 10% earnest money deposit to the listing broker's escrow account, creating a binding contract.

### **Closing (Usually 30 Days After Contract):**

Select a lawyer to represent you and conduct due diligence to ensure everything is in order before closing.

### **Finding a Qualified Real Estate Attorney:**

A Honduran real estate attorney is essential for navigating the legal aspects of property ownership. They will ensure a smooth transaction and advise you on:

- Honduran property law and regulations
- Foreign ownership requirements
- Forming a Honduran corporation (if needed)
- Title searches and due diligence
- Document drafting and review

You choose your lawyer. While realtors can recommend options, the final decision is yours.

## **THE BUYING PROCESS**

### **Resources for Finding a Lawyer:**

- Agent recommendations
- Honduran Bar Association website
- US Embassy

**Cost:**

Negotiate legal fees directly with the lawyer.

**Conducting Due Diligence:**

Your lawyer will meticulously review all relevant documents to ensure the property's legal status is sound. This includes:

- **Title Search:** A comprehensive examination of the property's ownership history to verify the seller's legal right to sell and check for any liens, encumbrances, or claims against the property.

- **Survey Review:** The seller must provide an updated survey (less than six months old). Your lawyer will confirm that the property boundaries match the legal description in the title to prevent future disputes.

- **Tax Receipts and Permits:** Verification that all property taxes are paid and that the property complies with local regulations.

- **Corporation Due Diligence (if applicable):** If the property is held within a corporation, your lawyer will review corporate documents, tax obligations, and any relevant courthouse records.

- **Physical Inspection:** It's strongly recommended to hire a professional inspector to assess the property's condition, uncovering potential issues that may need to be addressed before finalizing the purchase. Due diligence safeguards against unforeseen problems, protecting your investment and ensuring you make a confident, informed decision.

**Closing Costs and Commissions:**

After due diligence, you'll finalize your purchase by paying the remaining balance and closing costs. Wire the balance to your broker's escrow account at least 5 business days before closing. Remember, earnest money goes to the seller's broker, while closing funds go to yours.

Closing costs typically range from 3-6% of the purchase price and may include:

- **Transfer Tax (Impuesto de Tradición):** 1.59% of the property value, paid to the tax authority (SAR).

## **THE BUYING PROCESS**

### **Closing Costs:**

- **Cadastral Certificate:** 1-2% of the purchase price (in Bay Islands) plus \$50 for inspection.
- **Registry Fees:** 0.5%, covering stamps, registration, etc.
- **Legal Fees:** 2-3%, negotiated directly with your lawyer.
- **Other Costs:** Wire transfer fees, corporation creation (if applicable), promissory sale fees (if applicable), mortgage fees (if applicable), escrow fees, RTN cards, and security fees.

Your agent will provide a closing statement detailing all costs and prorated fees before you wire the final funds.

### **Seller's Expenses:**

- Capital gains taxes (4% in Roatan, 10% on the mainland)
- Commissions for both agents
- Updated cadastral certificate and survey

### **Closing Process:**

The closing is the final step that officially transfers property ownership to you and is conducted by a Honduran public notary to ensure legal compliance.

- **Buyer Presence:** Required if the notary needs your signature or for registered mortgages.
- **Seller Presence:** Always required unless a registered Power of Attorney (POA) is provided. If the POA isn't notarized, an internationally notarized and apostilled POA is needed for registration.



## **Congratulations!**

You are now the proud owner of your very own piece of paradise in Roatan!

## **FURTHER CONSIDERATIONS**

### **Types of Closings:**

#### **1. Exchange of Shares (S.A. Corporations):**

For residential properties held in a corporation, the process involves transferring shares to the buyer, who becomes a shareholder and administrator.

- Buyer presence and Power of Attorney are not required, but using a notary is recommended.

- For properties over 3,000 sqm with foreign and/or local shareholders, a Honduran citizen must remain a shareholder.

#### **2. Acquiring the Asset and Establishing a New Corporation:**

- Buyers can purchase the property and place it under a new corporation.

- This incurs setup fees for the new corporation, typically around \$1,500 USD plus closing costs.

#### **3. Promissory Sale:**

- Used when the property is under construction or awaiting documentation, and the cadastral certificate hasn't been issued.

- A percentage of funds is usually retained until closing, with possession and closing dates varying.

## **CLOSING DOCUMENTS CHECKLIST**

The closing process in Roatan involves several key documents to ensure a secure and legal property transfer:

- **Agreement:** Outlines the terms of the sale, including price, closing date, and contingencies.
- **Title (Escritura Pública):** Legal proof of property ownership, detailing its history and confirming the seller's right to sell. Your attorney must review the title and its history for at least 20 years.
- **Power of Attorney:** Allows a representative to act on behalf of the seller if they cannot be present.
- **Survey:** A professional map confirming property boundaries and dimensions, crucial for avoiding disputes.
- **Cadastral Certificate (Certificado Catastral):** An official document registering the property with the municipality, detailing location, size, and cadastral value for tax purposes.
- **Tax Receipts:** Proof of up-to-date property tax payments.
  
- **IDs and RTN Cards:** Identification for all parties involved.
- **Corporation Info (If Applicable):** If using a corporation, details like the name and share distribution are needed.
- **Money in Escrow:** Full payment and closing costs held by a neutral third party.
- **Additional Documents:** CC&Rs, HOA agreements, closing statement, bank due diligence, and potentially others depending on the transaction (e.g., corporation formation documents for foreign buyers).

All documents should be carefully reviewed with your lawyer to understand your rights and obligations as a property owner. After signing and payment, the lawyer/notary registers the deed, officially transferring ownership.

**Important Note:** All Roatan real estate transactions require a lawyer (notary). Private documents are not legally valid against third parties and must be recorded at the Registry House, a process that currently takes 3-4 months.

## **FINANCING AND RESIDENCY**

### **Seller Financing:**

- Directly negotiate terms with the seller, including interest rate, down payment, and repayment schedule.
- Typically involves a 50% down payment and a 3-5 year repayment period at US-like interest rates.
- The property is held in a corporation with 50/50 ownership until fully paid.
- All documents are signed at closing and held in escrow, allowing for a smooth transfer upon full payment or in case of default.

### **Cash Purchase:**

- Offers the most flexibility and avoids financing complexities.
- Allows for better price negotiation.

### **Financing from Home Country Bank:**

- Possible, but conditions vary.
- Usually requires two years of residency and proof of income.

### **Other Banks:**

- Some international banks offer mortgages similar to seller financing.

### **Types of corporations for real estate purchases in Honduras:**

## **TYPES OF CORPORATIONS FOR REAL ESTATE PURCHASES IN HONDURAS**

### **Why Put Your Real Estate Investment Under Corporations in Roatan?**

Holding real estate within a corporation in Roatan offers numerous advantages:

- **Asset Protection:** Shields personal assets from property-related liabilities.
- **Tax Efficiency:** Potential tax benefits and deductions, especially for commercial properties.
- **Simplified Estate Planning:** Streamlines the transfer of assets to heirs.
- **Sales Incentive:** Provides a 3% savings to future buyers, enhancing the property's marketability.
- **Flexible Investment Management:** Offers a structured platform for managing real estate portfolios.
- **Confidentiality and Privacy:** Allows owners to maintain anonymity regarding their holdings.

These benefits make corporations a strategic choice for property ownership in Roatan, providing legal, financial, and privacy advantages.

To buy more than 0.74 acres of property in Honduras, you must establish a Honduran corporation. The most common types used for real estate are:

- **Sociedad de Responsabilidad Limitada (SRL):** Similar to a Limited Liability Company (LLC), offering limited liability and fewer formalities.
- **Sociedad Anónima (SA):** Similar to a C-Corp, allowing for easier capital raising through shares but with more regulations.

#### **What You Can Buy with a Corporation:**

- Residential properties (houses, apartments, condos)
- Commercial properties (office buildings, retail stores, warehouses)
- Industrial properties
- Land (vacant, agricultural, development plots)

- Rental properties (residential and commercial)
- Shares in other companies

### **Requirements, Costs, and Timelines:**

- **Requisites:** Copies of passports and RTN cards for shareholders and administrators. At least one shareholder must be a Honduran citizen.
- **Costs:** \$1,500 USD for corporation setup, \$300 USD for an RTN card.
- **Time Frame:** 15-20 days.

### **Types of corporations and business entities in Honduras:**

#### **TYPES OF CORPORATIONS**

##### **Marriage Advantages:**

Honduras recognizes community property, simplifying joint ownership for spouses and offering benefits for inheritance and property transfer.

#### **TYPES OF BUSINESS ENTITIES IN HONDURAS:**

##### **1. Sociedad en Nombre Colectivo**

- A general partnership where all partners share management and liabilities.

##### **2. Sociedad Anónima (SA)**

- **Minimum Capital:** L25,000
- Capital divided into shares, which can vary in nominal value and privileges.
- Shares are freely transferable.
- Can be constituted with a single shareholder (permitted by Decree No. 284-2013).
- No limit on the number of shareholders.

##### **3. Sociedad de Responsabilidad Limitada (SRL)**

- **Minimum Capital:** L5,000

- Capital divided into social parts that are equal, accumulative, and divisible.

- Limited to a maximum of 25 partners.

- Can be constituted with a single partner.

#### 4. **Sociedad en Comandita Simple**

- A limited partnership that includes general and limited partners.

#### 5. **Sociedad en Comandita por Acciones**

- A partnership similar to the above but structured with shares.

#### 6. **Sociedad Cooperativa**

- A cooperative society formed by individuals for mutual benefit.

**The types of corporations, focusing on liability, transfer of ownership, and types of activities:**

### **TYPES OF CORPORATIONS**

#### 1. **Sociedad Anónima (SA)**

- **Liability:** Shareholders are not personally liable for the company's debts, only up to the amount of their investment.

- **Transfer of Ownership:** Shares can be easily transferred by endorsing the share certificates, provided there are no restrictions in the articles of incorporation.

- **Type of Activities:** Better suited for businesses requiring substantial capital and a higher number of shareholders. Suitable for larger-scale activities with high mobility.

#### 2. **Sociedad de Responsabilidad Limitada (SRL)**

- **Liability:** Partners are not personally liable for the company's debts, only up to the amount of their capital contribution.

- **Transfer of Ownership:** Transfer of social parts is restricted and must comply with the company's bylaws or, in their absence, the law. Other partners have the right of first refusal, and any transfer must be documented publicly.

- **Type of Activities:** Suitable for small and medium enterprises, family businesses, or professional firms that do not require significant capital. Cannot engage in activities reserved for Sociedades Anónimas, such as banking, pension fund management, and insurance.

### **Choosing the right corporate structure, holding companies in Honduras, using an American LLC, and types of properties in Roatan:**

#### **TYPES OF CORPORATIONS**

##### **Choosing the Right Corporate Structure**

When deciding between a Sociedad Anónima (SA) and a Sociedad de Responsabilidad Limitada (SRL), consider your business's scale, the number of partners, required capital, and planned activities. The SA offers flexible share transfers and is suited for larger enterprises, while the SRL is better for smaller, closely-held companies.

##### **Holding Companies in Honduras**

While not explicitly regulated, holding companies are permitted under Honduran law. Recent reforms allow single-member companies to own shares in other companies, facilitating centralized management and strategic control. However, Honduran law considers companies as commercial objects, not legal entities, so they cannot form holding structures as understood in other countries.

##### **Using an American LLC**

An American LLC can own property in Honduras but may need to register as a foreign entity. This involves:

- Registering with Honduran authorities
- Appointing a local legal representative

- Submitting required documentation (apostilled and translated)
- Complying with Honduran regulations

### **Types of Properties in Roatan**

Roatan offers diverse real estate options:

- **Residential:** Home sites, single-family homes, condos, townhouses
- **Commercial:** Existing businesses, commercial land
- **Undeveloped Land:** Large parcels for development projects
- **Unique Properties:** Private islands, luxury villas, eco-friendly homes

### **FINAL THOUGHTS**

Investing in Roatan real estate offers a compelling blend of stability, growth potential, and lifestyle benefits. Honduras provides a secure legal framework for foreign ownership, and the purchase process is relatively straightforward with professional guidance.

Roatan's attractive property taxes, thriving tourism industry, and robust vacation rental market create opportunities for both appreciation and income generation. Whether you're seeking a personal retreat, a rental investment, or a retirement haven, Roatan's diverse real estate market has something to fulfill your dreams.

### **READY TO EMBARK ON YOUR ROATAN REAL ESTATE JOURNEY?**

Contact Roatan by Tomás today for personalized guidance and expert support in finding your perfect property.

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