

RE/MAX
ISLAND HOMES

PUERTO RICO BUYER'S GUIDE



CELEBRATING

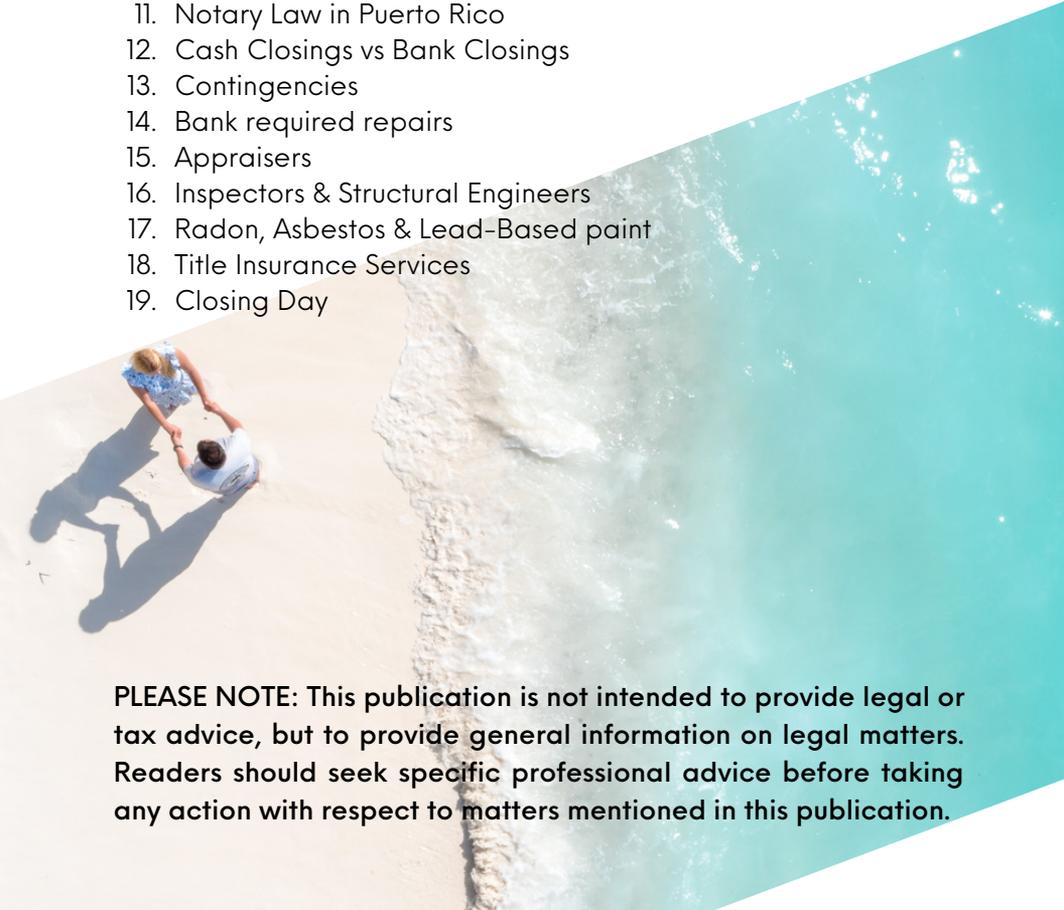
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PLEASE NOTE: This publication is not intended to provide legal or tax advice, but to provide general information on legal matters. Readers should seek specific professional advice before taking any action with respect to matters mentioned in this publication.

MONEY MATTERS

Check Affordability.

The very first step in the home buying process is to evaluate your finances. Speaking with a local lender can give you an idea of what you can afford, factoring in your net salary and other fixed expenses.

Get a Pre-Qualification.

It allows you to have assessed how much you can afford. It will state the loan amount, interest rate and installment amount for which you might qualify. This process does not require a credit check.

Better yet, get a Pre-Approval.

It allows you to get an even clearer understanding of how much you can truly afford and narrow down "the ballpark-figures", to specifics. This requires you have you a credit check, provide tax statements, pay stubs among others. Getting a pre approval:

- Provides assurance you can afford the homes you're viewing.
- Lets sellers know that you are a serious buyer.
- Where more than one buyer has put in an offer, it will boost the chances of your offer being the one that is accepted.

Additional costs to include in your budget if you are financing.

As a rule of thumb, you should allow for an additional 5-6% for closing costs. This excludes the good faith deposit, Appraisals, Home Inspections, etc.

Buying Cash?

You will need to provide evidence of funds currently at your disposal, before any showing. Also, you need only pay for, notary- attorney fees, seals and taxes. Ask our agents, for an estimate of costs.

 **TIP: Always request a " Loan Statement", for a better idea of all moneies to be paid at closing and on a monthly basis.**

PARTNER WITH A PROPERTY EXPERT.

Well, that's where your RE/MAX agent comes in. We know our local island market, schools and communities – both as agents and neighbors. Contact us for a quick interview, that we may connect you with a hand-picked perfect fit for all your Real Estate needs. We look forward to the opportunity to serve you.

What is a buyer's agent?

A buyer's agent is a real estate professional who represents the purchaser's interests in a transaction. They play a different role from the listing agent, who represents the property's seller.

Some might think they can take a shortcut to making an offer or "save money", by forgoing hiring a buyer's agent. But in most cases, negotiations without one can result in no one being present in the room, to really represent your very best interests.

What a buyer's agent does.

- Finds homes for sale across the island.
- Knows the area inside and out.
- Sets up showings.
- Helps you place offers.
- Negotiates with the seller or listing agent.
- We do a market analysis to help you put in the best offer. In Puerto Rico, there are multiple sources to obtain these, and not all agents have access to them.
- Refer you to other professionals, such as attorneys and home inspectors.

In addition to being a major financial transaction, buying a home can often get pretty emotionally charged. Especially, if you are not familiar with the housing market in Puerto Rico. If you're feeling overwhelmed, you can lean on your agent. If there's an issue with the sellers or negotiations become aggravating, you should be able to rely on your agent to keep calm and focused on obtaining the best possible outcome, for you.

FIND YOUR PERFECT PROPERTY!

So how do we begin?

We have an excellent system and a plethora of information to help you make the right decisions for yourselves, regarding prospective new properties.. Our focus and access to the industry's top service and financing contacts and networks, give you the confidence and reassurance needed to focus on what's next... enjoying your island home!

The interview. We understand that just as every person is different, every buyer's wishlist & priorities are too. From preferred locations, property types, and investment objectives, we listen carefully and take the time to understand your unique requirements, before beginning a search. Narrow and focus your search!

Look at financing options in Puerto Puerto.

Puerto Rico has several financing solutions, and most of the same or very similar products, as on the mainland. You may finance through such Puerto Rico based local financial entities.

Before you arrive... and before we start the search for you, you will need to provide evidence of funds, if you are buying cash. Or by providing a *pre-qualification or **pre-approval letter from a local lender, if financing your purchase. Which may */** both sound like the same thing, but are in fact, quite different.



IT'S SHOWING TIME!

For showings: Please keep the following in mind.

- Showings take time to plan properly, and have multiple moving variables. As such, though we will do our best for you, we are unable to accommodate ultra last minute showings.
- If looking to purchase in a condominium, please remember that before showings, we need to check if condominiums qualify for your type of financing, run comparables, etc.
- Keep in mind, that most listing agents on the island do not work on the weekends or holidays- and it can take a couple of days to actually get one on the phone to schedule an appointment. Remember, most of the agents on the island are a one-man show, and are unable to tend to calls, show homes and handle additional tasks at once.
- Another important issue to keep in mind is that many rental income properties are rented on weekends & holidays (AiBnB) and cannot be accessed- therefore you need to fit week days into your travel plans. Many property managers and property owners will not allow their guests to be distruned during their stay.
- We need to be respectful of other people's times and schedule. If there is a renter occupant in the property, we must be able to coodinate a time that is suitable for all. Remember you may be on vacation or on a 3 day buying trip, but some residents/occupants cannot take off work so easily for continuous showings.

LENDERS IN PUERTO RICO

List of Reliable Lenders on the Island

We have worked with these lenders, licensed in Puerto Rico- with excellent results.

Emali Vaz Cadelaria at FEMBI Mortgage
NMLS 299581 MLO731 | LO86601
(787) 526-6330
emali.vaz@fembi.com

Nate Stewart at CoLab Lending
NMLS 2266584
814-385-3596
NStewart@colablending.com

Nick James at One Trust Mortgage
NMLS 936741
(787) 303-0114 *English Only
nmcclore@onetrusthomeloans.com

Mario Rodriguez at Equity Mortgage
NMLS 411725 MLO526
(787) 216-3836
mario.rodriguez@equitym.com

Timelines

The average closing time in Puerto Rico is between 60 - 90 days, although we have managed closings in record time-frames of 25 - 45 days with some of our preferred lenders and listings.

Keep in mind that closing dates on contracts are mostly tentative, estimated closing dates, please, never make travel arrangements until the actual closing date is confirmed by the bank or closing attorney- as often times, one may need an extension.



PROPERTY SEARCH

The Search Begins!

Searching for available properties in Puerto Rico can be quite the feat!

Even though we have two MLS services on the island, very few are REALTORS which means that not all have access to the Multiple Listing Service (MLS).

This, in-turn leads to a number of properties being "on market", which will not be syndicated or listed on Zillow or Realtor.com, which are the most popular search portals on the island, so, you will do well to expand your search efforts to other local portals-encompassing, but also, not limited to: social media, local newspapers, local digital blogs and monthly magazines, which include listings from agents or sellers whom have chosen not to publish on the MLS.

Here is a a list of property portals to look into:

- **Realtor.com** - Offers listings from the MLS.
- **Zillow.com** - Offers listings from the MLS and property owners.
- **Point2Homes**- Offers properties syndicated from the MLS, Individual entries from agents that do not have access to MLS.
- **ClasificadosOnline.com** - a not so user friendly, but very popular local search site for locals, offering listings from all Agents and Property Owners.

LET US BE YOUR OFFICIAL BUYER AGENT

What Is A Buyer's Agent?

A buyer's agent is a real estate professional who guides property buyers through the process of purchasing a home. As your representative we have a legal obligation to protect your interests and work to ensure you're getting the best deal possible.

We can help you negotiate with listing agents and sellers who are looking to sell their home without an agent. Many sellers- and many times Listing Agents, refuse to compensate the Buyer Agent.

You will have to make a decision on how important of an investment buying a home is to you.

What Does A Buyer's Agent Do?

- Finding listings & Scheduling showings
- Asking and answering questions
- Pricing consultation- the agent will run a comparative market analysis (CMA)
- Negotiating with the listing agent or FSBO seller
- Recommending other real estate professionals

Working directly with sellers & some less than ethical Listing Agents.

Instead of hiring their own Buyer Agent, some buyers believe they can find a property they like and work with the seller or listing agent to negotiate the sale. While this type of sale is possible, it's highly discouraged because it can lead to many problems and a possible loss of your deposit. In addition, the seller may not disclose important information.

At RE/MAX Island Homes, we can offer you this service- and when Listing Agents or Sellers refuse to compensate, we can negotiate a fee to be paid by you, ensuring buying your property doesn't turn into a nightmare. **Contact us today for additional information!**

WHAT DO WE OFFER AS A BUYER AGENT?

In Puerto Rico, records are a mayor mess- to say the least. There is no one place to find all the information that is readily available in the states.

We have access to all three appraisal sites- yes, because not all are complete, and even then, many cash sales are not registered. We also search the property registry- which has a small fee for viewing documents.

We check property tax information, flood maps, check with the condominium offices to be sure of the if there are any special assessments pending, law suits or adequate reserve money to comply with Fannie Mae and Freddie Mac guidelines which can affect some specific types of loans.

Send us Property Links

If you chose to work with us as your exclusive Buyer agent, we will send you links of properties available for sale that fit your criteria. If you are interested in a property you saw on your own, please send us the link so that we can research the property for you.

Many listing agents are not familiar with the loan products that apply to their property or if the condo they are promoting even allows STR/AirBnB or has any financing restrictions. We can help with this by contacting the condo manager.

Do not contact any listing agent directly. Numerous agents on the island will not acknowledge or honor Buyer Agent representation and they will interpret direct calls requesting information, email or even a simple text message, as a formal contracting of their services and will refuse compensate your Buyer Agent.

SUBMIT YOUR OFFER

You've found your property!

Next, it's time to write up your offer. This offer is a non-binding document to lay out the terms and conditions for the Option Contract.

Your RE/MAX agent will assist you here, helping with contingency options and comparables.

Your offer should include:

- Buyer names or Company name
- Address of the property
- Purchase price you're offering & earnest money deposit
- Contingencies and/or concessions from the seller
- The dates you'd like to close on the property
- A deadline to respond to the offer

After you've submitted your offer, the seller can either accept it, reject it, or make a counteroffer.

If the seller rejects your offer, it's time to start looking for another property. Use this experience to help guide your next offer.

When a seller gives a counteroffer

You can accept the offer as-is, make another counteroffer, or decline and move on. If you decide to negotiate, know that it's not uncommon to go through several rounds of negotiations before reaching an offer that both parties are happy with.

Keep in mind that you can negotiate more than the price. You can remove or add contingencies, change your closing date, or offer a lease-back, which means the seller can rent the home back from you while they search for a new property, etc.

UNDER CONTRACT

Congratulations!

Now that your offer has been accepted, it's time to sign the Option Contract- an agreement in which the parties agree to execute a future 'Purchase and Sales Deed', after certain conditions have been satisfied. There is no standard Option Contract in Puerto Rico, so each Listing Agent has their own creative version. You should have your Buyer Agent or preferably an attorney verify before signing.

Important topics to discuss before going under contract:

- **Good Faith Deposit-** Make sure everything is clear as to the conditions of a refund or any deductions to be made if you are to get your deposit back.
- **When to send the money.** You should send funds to escrow, once the contract has been signed and received by all parties- not before.
- **Inventory-** Make sure all items are listed on the inventory attached to your contract, which include details like brands, models, colors, size and condition of items.
- **Contingencies and other terms-** Make sure that all contingencies and terms agreed upon during the negotiation are clearly defined.
- **Power of Attorney-** There are no remote closings in Puerto Rico. If you will not attend the closing, you must designate someone to sign for you. In order for a power of attorney to be valid in Puerto Rico, it must be drafted by a notary. In addition, the form must be registered for validity. This is a process that can take some time and should be done in a timely manner as not to delay the closing.

NOTARY LAW IN PUERTO RICO

In Puerto Rico, all deeds and sworn documents must be notarized. A process different, than in the continental United States- in Puerto Rico, only lawyers can be notary publics.

Deeds need to be drafted by a Puerto Rico Notary Public. At the very least, the document must be incorporated in a notary book and given validity under Puerto Rico law. Fees are associated with every notarized document and paid in the form of a stamp.

Who pays the notary fees?

Under the new Civil Code, Article 1287 imposes various obligations on the seller, such as selling free and clear of all liens and making certain warranties. Further, the cost of the deeds of purchase and sale shall be payable by the party that chooses the notary public (unless the parties agree otherwise).

At RE/MAX Island Homes we feel it is fair that parties share the cost for Notary Fees and that you use one of our trusted referrals to assure a smooth closing.

Please Note: A lawyer notary is an impartial party to the transaction, regardless, we suggest using one listed below, who from experience, we know are reliable and provide all services required for closing, without fail.

Ldo. Raul E. Garcia-Sanchez
(787) 633-7517
raul@regslaw.com

Ldo. Ángel D. Noriega-Haiffe
(787) 955-5339
angel.noriega@nhlawpr.com

Ldo. Carlos Umpierre-Schuck
(787)479-3391
carloseumpierre@yahoo.com

Ldo. Jean Marcel Menay
(787) 995-0025
bufetejeanmenay@yahoo.com

CASH CLOSINGS VS BANK CLOSINGS

Cash To Close Vs. Closing Costs: What's The Difference?

Your cash to close and closing costs are interconnected but are still different. Closing costs refer to the fees you pay to your mortgage company to close on your home loan. On the other hand, the cash to close is the total amount – including closing costs – that you'll need to bring to your closing to complete your real estate purchase.

In bank closings, it is best to get a loan estimate from your lender, which outlines all costs associated with your specific loan.

Cash Closings

In a cash transaction, your Attorney or Real Estate agent can give you an estimate of the closing costs involved and agreed upon by the parties.

Cash closings are usually completed within 30 days. The notary lawyer will perform a due diligence, which includes a title search and verification of property tax records- among others.

The notary lawyer will then prepare a Closing Statement similar to a Bank's Settlement statement and give you a list of bank checks you'll have drawn- up, to be brought in to closing. Unless you are using escrow services to make your final payment, in which case, you will need to do a wire transfer a few days before the closing, to insure the funds arrives in time and allowing for sufficient time to cut the checks. Leave a bit of extra breathing-room for time-plan traps, such as, federal holidays and weekends.

CONTINGENCIES

A contingency, is a clause that buyers include when making an offer on a home that allows them to back- out of purchasing the property if terms aren't met. Without a contingency in place, buyers risk losing their earnest money deposit.

Appraisal Contingency- An appraisal contingency means that if your home doesn't appraise for the amount you've agreed to pay, you can walk away from the deal with your deposit, some contracts give you the option to re-negotiate the price. You can also set a a limit of how much you are willing to pay over the appraisal amount.

Home Inspection Contingency- If a home inspection reveals significant defects, you can back out of your contract. Although a Home Inspection is not a requirement in Puerto Rico, we strongly suggest you have one done as it can uncover potentially life-threatening problems like mold or faulty wiring. Most home inspectors are generalists and do not usually have to check specifically for termite damage, mold, asbestos, or water contamination. They will recommend that you hire an expert to verify the issue.

Septic Tank- Home Inspectors do only a limited, visual-only inspection of the septic system, a septic contractor will look for cracks in the tank and possible ground contamination. Be sure to get a certification, making sure there is a 2 chamber tank required for financing.

Tenant Occupied- If the property is tenant occupied, make sure there is an agreement in place and that the tenant has been duly notified of the sale. Any other agreements with tenants after the sale should be put in writing.

BANK REQUIRED REPAIRS

If the appraisal requires repairs be completed before closing, and as a Buyer you will be taking care of these repairs, you need to have a form signed by both parties listing the repair types and obligations of each.

This form should include, but it's not limited to;

- o the seller authorizing the workers to perform the repairs,
- o names of contractor or hired workers,
- o who is responsible for any damages or accidents caused by anyone entering the property in behalf of the buyer for said repairs,
- o if the seller pulls out of the deal, will you receive the amount invested on repairs.

Insurance for workers

For your protection, we strongly advise that if you hire a licensed bonded contractor to perform repairs, otherwise you should protect yourself by contacting the Puerto Rico State Insurance Fund Corporation or 'Corporación del Fondo del Seguro del Estado' (CFSE). You are responsible for any accidents or damages caused by any of the workers entering the property.

The CFSE is a government-owned corporation of Puerto Rico that provides workers' compensation in Puerto Rico, a compensation system for occupational accidents. Its purpose is to guarantee the constitutional right of all workers to be protected from health risks in the workplace.

You can find additional information at www.fondopr.com or contact one of our Agents for forms and instructions.

APPRAISERS

An appraisal is an unbiased professional opinion of a property's value and is required whenever a mortgage is involved in buying, refinancing, or selling property. The appraiser creates a report based on an in-person inspection, research into recent sales of similar properties, current market trends, and the details including its size, condition, floor plan, and amenities.

You may also hire an appraiser if you are buying cash, here are some recommendations for reliable appraisers our clients have contracted and had satisfactory experiences with:

Carlos Miranda, MAI, SRA, CCIM, MIE
Tel 787-919-0888, ext 700
tasadormiranda@gmail.com
international-appraisers.com

Mauricio Franco
787-354-8888
787-756-8515
Fcofco@cofcoopr.com
*HUD Consultant for FHA 203k Standard.

Walter Rivera
(787) 531-9229
info@tasador.com
<https://tasador.com>

Jose Rafael Pacheco
Home Specs
Appraisals & Home Inspections
(787) 637-4608
homespecspr@gmail.com
www.homespecspr.com

INSPECTORS & STRUCTURAL ENGINEERS

A home inspection is a vital part of the home buying process. It ensures you're making a good investment, that the home is safe and there aren't any hidden issues that could cost you later on, when you're the legal homeowner.

Mary Ayuso

CMPI- Certified Master Property Inspectors

(787)690-0512

(787)690-0514

ayusoinspectionspr@gmail.com

Jose Rafael Pacheco at Home Specs

Appraisers & Home Inspectors

(787) 637-4608

homespecspr@gmail.com

homespecspr.com

A structural inspection is typically a visual inspection performed by a structural engineer to confirm the structural soundness of a home or building's load bearing components such as the foundation, beams or columns/posts.

Victor M. Diaz Morales, PE, RPA

Star Engeneering Services, LLC

Structural Engineer

(787) 222-5701

vitins@gmail.com

Jose Green

Structural Engineer

(787) 306-0062

greenjm69@gmail.com

RADON, ASBESTOS & LEAD BASED PAINT

Radon is a cancer-causing, naturally occurring radioactive gas. You can't see radon and you can't smell it or taste it, but it may be a problem in your home. Testing is the only way to know if you and your family are at risk from radon. EPA and the Surgeon General recommend testing all homes below the third floor for radon. EPA also recommends testing in schools and household units.

Zimmetry Environmental & Industrial Hygiene
(787) 995-0005
info@zimmetry.com
zimmetry.com

Asbestos and lead-based paint are present in millions of homes. If left undisturbed and if it's not deteriorating, lead-based paint and asbestos-containing products are not hazardous. If you want to renovate your home or if it needs to be repaired or demolished, exposure to it might cause serious health problems. This is where asbestos and lead testing play a vital role.

CMA Architects & Engineers LLC
(787)792-1509
INFO@CMAPR.COM

CTS Group Inc.
Engineers & Environmental Consultants
(787) 247.064
info@ctsgrouppr.com

Zimmetry Environmental & Industrial Hygiene
(787) 995-0005
info@zimmetry.com
zimmetry.com

TITLE INSURANCE SERVICES

Title insurance emphasizes loss prevention, by preventing risks caused by title problems arising from past events.

The cost for title insurance is a one-time fee. When you consider the economic importance of the asset being protected, title insurance is probably the best value, among the costs associated with closing on a new home.

Title companies in Puerto Rico.

Some, also offer full closing services which include escrow services, if you should decide you want a 3rd party to handle your escrow funds.

Adam McDonough
PR Title & Closing Service
787-449-6700
787-722-6665
adamm@pr-title.com
Wandar@pr-title.com

First national Title & Insurance Services, Inc.
Yaritza Pastrana
787 333 6054 x1004
ypastrana@fntis.com

Lcda. Lizbet Aviles Vega
Underwriter/Legal Counsel
33 Calle Resolución, Ste 302, San Juan, P.R. 00920-2727
787-782-6500, ext. 277
laviles@titlesecuritygroup.com
Assistant: Alyssa Rivera Rivera arivera@titlesecuritygroup.com

CLOSING DAY

Once everyone is ready to close, a closing date and time will be set. Your closing date is the day you become the legal owner of your new home.

Final walkthrough

Although not common here in Puerto Rico, we suggest you conduct a final walkthrough of your home to confirm that the home is in the same condition, as when it was placed under contract.

Not to be confused with a home inspection, the final walkthrough- which your real estate agent will schedule- typically happens 24 hours before closing. At this point, all the seller's belongings should be completely cleared out, except for anything you agreed to keep.

Test major appliances, light fixtures, toilets, windows, doors, etc. Take your time and bring any unwelcome surprises to your real estate agent's attention immediately.

What to bring to closing day?

Get driving directions for where your closing is taking place and plan out how much time you need to get there.

- **Identification documents for each person on the mortgage-** This can be your driver's license, a state-issued ID card, or a passport. As a side note, your ID must be valid, so don't come with an expired driver's license or passport.
- **Social Security Number Cards-** You will need these also to get the utilities transferred on to your name.

We understand that you may have a few closing day fears. The entire process can be overwhelming at best, but we're here to make sure everything goes as smoothly as possible.

A RE/MAX[®] AGENT IS THE RIGHT AGENT FOR TODAY'S **COMPLICATED** MARKET.

The right agent won't encourage settling just to close a deal.
The right agent knows how to negotiate.
The right agent is a great communicator.

THE RIGHT AGENT IN **ANY** MARKET.



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