



Puerto Rico Real Estate Transactions...

Most common Questions & Answers

1. What are the Formalities and Requirements for any Real Estate Transaction?

All documents affecting real estate must be in the form of a Public Deed (“Escritura Publica”) that can only be prepared by a PR Notary/Attorney* and are dictated by statute. Local representation and PR Notary/Attorney must be identified as soon as possible, as these formalities are extensive.

2. What Is Needed to Get a Title Order Started?

Title searches cannot be conducted based on a property address, and there are no private title plants in PR. All land records are maintained in 29 sections of the Property Registry (“Registro de la Propiedad”) that are organized by an assigned parcel number and book and page reference for that parcel. As a result, the parcel identification number, Property Registry, and recording information of the property are necessary to conduct a title search by an independent title search company. Title Agents then use these reports to prepare a Title Commitment. The fee for a title search is approximately \$185 per parcel**.

3. What Title Evidence is obtained? And How About Title Documents?

Upon the completion of title research in the Property Registry, the search company produces a report listing ownership and encumbrances on the title, but not the final chain of title.

Important Note: Copies of filed or recorded documents are not available from any Property Registry. Copies of documents can **only** be obtained from parties to the transaction, the PR Notary, or a Notarial Archive for documents of deceased or retired PR Notary/Attorney after consent from the parties and a mandatory fee.

4. What are the Transaction Fees and Costs as of March 25, 2021?

To file and record a Public Deed in the Property Registry, the following must be paid:

- Transfer Tax (Stamps), generally around .15% of transaction value
- Registry fees (Vouchers), generally around .4% of transaction value
- PR Notary/Attorney fees, between .5% to 1% of transaction value
- Additional attorney fees if any

The exact amount of these fees, and responsibility for payment, can only be quoted by a PR Notary/Attorney. Parties should expect to pay no less than 1.5% of the transaction value. Parties in the transaction determine who pays for these Costs and Fees.

*Notaries are licensed Attorneys

**See attached services and fees list. Fees are subject to change and must be confirmed before closing.



5. What about Property Taxes?

The fiscal tax year in PR is on a bi-annual semester basis, with the first semester running from July to December and the second from January to June. There are two types of taxes that encumber land:

- Real Property ad valorem tax on the value of the land and improvements, referred to as CRIM.
- Special Assessment on all properties for tax years 2009/2010; 2011/2012; and 2012/2013.

The parties must provide a 16-digit tax identification number (“número de catastro”) for a search to be conducted.

6. What is the Purpose of Recording?

Recording is not the same as filing in the Property Registry. A Public Deed is only recorded when the Property Registrar qualifies it for form and substance requirements, which includes but is not limited to a review of the chain of title. Upon filing a Public Deed, documents are logged in a Book of Daily Entries that establishes the priority of the instrument. If documents are recorded, an abstract entry is made in the official registry, books and pages assigned to any given parcel, which becomes the recording data. If documents are rejected, the submitting PR Notary/Attorney and the party are provided notice and a period to cure the defect. If documents fail to be resubmitted within that period, the documents are deemed withdrawn and will need to be re-filed.

7. Can Documents Be Filed Electronically?

Yes, a completely online filing and recording system became available in March 2016. It is accessible 24/7 and is generally referred to as KARIBE.

8. What are the Closing Mechanics?

The necessity of PR Notary/Attorney requires that Public Deeds be executed in PR. In addition to the original deed signed and executed by the parties, the PR Notary/Attorney prepares and executes certified copies of the same for filing at the Property Registry. The PR Notary/Attorney will collect and affix the Stamps and Vouchers required for filing with the Property Registry. The PR Notary/Attorney will also maintain an original in a mandatory journal that contains all his/her respective Notarial Acts.

9. How does Title Insurance Work?

Title Insurance is regulated based on filed and approved rates and forms. The most current rates and forms became effective in March 2020. Title Insurance commitments and policies (ALTA 2006) must be issued by a title agent licensed and appointed in PR.

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