



The Ecuador real estate buying process allows for the straightforward transfer of real property. From start to finish the entire process can be done in about 15 days or less.

Ecuador Title Search -

The Buyer's attorney will verify a clear title by reviewing the following documents:

Certificado De Registro De Propiedad Actualizado -

Confirms that the property is correctly registered with the local government.

Certificado Del Historial De La Propiedad -

Complete transaction history of the property.

Escritura De Propiedad Del Inmueble -

Property deed

Pago de Impuesto Predial -

Receipt of recent property tax payment.

Certificado De Gravámenes -

Lists any liens, debts, claims, or restrictions on the property.

Permiso De Propiedad Horizontal -

This document only applies to the purchase of new condos and represents municipal approval of multi-level dwellings. For pre-construction projects it is common to enter sales contracts before final government approval. Your attorney can perform due diligence regarding the status of this approval. *Pre-construction condo sales offer great value.*

Proyecto De Lotizacion Aprobado –

This document applies to the purchase of lots in new housing developments and represents municipal approval to subdivide land. It's common to enter sales contracts before final approval. Your attorney can perform due diligence regarding the status of this approval.

Negotiated Agreement

The Ecuador real estate buying process is flexible and may allow a buyer significant time to complete payment. Your negotiated deal should be incorporated into one of the following documents:

Convenio de Reservación –

This is a private contract between the Buyer & Seller and should be signed by an Ecuadorian Notary. This contract is often used to reduce costs associated with the Promesa de Compra-Venta.

Promesa de Compra-Venta –

This contract differs from the Convenio de Reservación in that it is registered at the Regristo de Propiedades (local property registry). This document adds \$500 to \$1,000 to the closing costs when registered. To reduce costs this document is often used as a private contract and not registered.

Purchase Transaction

Minuta:

To conclude the transaction the Buyer's attorney will prepare a document called the Minuta. This document will be used by the Notary to prepare the Escritura De Propiedad Del Inmueble (deed).

The selling price listed on the Minuta will be the property's assessed value and not the purchase price. For this reason make sure to have a Convenio de Reservacion or Promesa de Compra-Venta to clearly set forth details of the transaction even if you are going to buy the property with only one payment.

With information from the Minuta the Notary will prepare an Aviso de Alcabala. This document instructs the local government (EL Municipio) how much tax to charge.

Alcabalas / Plusvalia:

Alcabalas is a transaction tax paid by the buyer and Plusvalia is the capital gains tax paid by the seller. Taxes are paid to the Municipio based on the property's assessed value found on the Pago de Impuesto Predial.

Escritura De Propiedad Del Inmueble (deed):

Your attorney will arrange tax payment and the notary will use information from the Minuta to generate the Escritura De Propiedad Del Inmueble. This is your property deed. Before signing this document the Buyer will transfer any final payments to the Seller.

Property Registration:

Your attorney will register the Escritura De Propiedad Del Inmueble at the local Regristo de Propiedades (property registry). This step is required to officially transfer title to your Ecuador real estate and is entirely the Buyer's responsibility.

Costs to Buy Real Estate in Ecuador

Estimated costs for property that has a tax valuation of \$50,000. Typically the assessed tax valuation is approximately 1/2 of the purchase price, or lower.

These costs may vary depending on the location of your property and the complexity of the transaction. To avoid surprises ask your lawyer which costs are included in their fee.

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|---------------------------------|-------|
| Purchase Agreement (Lawyer Fee) | \$250 |
| Purchase Agreement (Notary Fee) | \$30 |
| Minuta (Lawyer Fee) | \$150 |
| Alcabala (Tax 1%) | \$500 |
| Property Deed (Notary Fee) | \$350 |

Property Registration (Government Fee) \$350

Total Estimated Closing Costs- \$1,630

Ecuador real estate is often sold directly by property owners. If you use a buyer's agent the industry standard fee is 5 - 6% of the purchase price.

Costs to Sell Real Estate in Ecuador

The Seller's only cost is a capital gains tax (Plusvalia) payable to the local government (El Municipio). Tax rates range between 1% to 2% of the capital gain depending on the period of ownership and local government regulations.

Capital gains are calculated based on the change in assessed value during the period of ownership. **Local governments never know the actual transaction value because only the assessed value is included on the property deed.**

Annual Property Taxes

Annual property taxes on Ecuador real estate are called Predio Urbano for property within city limits or Predio Rustico for property located outside of city limits. City property taxes vary but average about 0.1% of the property's assessed value, per year. Rural taxes can be much lower.

Final Notes

If you cannot be in Ecuador to close the transaction you can provide a power of attorney to your lawyer or agent.

If you hold assets in Ecuador it is a good idea to have an Ecuadorian attorney create a will in Spanish & English. You can make arrangements for your attorney in Ecuador to process your will on behalf of your heirs.

If you are planning to purchase property valued over \$500,000 USD, you may consider holding this property as a company. The government of Ecuador may implement hefty estate tax penalties for "high value property" so it would be a good idea to avoid this issue altogether.

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