

PURCHASING PROPERTY IN BARBADOS:
WHAT TO EXPECT

Can non-residents purchase property in Barbados?

Yes – Property can be purchased by non-residents with minimal difference in the process. However, non-residents will need permission from the Barbados Central Bank to purchase property in Barbados. This is typically a straightforward and routine part of the overall purchasing process which your attorney can handle for you.

As a non-resident, can I get my money back out of Barbados if/when I sell?

Non-residents should register their foreign exchange with the Central Bank of Barbados when the funds are brought into the island to purchase a property. This registration will facilitate having the sale proceeds remitted out of Barbados on any subsequent re-sale of the property. The initial registration of funds can also be handled by your attorney.

What does the typical conveyancing process entail?

- After a prospective purchaser has found a property they like and had an offer accepted on it, their next step is to engage a local attorney if they have not already done so. The attorney's primary role is to help the purchaser understand and negotiate the proposed purchase agreement.
- The purchase agreement will be prepared by the seller's attorney and agreed to by the parties. A deposit of typically 10% must then be paid in order to secure the property. This deposit is held by the seller's attorney in escrow on the signing of the agreement until completion of the sale.
- The purchaser's attorney will carry out investigations of the property including searching the Land Registry to confirm good title to the property. In Barbados, "good title" is an identifiable chain of ownership with no breaks going back at least 20 years and no charges or liens affecting the Property.
- The purchaser's attorney will also "requisition" the seller's attorney about any possible issues, for example, whether there are all necessary planning permissions, making sure

all taxes and utilities are current and making sure there are no encroachments. The purchaser's attorney will also examine any covenants affecting the property which might restrict the way you want to use it.

- The conveyance which actually transfers ownership will be drafted by the seller's attorney. After a careful review, the purchaser may sign the conveyance.
- At closing, the signed conveyance, prior title deeds and plan, along with any other necessary documents, are provided to the purchaser in exchange for the balance of the purchase price. At this stage title to the property passes to the purchaser, and the purchaser's attorney will have the conveyance recorded at the Land Registry.

**P.S.* If a purchaser plans on building, or making extensive renovations to the structure of an existing property they must apply for Town and Country Planning Permission.

How long does it take?

The sale/purchase process typically takes between 3 – 4 months once an offer has been accepted. Timing can be frustrating for all involved given that expectations are amplified. Typically, the purchaser has finally found the place that they want to buy and the seller is ready to get paid! Poor communication can also make the process feel longer than it should. For this reason, it is important that all parties be continuously kept in the loop of the legal process.

Can I get a mortgage?

Yes. Non-residents can also explore local lending options. If you are financing, it is recommended to pre-qualify as this may give you a better idea of your ultimate budget. It can also help avoid delays (and possible heartache!) in the sale/purchase process. A purchaser who is financing will also need to cover the lender's legal fees in having the mortgage prepared and for the lender's own independent verification of "good title".

What are the relevant taxes, fees and expenses that I can expect?

- Attorney's fees are usually 1.5% to 2% of the purchase price of the property plus VAT. These fees are determined by reference to a minimum scale of fees set by law. There are also potential savings if you use the same attorney in multiple roles (example: acting on your behalf for the mortgage and also in the purchase).

- Land tax is payable on an annual basis and varies by property. Land tax for the year will be apportioned between purchaser and seller as at completion. The seller's attorney will provide a copy of the most recent land tax bill early in the legal process.
- Stamp Duty and Transfer Tax on the conveyance/transfer of the property itself is the seller's responsibility. However, the purchaser must pay Stamp Duty on any mortgage at \$6 per \$1000 as well as legal fees on the mortgage of approximately 1%.

When should I insure the property?

Earlier than you might think. Unless otherwise agreed, from the initial purchase agreement (i.e. when you pay the 10% deposit) the "risk" of the property passes to the purchaser. From this point on you should have coverage over the property. Sometimes it will be an easier option to keep the seller's insurance in place and pay a proportionate part of their premium.

Can I purchase through a Company?

Yes, property can be owned by individuals, by locally registered companies, or by a company incorporated overseas and registered here externally. Local companies and external companies are considered resident for the purposes of buying property and do not require exchange control. However, permission is needed for a local company to issue shares to a non-resident. This is also typically a routine process that can be handled by your attorney. It is also a good idea to obtain tax advice if you are considering using a company for your property purchase.

Do I need to wait until the purchase is complete to move in?

Usually, yes. However, early possession is negotiable. This may be sought when the purchaser doesn't want to find alternative living pending closing. In practice, sellers may resist early possession because if the sale falls through it makes it harder to abandon the process.

Please note, this article seeks to provide general information and does NOT constitute legal advice. If you require legal assistance then we recommend that you consult with a suitably qualified Attorney.

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