

Costa Rica investments...

can you really tap into “el club de los ricachones”

”the old boys network?”



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This paper provides an overview of various forms of investment used by the wealthy and upper class in Costa Rica to add to their fortunes. It should be stressed that these “investments” have been utilized for decades...with very little risk...and with virtually no exposure to the investing public...up until now.

How did we learn about these investments?

....a little background...

My wife and I moved to Costa Rica six years ago from the frigid climate of Minnesota. We had only been to the country once but had read virtually every book and literally thousands of websites to arm ourselves with knowledge. And unfortunately...

when we arrived here it became readily apparent that almost everything we assumed we knew...was totally wrong!

We persevered...bought land, built a house...and became part of the community. And gradually we started a company which was intended to help other potential expats to avoid many of the same pitfalls and mistakes that we made. And since the beginning our little homegrown enterprise has become one of the best known real estate firms in Costa Rica... www.cr-home.com

To make a long story shorter... our network of contacts obviously began to grow and it became very apparent...very quickly...that certain groups of people in Costa Rica were privy to much more information than the average citizen. We were introduced to cabinet members of past and present administrations, larger landholders, and attorneys and political figures that are almost worshipped here in Costa Rica.

The “womens club” that my wife was asked to join included wives of the Minister of Agriculture and the Minister of Finance as well as a wife of one of the wealthiest landholders in Costa Rica...and all because one of the women in the “club” was originally from Minnesota!



Our circle of contacts began to include many who began to bring us offerings which were totally unrecognizable to us at the time. But over time we began to recognize that these “offerings” were investments which were in a format which was totally foreign to us. And a loosely made alliance between CR Home and various local investors began.

Here are the bulk of the types of investments which we are now able to offer :

1 Low income housing...loans here are generally provided by local banks and guaranteed by the government. Because here the bureaucracy is king, the loaning institutions do not own the land and are constantly seeking properties for their clientele. They have guaranteed buyers for specific types of properties...and usually no land. That is where we come in. It is almost a no lose situation for both parties...and we have three co-ops or local banks clamoring for properties. Time of investment: 3-9 months and returns usually exceed 100%. If you see us advertise one of these, pick up the phone and call...don't send an email because these are in high demand.

2 One of the most maddening things about Costa Rica is its bureaucracy...and nowhere is it more apparent than in the real estate market. Costa Rica CAN be prone to fraud, to misrepresentation and downright stupidity. However, in this particular case, we can take advantage of the bureaucracy by seeking out land that is “information processoria”...which in laymens terms simply means land that does not “quite” have a valid title because it usually has been passed down from generation to generation without proper paperwork and registration. Most people will not touch such properties...but locals know that there is no risk AND with the proper legal counsel, a clean title can be obtained with a minimum of effort and money AND time. Discounts as much as 60-70% can be had at times if the seller needs money.

3 One of the more frustrating things for buyers and those moving to Costa Rica is the lack of homes for sale. The two cultures are so different that homes styles reflect the differences as well. 99% of most buyers here from overseas insist upon more “gringo” style homes. This simply reflects another opportunity for those studying Economics 101 ...more buyers than sellers...and huge demand. The average markup on homes being sold can average 40-60% PER SALE. A home with land that can have a total cost of \$130,000 can be sold, without problem, in many areas for \$190-200,000. (provided of course, that one does not overpay for either the land or the construction...)

4 Larger pieces of land are obviously for sale for a cheaper price than smaller ones.

In more popular areas, subdivisions are gaining in popularity and money can be made IF (and only if) the operators know how to work within the bureaucracy. Ticos typically know this game well and Costa Rican subdivisions which are put up for sale on a preconstruction basis (by reputable developers) are generally sold out almost overnight. And that is starting to carry over to many Stateside developers as well.

5 Oftentimes there is an impending event which causes everyone to say “the prices here are going to go through the ceiling!” OR afterwards, everyone says “ I knew that was going to happen...if only I had...” you know the rest. A good example of this type of scenario is a beach area that we own property in and have followed for over a year. It is in a prime area which is not well known and surrounded by VERY expensive developments...BUT at present it is a Tico neighborhood ... which causes some people to be a little nervous. Well, less than five miles away there is another beach which, 7-8 years ago was precisely the same...but then it became “discovered” and now property values are easily ten times what “our” beach area is AND there are plans in the works to put in a marina. You and I can see it coming...what we do with it remains up in the air.

6 Foreclosures...same types of opportunities here as in the States. But who do you think gets “first dibs” at the juiciest purchases?

7 And of course, there are always the “distress” sales. And it should be stressed that distress sales should NOT be already overpriced properties in “gringo” or tourist areas...they should be properties that are in demand by both Tico and Gringo, thus mitigating risk.

Costa Rica has, arguably, the reputation as one of the “hottest” real estate markets in the world. BUT, with the real estate crisis in the States, cracks are showing up in specific areas affected directly . Projects funded with “easy money” or investor money which , just a few years ago, was readily available in the form of “home equity loans” has dried up....and the projects which were sprouting up along the coasts like mushrooms now , in some cases, are even abandoned. The growth of the past , in some areas...has slowed.

SO...if you truly wish to examine investments in Costa Rica...not the investments which require a runaway bandwagon...but investments which are rock solid with the potential of huge appreciation...call our toll free numbers AND fill out the form available when you click on this link...

The more questions you ask and the more due diligence you do...and the more you talk to our past investors...the more you will be convinced of the accuracy of these Costa Rican investments.

Plus of course, they give you a tax write off when you visit...

Randy