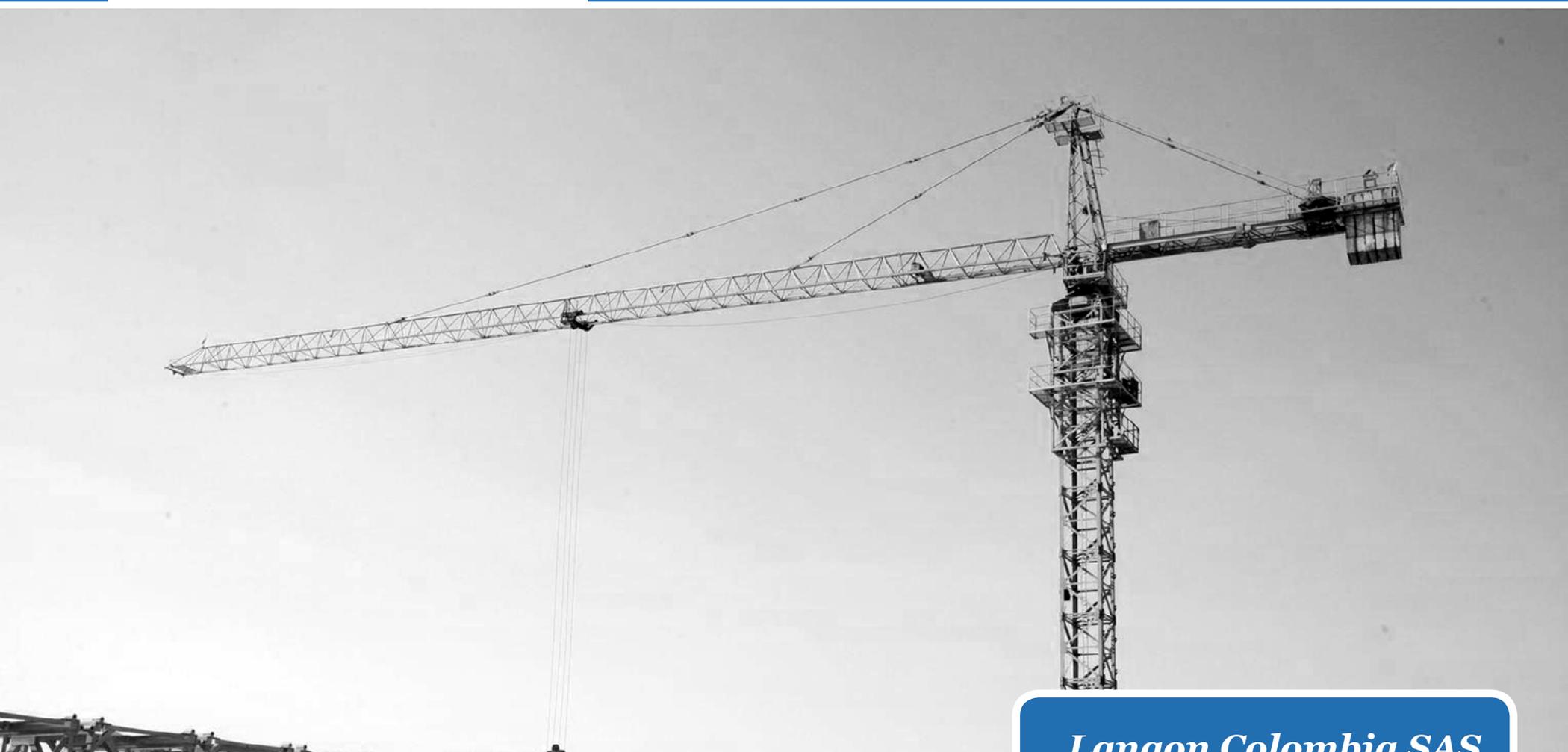




LANGON
COLOMBIA

Your Colombian Business Law Firm

*We are an innovative international law firm
that offers comprehensive legal services to
clients in Colombia and around the world.*



Langon Colombia SAS

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***Purchasing Real Estate in Colombia:
An Introduction***

Colombian Real Estate

Whether you are making a permanent move to Colombia or are focusing on the Colombian market, it is essential that you understand the complexities of purchasing property in Colombia. This guide summarizes the property purchase process and provides you with key information that can help you invest safely and reliably.

Colombian Real Estate is Booming

Over the past decade, the real estate market in Colombia has caught fire to the point that Colombian real estate is now one of the most important growth sectors of the Colombian economy.

Foreign investors have taken notice. From the purchase of single condominiums to the purchase of substantial tracts of land by private equity firms interested in investing in intensive farming ventures, foreigners have plunged into the Colombian real estate boom in droves.

Our Real Estate Services:

Langon provides a comprehensive real estate legal practice that emphasizes a thorough examination of the proposed transaction in order to safeguard your investment. Langon clients can take advantage of the following:

Unparalleled Service:

If you have ever dealt with service providers in Colombia you already know that client service is often lacking.

Documentation is not always provided by set deadlines. Phone calls are not always returned promptly. Emails go unanswered. Unlike local alternatives, Langon is committed to providing our clients with world-class client service.



Experience:

Langon has helped clients purchase properties in Colombia worth several dozen million US dollars since 2011.

English-Language Service:

Our legal services are managed by English-speaking attorneys for the convenience of our international clients.

"Langon was definitely focused on making sure that I understood the entire process of buying property in Colombia. They have great customer service, provide services in English and were very knowledgeable in real estate. I can absolutely recommend them to anyone purchasing real estate in Colombia"

TIMOTHY HINCHEY

Based in New York City and boasting a multi-jurisdictional approach to client service, Langon Colombia has quickly established a reputation for excellence in the local market.

Our Firm

We are an innovative law firm that offers comprehensive legal services to businesses, private equity entities and high net worth individuals in Colombia and around the world. At Langon we distinguish ourselves by offering an internationally focused, multi-jurisdictional and multi-disciplinary approach to client service.

The depth and breadth of our practice allows us to provide our clients with creative legal solutions tailored to their specific needs. From securing Colombian visas and negotiating multi-million dollar M&A transactions to developing tax-efficient international expansion strategies, Langon Colombia can help you and your business navigate the legal and regulatory landscape in Colombia from day one.



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Purchasing Real Estate in Colombia: A Timeline

Below is a graphical summary of what transpires during a typical real estate transaction involving the purchase of a pre-owned property. Keep in mind that the actual timing depends on how quickly seller provides required information in order to complete a comprehensive title analysis.



A. Open Brokerage Account

We highly recommend that you open an account with a reputable brokerage company. Most brokerage companies offer foreign clients the opportunity to transfer large sums of money into the Colombian market at a low cost and in a way that is more efficient and less time consuming than bank-to-bank transfers. If you are diligent you can expect to open an account within 7 to 10 business days.

B. Collect Key Information

Prior to making a formal offer to purchase a property it is imperative that we gather all the relevant documentation on the property and the seller. Much of this can be obtained from the seller directly, though it is a good idea to obtain it from public sources to ensure the impartiality of the information. If the parties are motivated expect this process to take 3 to 5 business days.

Key documents include:

- Property Certificate: this is the “certificado de tradición y libertad” and shows the current status of the property, ownership info and other data;
- Property Deed: this is the “escritura publica” and is usually provided by the seller directly;
- Property Tax Bill: at a minimum, you should have the most recent bill;
- Seller’s “Cedula”: this is the national ID card of the seller; and
- Miscellaneous: we usually counsel our clients to request “all relevant” documentation from the seller. Sometimes this yields unexpected information (mortgage documentation, property valuation data, etc...) that may be critical in making an informed investment decision.

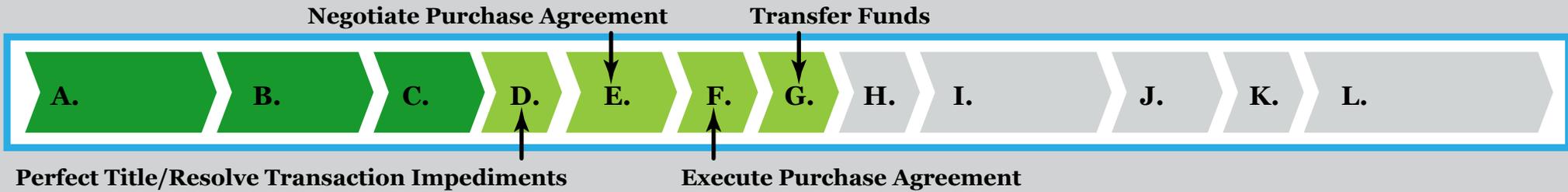


C. Conduct Legal Analysis

Once we gather the necessary documentation we will be in a position to conduct a proper review of the proposed transaction. This process involves identifying any potential title defects and determining if there are any liens and/or encumbrances on the property. Expect this process to take 1 to 3 business days.

Purchasing Real Estate in Colombia: A Timeline, *continued*

Below is a graphical summary of what transpires during a typical real estate transaction involving the purchase of a pre-owned property. Keep in mind that the actual timing depends on how quickly seller provides required information in order to complete a comprehensive title analysis.



D. Perfect Title/Resolve Transaction Impediments

If we uncover any title defects and/or any other issues we can then negotiate with the seller accordingly. This could involve payment on past due property taxes, delinquency on existing mortgages or even competing ownership claims on the subject property. Keep in mind that per Civil Code, art. 1893 et. seq., the seller is obligated to help buyer cure any potential imperfections in the title. It is also during this time that the buyer may consider applying for a mortgage to finance the purchase of the property, though these are still rare for foreign purchasers. The timing for this will vary.

E. Negotiate Purchase Agreement

Once all purchase terms have been negotiated we draft a Purchase Agreement or “Promesa de Compraventa” contract. The purpose of this contract is to clarify all essential transaction

terms prior to the actual transfer of the property. Per Civil Code, art. 1857 et. seq., you must clearly identify the property that is being acquired with its delineated area and boundaries, the purchase price, the method of payment (how, where and when the payment will be effectuated), the date of the delivery of the property, relevant transaction costs (taxes, notary fees and registration costs) and other important terms. If the parties are motivated expect this process to take 1 to 3 business days.



F. Execute Purchase Agreement

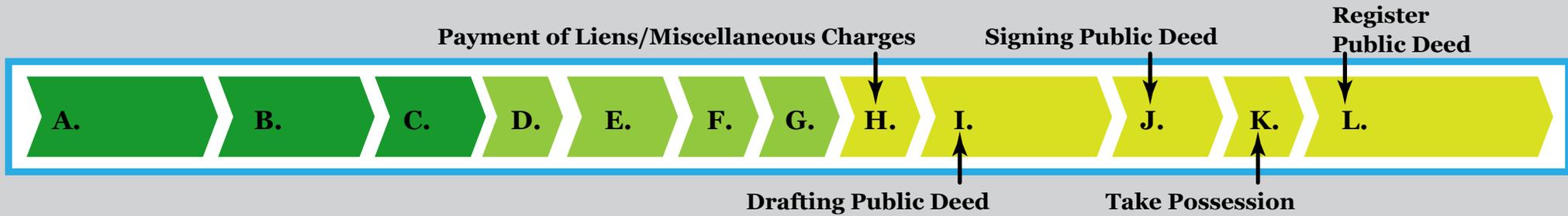
The parties will meet at a local notary and sign the Purchase Agreement. Purchaser is usually required to make at least an initial deposit consistent with the terms of the Purchase Agreement, though many foreign clients prefer to make a one time payment to close the transaction as soon as possible. This process generally takes 1 hour.

G. Transfer Funds

As soon as your brokerage account is set up it should be ready to receive funds from abroad to be used to purchase your target property. Make sure you coordinate with your attorneys to finalize the relevant transfer documentation correctly in order to register your investment properly. Payments to seller as well as relevant transaction fees will be based on information specified in the Purchase Agreement.

Purchasing Real Estate in Colombia: A Timeline, *continued*

Below is a graphical summary of what transpires during a typical real estate transaction involving the purchase of a pre-owned property. Keep in mind that the actual timing depends on how quickly seller provides required information in order to complete a comprehensive title analysis.



H. Payment of Liens/Miscellaneous Charges

It is at this point that any liens, back taxes, mortgages and other charges are paid consistent with what the parties agreed to in the Purchase Agreement. The timing for this will vary.

I. Drafting Public Deed

During this phase the parties collect all relevant documentation that verifies clean title and shows that all liens, back taxes, mortgages and other charges have been paid. The notary reviews this documentation and drafts a public deed or “escritura publica” transferring title to the purchaser. This process can take 7 to 10 business days.

J. Signing Public Deed

The parties meet and sign the Public Deed at the notary and pay all relevant transaction fees including registration fees and taxes. By this date the purchaser would normally have paid the full purchase price consistent with the Purchase Agreement. This process takes approximately 3 hours.

K. Take Possession

The date of delivery or “entrega” will be specified in the Purchase Agreement. On that date, the property should be completely vacated and be ready for the intended use. Buyer will be responsible for all expenses related to the property as of the date of delivery.

L. Register Public Deed

Once the Public Deed has been signed by the notary, it must be submitted to the Registration Office in order for the new owner to be registered as the formal owner. This process generally takes 10 to 20 business days.



Purchasing Real Estate in Colombia: Terms Cheat Sheet

Below are definitions for some of the most important terms that may come up during the real estate purchase process in Colombia.

“Certificado de Tradicion y Libertad “

A type of deed certificate that outlines the current legal status of a property including current and past ownership, the existence of any liens, mortgages and miscellaneous past due charges. This document is essential to finalizing a formal title analysis in advance of any potential purchase.

“Embargo”

Lien. These are typically filed against a property to prevent the transfer of title until a specific debt is settled.

“Escritura Pública”

A type of public deed issued by a notary that verifies the legal capacity for the transaction to occur. This document is generally finalized once the purchaser makes payment to the seller pursuant to the “Promesa de Compraventa.”

“Impuesto Predial”

Annual property tax based on the registered value of the property. Property owners are required to pay this tax on a quarterly basis.

“Hipoteca”

Mortgage.

“Oficina de Registro de Instrumentos Públicos”

Governmental office where official documentation confirming transfer of title is submitted and approved.

“Gastos de Compraventa”

These are the closing costs and related transaction fees that are assessed in connection with the purchase of a property. Below is a list of such expenses, along with how they are calculated and a possible estimate in a hypothetical purchase of a property valued at COP\$100,000,000. Please note that these estimates are subject to change depending on the particulars of the transaction and are provided for your convenience.

“Promesa de Compraventa”

A type of property purchase agreement that lays out all the terms of the potential transaction. It typically includes a clear description of the property being acquired, the purchase price, the method of payment, delivery date and other important deal terms.

Fee	Formula	Estimated Amount	Party
Retención en la Fuente	1%	COP \$1,000,000	Seller
Rentas Departamentales	(sale total) x 10.5 / 1,000	COP \$1,050,000	Seller: 50% Purchaser: 50%
Gastos Notariales	(sale total) x (3 to 3.8 depending on value) / 1,000	COP \$350,000 (assuming 3.5)	Seller: 50% Purchaser: 50%
Registros de Instrumentos Públicos	(sale total) x 5 / 1,000	COP \$500,000	Purchaser
Miscellaneous Fees	N/A	COP \$150,000	Purchaser

Purchasing Real Estate in Colombia: Estimated Closing Costs

Below are estimated closing costs applicable to the purchase of two separate properties valued at **US\$150,000/COP\$450,000,000** and **US\$300,000/COP\$900,000,000** respectively. Note that actual expenses may vary depending on the specifics of the transaction.

Property Purchase Example #1

Total Purchase Price	US \$150,000 (COP \$450,000,000)
Notary Expenses	US \$525 (COP \$1,575,000)
Taxes & Registration Fees	US \$1,537 (COP \$4,612,000)
Miscellaneous Expenses	US \$50 (COP \$150,000)
Langon Service Fee	US \$650 (COP \$1,950,000)

Total in Fees = \$2,762 USD / \$8,286,000 COP

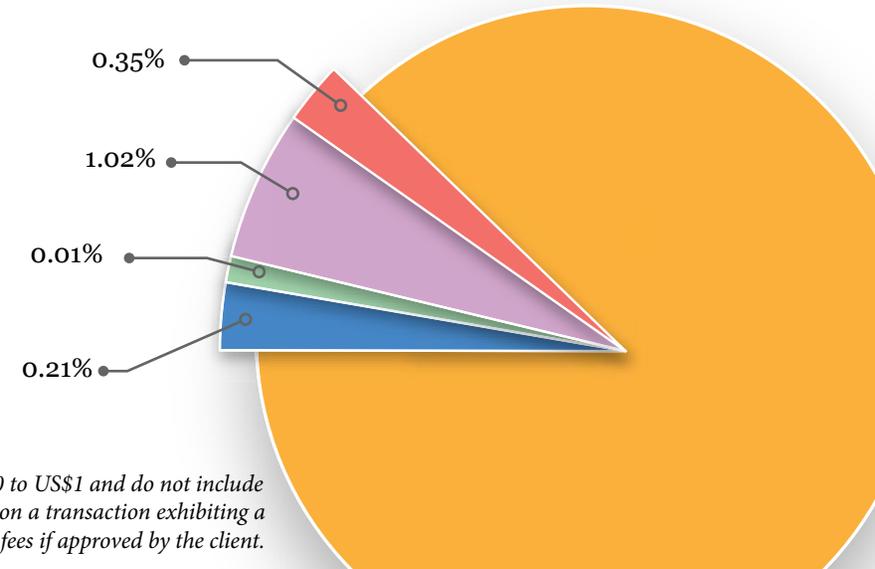
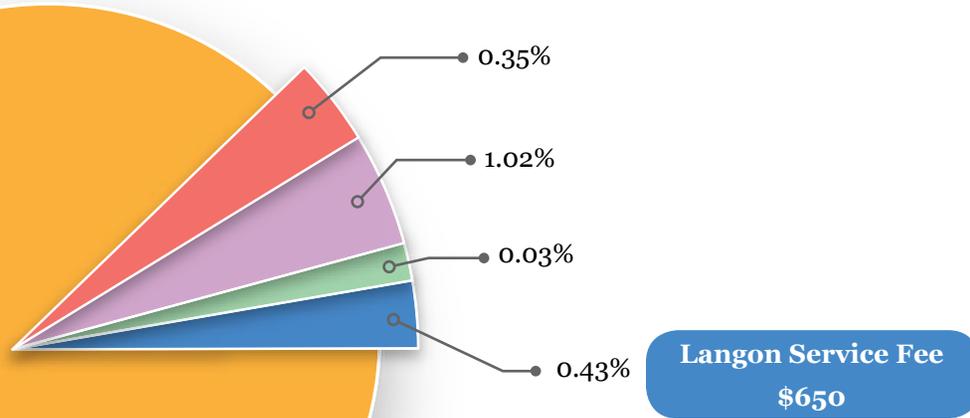
% of total sale amount = 1.84%

Property Purchase Example #2

Total Purchase Price	US \$300,000 (COP \$900,000,000)
Notary Expenses	US \$1,050 (COP \$3,150,000)
Taxes & Registration Fees	US \$3,075 (COP \$9,225,000)
Miscellaneous Expenses	US \$50 (COP \$150,000)
Langon Service Fee	US \$650 (COP \$1,950,000)

Total in Fees = \$4,825 USD / \$14,475,000 COP

% of total sale amount = 1.608%



**Note that estimates assume a currency exchange rate of COP\$3,000 to US\$1 and do not include IVA (Colombia's equivalent of VAT). In addition, our fees are based on a transaction exhibiting a typical level of complexity. We reserve the right to charge additional fees if approved by the client.*