The Foreign Buyer's Legal Guide to the Dominican Republic

WHAT TO VERIFY, WHAT TO DEMAND, AND WHAT TO REFUSE BEFORE YOU SIGN

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Edition 1 · Also available in Spanish and French

FOREWORD

A note before you begin

Most of what is written about buying property in the Dominican Republic is written by people who are paid when you buy.

That is not a criticism. It is simply a structural fact, and it explains why so much of the available material reads the way it does: warm on opportunity, thin on procedure, silent on the handful of questions that actually determine whether your money is protected. Brokers are compensated on closing. Developers are promoting inventory. Marketing offices exist to move units. Even the attorney introduced to you at the sales office is frequently the attorney who drafted the contract you are being asked to sign, which means the document was written to protect the party who hired them.

This guide is written from the opposite chair.

It assumes you are a foreign buyer, that you are serious, that you are not looking for reassurance, and that you would rather read something uncomfortable now than discover it eighteen months into a delayed delivery. It does not tell you whether to buy. It tells you what the transaction actually consists of under Dominican law, which documents carry legal weight and which are decoration, where foreign buyers most often lose leverage, and what the sequence of remedies looks like if the transaction goes wrong.

The Dominican Republic is a jurisdiction where foreigners can own real property outright, in their own name, with the same rights as a Dominican national. That is genuinely unusual in the region and it is a real advantage. But the protection you enjoy depends almost entirely on two things: what the registry says, and what your contract says. Neither is fixed by the market. Both are negotiable before you sign and largely immovable after.

Everything that follows is general information about Dominican law as it stood at the time of publication. It is not legal advice, it does not create an attorney client relationship, and it cannot account for the specific facts of your transaction. Laws, tax rates and administrative practice change. Verify anything here against current law and against counsel who represents you and no one else.

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Before you commit

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1

What you are actually buying

Dominican real property is governed by a registry system established under Law 108-05 on Real Property Registry. The system is based on the principle that the registry, not the seller's paperwork, is the authoritative statement of who owns what. Once a right is registered, it is in principle protected and opposable to third parties. This is a strong system, and it is the reason a properly registered purchase in the Dominican Republic can be very secure.

The difficulty is that not every property offered for sale is in that condition. Before you evaluate price, evaluate status. In practice you will encounter properties in one of several states.

Registered and individualized. The property has a Certificate of Title with its own matrícula, a unique registry number identifying that specific parcel or unit. The boundaries have been legally defined through the deslinde procedure. This is the condition you want. It permits a clean transfer into your name.

Registered but not individualized. The title covers a larger parcel and the specific portion you are being sold has not yet been separated through deslinde. You may be offered rights over an undivided share. These rights can be real and valuable, but they are not the same asset as an individualized title, they are harder to resell, harder to mortgage, and the individualization process depends on cooperation and correct surveying that has not happened yet.

Under a condominium regime. Apartments, villas in gated developments and similar units are typically held under a condominium declaration. Here you acquire your private unit plus an undivided share of the common areas, and you become subject to the condominium's rules, budget and administration. The declaration is a legal instrument. Ask for it. Read it. It governs your maintenance obligations, your voting rights, your ability to rent the unit short term, and in many cases the developer's continuing control over the association during an initial period.

Not yet existing. Off plan and pre construction purchases are addressed separately in Part Three, because the risk profile is different in kind, not merely in degree.

Held under a trust structure. Law 189-11 introduced the fideicomiso, a trust vehicle now widely used in Dominican development financing and, increasingly, to hold project assets during construction. A trust can be a genuine protective structure for buyers. It can also be presented as a protection while functioning primarily as a financing tool for the developer. The difference is in the trust deed, not in the brochure. If a project describes itself as protected by a trust, the correct response is to request the trust instrument and determine what, precisely, is held in trust and for whose benefit.

A practical point that matters more than it should: the sales material describing the property has no legal effect on what you receive. Renderings, floor plans in a brochure, promised amenities, described finishes and stated square metres bind the seller only to the extent they are incorporated into the contract or its annexes. If it is not in the contract, it is not in the transaction.

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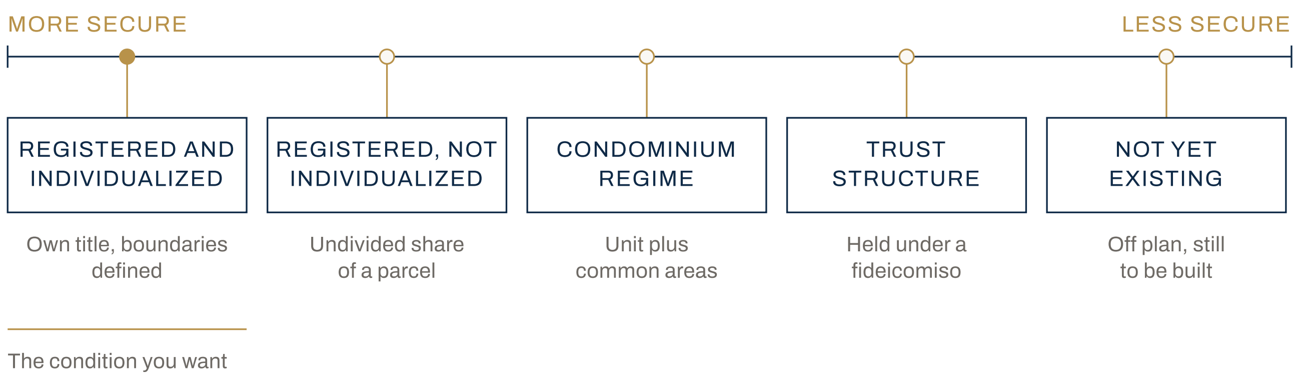

FIGURE 1 · THE FIVE TITLE CONDITIONS A BUYER ENCOUNTERS

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Who is on the other side of the table

This is the chapter that a firm representing developers and hotel operators cannot write, so it is worth reading closely.

In a typical Dominican purchase involving a foreign buyer, there are more parties than there appear to be, and their interests are not aligned with yours in the way you might assume.

The broker. Real estate brokerage is not licensed in the Dominican Republic in the way it is in most North American and European jurisdictions. There is no statutory fiduciary duty running from the broker to you, no mandatory errors and omissions coverage, and no regulatory body that will discipline a broker for a misstatement. Many brokers are competent, experienced and entirely honest. But the person showing you the property is generally compensated by the seller on completion, and the legal relationship, absent a written buyer representation agreement, is with the seller and not with you. This does not make the broker your adversary. It means the broker is not your advisor.

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The developer. Where you are buying from a development company, you are dealing with a commercial counterparty whose contract was drafted entirely by its own counsel, whose form documents are used across every unit in the project, and whose incentive is to preserve maximum flexibility on delivery dates, specifications and remedies. This is normal commercial behaviour and it is not, in itself, evidence of bad intent. It is simply the reason the contract will contain asymmetries that no one will point out to you.

The corporate entity behind the project. The name on the sign is frequently not the name of the entity that will sign your contract, and the entity that signs your contract is frequently not the entity that owns the land. Verify the exact legal name, the

RNC (national taxpayer registry number), and the commercial registry record of whoever is contracting with you. Confirm that the person signing has documented authority to bind that entity. Confirm that the entity contracting with you is the registered owner of the property or holds a documented right to sell it. A mismatch here is not a technicality. It determines who you can pursue if something fails, and whether that party has any assets.

The closing attorney. In many transactions the buyer is offered a lawyer by the sales office, sometimes at no apparent cost, sometimes described as handling the paperwork. Understand what that arrangement is. An attorney who drafted the developer's contract, or who is retained by the developer across the project, cannot simultaneously represent your interests in negotiating that contract. Dominican professional ethics rules address conflicts of interest, and a competent practitioner will decline a genuine conflict. But the more common situation is not a dramatic conflict. It is a quiet absence of advocacy: the documents are processed correctly, the transfer is registered, and no one ever tells you which three clauses you should have refused.

The question to ask, in every case, is simple and it is not rude: who else do you represent in this transaction, and who pays you? A practitioner acting only for buyers will answer it without hesitation.

3

The documents to obtain before any money moves

Due diligence in the Dominican Republic is not a formality performed after the reservation. It is the part of the transaction that determines whether the rest of it is safe, and it should be substantially complete before funds leave your account.

The following list is not exhaustive and not every item applies to every transaction, but a purchase where these cannot be produced is a purchase that requires an explanation.

Certificate of Title, with the matrícula number. The foundational document. It should be in the name of the party selling to you.

Certification of registry status. Issued by the Registry of Title, this states the current legal condition of the property, including registered encumbrances: mortgages, liens, oppositions, easements, litigation annotations and precautionary measures. This certification, and not the seller's assurance, is the answer to the question of whether the property is clear. It should be recent, and where the transaction takes time, it should be refreshed before closing.

Survey and cadastral information. Confirmation that the physical property you visited corresponds to the registered parcel, and that the deslinde has been completed. Discrepancies between occupied boundaries and registered boundaries are among the more common sources of dispute.

Corporate documentation of the seller. Where the seller is a company: constitutive documents, commercial registry certificate, RNC, current corporate authorities and the resolution or power authorizing the sale.

Tax status. Confirmation that property taxes and, where applicable, condominium fees are current. Unpaid obligations attached to the property can become your problem.

For construction and off plan projects: the construction licence and approved plans. This is examined in Part Three. It is worth stating here that a project marketed and sold before its construction permissions are complete is in a materially different position from one that holds them, and that the difference is verifiable through the competent authorities.

Condominium declaration, regulations and financial position, where applicable. Including any developer control provisions and the current state of the reserve fund.

Source of funds and compliance documentation. Law 155-17 on money laundering and terrorist financing imposes obligations on regulated parties, and foreign buyers should expect to document the origin of their funds. This is a normal part of a legitimate transaction. A counterparty who suggests structuring payments to avoid these requirements is telling you something important about how they operate.

A note on timing. The pressure to reserve quickly is a structural feature of new development sales, not an accident. Limited time pricing, unit availability and phased release schedules are legitimate commercial tools, and they are also extremely effective at moving buyers past the diligence stage. The properties that are genuinely worth buying are, with rare exceptions, still worth buying two weeks later. If they are not, the constraint is being manufactured.

Two

The contract

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Reservations, promises and sales

Foreign buyers frequently misread the instrument they are signing, because the vocabulary used in the sales process does not map onto the vocabulary used in their home jurisdiction.

The reservation. Often presented as an informal step, a way to hold the unit, accompanied by a payment described as refundable or as a deposit. In Dominican practice, the legal effect of that payment depends on how the document characterizes it. Under the Civil Code, a sum given as arras can have a specific consequence: the buyer who withdraws may forfeit it, and the seller who withdraws may owe double. A sum characterized as part payment of the price behaves differently. A sum described as non refundable under any circumstance is precisely that. Read what the document says the money is, not what the person handing it to you says it is.

The promise of sale. The most common instrument in Dominican practice, particularly for off plan purchases. It is a binding bilateral agreement to complete a future sale on defined terms. It is not a preliminary or non binding step. It typically contains the entire commercial architecture of your transaction: price, payment schedule, delivery date, specifications, penalties, conditions and remedies. This is the document that decides your position. Everything that follows, including the final deed, tends to execute what this instrument already established.

The definitive contract of sale. The instrument that transfers ownership, notarized and then presented for registration. Note carefully: under Dominican law the transfer of the registered right is completed through registration. Signing is not the end of the process. Until the transfer is registered and a Certificate of

Title issues in your name, your position is contractual rather than registered, and it is exposed to whatever happens to the seller in the meantime.

Article 1134 of the Civil Code states the principle that governs all of this: agreements lawfully formed take the place of law for those who make them. Dominican courts take that seriously. The contract you sign is, to a very large extent, the law of your transaction. This cuts both ways. It is the reason a well negotiated contract is genuinely protective, and the reason a poorly negotiated one is difficult to escape later by appealing to fairness.

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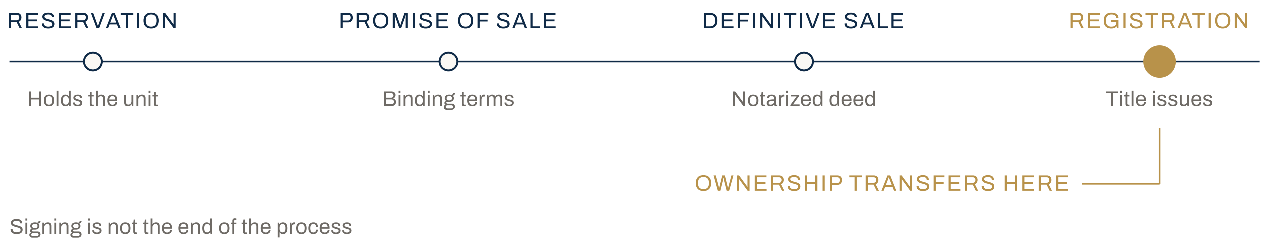

FIGURE 2 · WHERE OWNERSHIP ACTUALLY TRANSFERS

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The clauses that decide the outcome

Contracts are long. The parts that matter in a dispute are short. These are the provisions that, in practice, determine what happens to a foreign buyer when a transaction goes wrong.

Delivery date and how it is expressed. There is a substantial difference between a fixed calendar date, a date counted from a defined trigger such as the start of construction, and an estimated date subject to adjustment. The last of these is, in substance, not a delivery obligation at all. Where the date runs from a trigger, ask what evidences the trigger and who declares it.

The grace period. Many development contracts provide an extension beyond the delivery date, often expressed in months, during which delay carries no consequence. A grace period is negotiable in length and it is worth negotiating, because it is the period during which you have no remedy at all.

The penalty clause. This is the single most valuable provision a buyer can have, and its absence is the single most common reason a delayed buyer has little leverage. A penalty clause fixes in advance what the seller owes for late delivery, usually as a percentage of amounts paid, accruing per period of delay. Without it, a buyer claiming loss must prove the loss. With it, the accrual is contractual and it compounds pressure over time in the buyer's favour. Examine whether the clause is reciprocal, whether it is capped, from what date it accrues, and whether it applies to amounts paid or to the total price.

Force majeure. Standard and legitimate in principle. The question is scope. A clause covering genuinely unforeseeable external events is normal. A clause extending to supply chain conditions, permitting delays, financing difficulties, contractor issues or general market circumstances converts the delivery obligation into an aspiration, because ordinary commercial difficulty then excuses performance.

Rescission and restitution. If the transaction fails, what happens to your money? Look for whether you may terminate, on what grounds, within what timeframe, and what you receive back. Pay attention to deductions: administrative charges, retained percentages, and clauses converting your paid funds into a credit toward another unit rather than a refund. Pay equal attention to whether restitution carries interest or indexation, because a refund of nominal amounts paid four years earlier is not a restoration of your position.

Unilateral modification rights. Provisions allowing the seller to alter specifications, materials, layout, common areas, project phasing or unit location without your consent. Some flexibility is normal in development. Unlimited flexibility means you have not agreed on what you are buying.

Assignment and transfer. Whether you may resell your contractual position before delivery, on what conditions, and at what administrative cost. Restrictive assignment clauses materially affect your exit options.

Jurisdiction, applicable law and dispute resolution. Whether disputes go to the ordinary Dominican courts or to arbitration, and if arbitration, before which institution and at whose cost. Arbitration is not inherently unfavourable, but arbitration before a body with significant cost barriers can function as a practical limitation on smaller claims. Note also that Dominican consumer protection legislation, Law 358-05, may apply to certain purchases from a developer acting as a supplier, and that this can affect the enforceability of clauses that are abusively one sided.

Currency and price adjustment. Whether the price is expressed in Dominican pesos or United States dollars, at what exchange rate conversions occur, and whether the price may be adjusted for construction cost inflation.

Notices. Unglamorous and consequential. Where formal communications must be sent, in what form, and to what address. Many contractual remedies require prior formal notice, and a notice sent to the wrong place or in the wrong form may not count.

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Where your money sits

The single structural difference that surprises foreign buyers most is this: the Dominican Republic does not have a mandatory third party escrow system of the kind familiar in the United States, Canada or the United Kingdom, and there is no general statutory requirement that pre construction payments be held separately from a developer's working capital.

In practice this means that unless your contract provides otherwise, money you pay during construction is available to fund construction, and to fund the developer's other obligations. If the project encounters difficulty, you are generally an unsecured contractual creditor.

There are ways to improve this position, and they are all negotiated before signing rather than after.

Payment against milestones. Tying disbursements to verified construction progress rather than to the calendar. Progress should be certified by someone acting for you, not solely by the seller.

Trust or escrow arrangements. A properly structured fideicomiso under Law 189-11, or an escrow agreement with an independent institution, can segregate funds. The protection depends entirely on the instrument. Ask what triggers release.

Guarantees and bonds. Some projects offer performance guarantees, bank guarantees or bonds securing delivery or repayment. Where offered, obtain the actual instrument and verify it with the issuer. A guarantee referenced in a contract but never issued is a common and consequential gap.

Registered protection of your position. Depending on the structure, it may be possible to register or annotate your contractual right against the property, which improves your position against third parties. Whether this is available depends on the state of the title and the structure of the sale.

Payment to the correct party. Funds should go to the contracting entity, through traceable banking channels, against proper invoicing. Payments to individuals, to affiliated companies not party to your contract, or to accounts in third jurisdictions create documentary problems that surface precisely when you need the documentation.

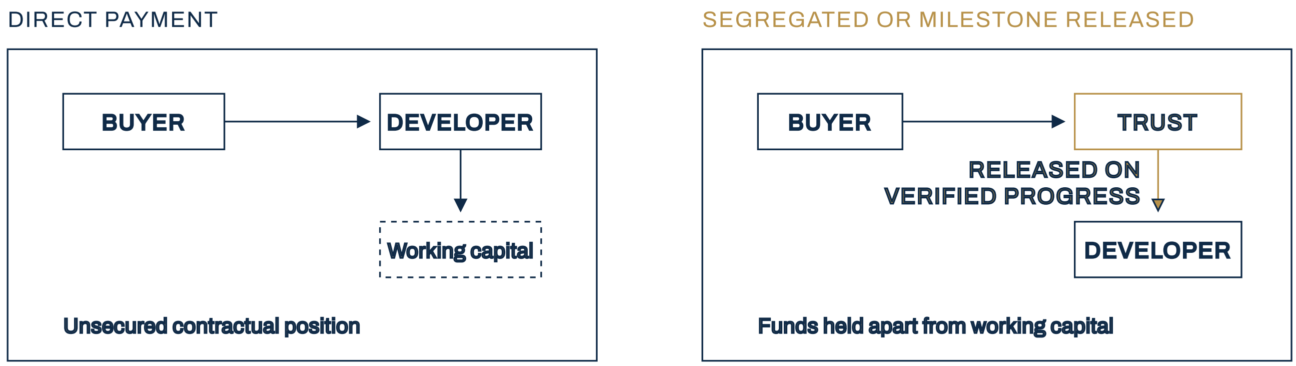

FIGURE 3 · WHERE BUYER FUNDS SIT DURING CONSTRUCTION

Three

Buying what does not yet exist

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Off plan and pre construction

Off plan purchase is the dominant model in Dominican coastal development and it is where foreign buyers most frequently encounter serious difficulty. This is not because the model is illegitimate. It is because the buyer pays in advance for performance that is entirely in the seller's control, over a period long enough for circumstances to change, under a contract the seller wrote.

Three verifications are worth more than any assurance.

The construction licence. Construction requires authorization from the competent authority, and in the case of many residential and tourism projects this involves the housing and building ministry and, where the project sits in a tourism zone, additional tourism sector approvals. The existence and current validity of these permissions is verifiable through the issuing authorities. A project selling units without complete authorization is selling something it is not yet permitted to build. This is a question of fact, ascertainable in advance, and it is one of the more powerful pieces of information a buyer can hold, both before signing and afterwards.

Land ownership and encumbrances at project level. Whether the land is owned free of mortgage by the entity contracting with you, or is mortgaged to finance construction, and if mortgaged, what happens to your unit on default. Where a construction mortgage exists, ask about the release mechanism for individual units.

Track record with completed delivery. Not projects announced. Projects finished, delivered, individualized into separate titles, and transferred to buyers. Delivery is the hard part, and a developer's history of completing it is the most informative single data point available to you.

A structural observation about phasing. Large projects are frequently sold in phases, with amenities, access roads and common facilities scheduled for later phases. Buyers in early phases may take delivery of a completed unit within an incomplete project, sometimes for years. Where amenities matter to your use or to your rental projections, the commitment to deliver them, and the consequence of not delivering them, belongs in your contract.

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When delivery is late

Delay is the most common dispute a foreign buyer of Dominican property will face, and the way a buyer behaves during the delay frequently determines the strength of the position later.

The first principle is documentary. A delay that exists only in conversation is difficult to establish afterwards. Written communication, retained correspondence, dated photographs of site conditions and preserved records of every payment are the raw material of any subsequent claim. Verbal reassurances from a sales representative are not evidence of the developer's position. A written acknowledgement of delay from the developer, by contrast, can be significant.

The second principle is procedural. Dominican law and Dominican contracts generally contemplate a formal step before remedies mature. The puesta en mora, or formal notice placing the counterparty in default, is delivered through the appropriate formal channel and it is what converts an informal grievance into a documented legal position. It also frequently starts or consolidates the accrual of contractual penalties. Buyers often delay taking this step out of a reasonable concern about antagonizing a counterparty they still need to perform. That concern is legitimate and it can be managed through how the notice is framed, but indefinite informal waiting has a cost, and the cost is leverage.

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The third principle is strategic, and it is the one most often handled badly. When a contract contains a penalty accruing over time, a buyer facing delay has a genuine choice: press for termination and restitution, or continue under the contract while the penalty accrues, expressly reserving rights. These lead to different outcomes and they are not equally available at every moment. The choice depends on the contract, the state of the project, the counterparty's solvency, your own use of the property and your appetite for a process. It should be made deliberately and early, with advice, rather than by default through waiting.

A caution on a concept familiar to buyers from common law jurisdictions. Dominican law does not recognize anticipatory breach in the way many foreign buyers expect. The intuition that a developer who evidently cannot deliver on time is already in breach before the date arrives does not translate directly. The remedies available before the delivery date differ from those available after it, and the framing of a claim needs to respect that. This is precisely the kind of point that is invisible to a buyer reasoning from home jurisdiction assumptions.

Four

Closing, owning and holding

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The closing and the registration

Closing in the Dominican Republic is a two stage event and the second stage is the one that matters.

The first stage is execution: the definitive contract of sale is signed and the signatures are legalized before a Dominican notary. The second stage is registration: the transfer tax is settled, the file is presented to the Registry of Title, and a new Certificate of Title is issued in your name with its own matrícula.

Between those two stages you hold a signed contract, not a registered right. That interval should be as short as the administration permits, and it should not be treated as complete until you hold the new title. Ask, specifically, who is responsible for presenting the file, what the expected timeline is, and how you will be given evidence of registration. Then confirm the result independently once it is done.

On transfer costs. A transfer tax applies to the conveyance, calculated on the value determined by the tax authority rather than necessarily on the contract price, and additional registration and notarial costs apply. Rates and thresholds are set by law and adjusted, so confirm the current figures at the time of your transaction rather than relying on any published guide, including this one. Establish in writing, before signing, which party bears which cost. This is a negotiable allocation that is frequently presented as fixed.

On valuation. Because the tax authority applies its own valuation, a contract price materially below the assessed value does not reduce the tax, and understating price on the deed creates exposure without benefit. It also creates a documentary problem for you later, on resale and on any claim.

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How to hold it: personal name, company, or structure

Foreigners may own Dominican real property directly, in their personal name, with the same rights as nationals. There is no requirement to use a local company. The question is therefore not whether you are permitted to hold personally, but whether you should.

Personal ownership. Simplest, cheapest to establish, no annual corporate maintenance. Suitable for many buyers, particularly for a single property intended for personal use. The consequences appear later, in succession and in liability, and they are discussed below.

A Dominican company, most commonly the SRL. Widely used by foreign owners. It separates the asset from your personal estate, can simplify eventual transfer by allowing the sale of shares rather than of the property, and can be useful where more than one owner is involved or where rental activity is contemplated. It carries formation costs, annual corporate obligations, tax registration, and ongoing accounting and compliance duties which are real and should not be underestimated.

A foreign entity or a trust structure. Sometimes appropriate, particularly where the buyer's home jurisdiction tax position dominates the analysis. Frequently over engineered for a single residential property. The Dominican consequences and the home country consequences must be assessed together, because a structure that is efficient in one jurisdiction can be expensive in the other.

The determining questions are usually these: how many people will own it, whether it will generate rental income, whether the buyer's home jurisdiction taxes worldwide income and foreign entities, what the buyer's succession objectives are, and what liability exposure the intended use creates. This is one of the few decisions in the transaction that is meaningfully harder to change afterwards, because restructuring ownership later is itself a transfer, with the costs a transfer carries.

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The taxes you will live with

Rates, exemption thresholds and administrative practice change, and thresholds in particular are adjusted periodically for inflation. Treat the following as a map of the categories, and confirm the current figures with a Dominican tax advisor before you rely on them.

Transfer tax. Payable on acquisition, assessed on the value determined by the tax authority.

Annual property tax, known as IPI. Applies to property held by individuals above an exempt threshold, assessed on the total value of the individual's Dominican real property holdings. Property held through a company is treated differently and may instead fall within the corporate asset tax regime, which is one of the practical considerations in the holding structure decision.

Tax on rental income. Income from renting Dominican property is Dominican source income and is taxable in the Dominican Republic, whether earned by a resident or a non resident, and whether or not it is received abroad. Withholding obligations may apply. Short term rental activity may also carry value added tax and tourism sector obligations depending on how it is structured.

Tax on gain at disposal. Capital gain on sale is subject to tax, with the acquisition cost adjusted by an inflation index. Your documented purchase price and documented improvement costs are therefore directly relevant to your eventual tax position, which is another reason to avoid understating price on the deed and to retain invoices for construction and renovation work.

Tourism incentive exemptions. Law 158-01, commonly referred to by the acronym CONFOTUR, provides exemptions from certain taxes for qualifying tourism projects, and units within approved projects can benefit from transfer tax and property tax exemptions for a defined period. This is a genuine and significant benefit where it applies. Two cautions. First, the exemption attaches to a project that has been approved, and approval is verifiable rather than assumed, so confirm the project's status and the terms of its resolution. Second, the exemption period runs from a defined moment and does not run indefinitely, so establish when it began and when it ends.

Your home country. Nothing in Dominican tax law relieves you of obligations in your country of residence or citizenship. Reporting obligations for foreign assets, foreign accounts and foreign entities are the source of more serious problems for foreign owners than Dominican tax is. Coordinate both sides.

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What happens when you die

This is the chapter foreign buyers skip and the one their families later wish they had read.

The Dominican Civil Code contains forced heirship. A portion of an estate, the legítima, is reserved by law for certain heirs, principally children, and it constrains freedom of testamentary disposition. For a foreign owner whose home jurisdiction permits free disposition by will, this is a fundamental difference.

The applicable law question has evolved. Law 544-14 on private international law addresses which law governs a succession with international elements, and it introduced the possibility that a person's succession may be governed by the law of their habitual residence, with a faculty to choose the law of their nationality to govern the whole of it, subject to conditions and limits. The consequences for a foreign owner of Dominican property are significant, and they depend on the individual's residence, nationality, family circumstances and whether a valid choice has been expressed. This is an area where general statements are unreliable and individual analysis is necessary.

What is reliably true is the practical dimension. When a foreign owner dies holding Dominican property, the heirs face a Dominican procedure conducted in Spanish, requiring documents from abroad that must be legalized or apostilled and translated, involving succession tax that must be settled before the property can be transferred, and frequently requiring a determination of heirs. Where the family does not live in the country, does not speak the language and does not have the documents, this becomes slow and expensive, and the property is effectively frozen in the meantime.

The planning available includes a Dominican will drafted to coordinate with your foreign estate planning rather than to contradict it, a holding structure that transfers by shares rather than by property, a life insurance or liquidity plan for succession tax, and, most simply and most neglected, a maintained file of the documents your heirs will need. That file should include the title, the matrícula, the purchase contract, proof of payments, tax records and the name of counsel who can be contacted.

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Living here: residency and status

Buying property does not by itself confer residency, and residency is not required in order to own property. They are separate questions, and buyers frequently conflate them because sales material encourages the conflation.

Dominican immigration law provides several routes relevant to foreign property owners, including temporary and permanent residency categories under the general immigration framework, and a specific regime under Law 171-07 for retirees with qualifying pension income and for rentistas with qualifying passive income from abroad, which carries expedited processing and certain incentives. Investment based residency routes also exist and are tied to documented investment thresholds rather than to property purchase as such.

Each route has documentary requirements, including apostilled and translated civil and criminal record documents from abroad, medical examinations conducted locally, and renewal obligations. Timelines are administrative and variable. Residency status also interacts with tax residence, which is a separate legal concept with its own threshold, and a buyer who spends substantial time in the country should understand where that line sits.

The practical advice is to decide what you actually want, which is usually one of: the ability to visit freely, the ability to stay long term, the ability to work or operate a business, or a path to citizenship. Those objectives call for different routes, and starting with the wrong one costs time that cannot be recovered.

Five

When something goes wrong

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Defects, habitability and what was promised

Delivery is not the end of the seller's exposure.

Hidden defects. The Civil Code provides a remedy where the thing sold has defects that render it unfit for its intended use or so diminish that use that the buyer would not have bought, or would have paid less, had the defects been known. The remedy is subject to a requirement that the action be brought within a short period, and the counting of that period is fact dependent. The practical consequence is that a buyer who discovers a serious defect should obtain advice promptly rather than entering an extended cycle of informal repair requests with the seller, because that cycle consumes time that may not be recoverable.

Construction liability. Dominican law contemplates liability of builders and architects for serious defects affecting the solidity of the work, over a defined period following delivery. This is a distinct regime from the hidden defects remedy and it reaches parties other than your seller.

Non conformity with what was contracted. Distinct again from defect. If what was delivered does not correspond to what the contract and its annexes specified, in area, layout, specification, finish or common facilities, that is a performance question rather than a defect question, and the measurement is against the contractual documents. This is where buyers discover the cost of a contract that incorporated a brochure rather than a specification.

Habitability and services. Occupation of a unit that lacks completed services, or that sits within a project without its final occupancy and services authorizations, raises separate issues. Do not treat handover of keys as equivalent to legal completion.

In every one of these situations the same practical rule applies: document the condition at delivery. A dated, comprehensive record of the property's state at the moment you receive it, ideally with an independent inspection, is worth more than any amount of subsequent argument.

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The sequence of remedies, and the clock

Foreign buyers often assume the choice is between doing nothing and suing. In Dominican practice there is a graduated sequence, and most matters resolve before the end of it.

Documented internal claim. A written, precise, unemotional statement of the breach, the contractual basis, and what is required to cure it, delivered to the correct entity at the correct address in the contractually required form. A surprising proportion of matters move at this stage, because it is the first moment the counterparty understands that the file is being built.

Formal notice. The intimación or puesta en mora, served through the appropriate formal channel. This creates a dated, unimpeachable record, places the counterparty in default, frequently triggers contractual consequences, and in certain matters interrupts limitation periods. It is a serious step and it is also a proportionate one. It is not litigation.

Negotiated resolution. Extension with compensation, price adjustment, substitution of unit, mutually agreed rescission with restitution, or payment plan. Most disputes end here, and the terms available at this stage correlate closely with how well the two preceding steps were executed.

Judicial or arbitral proceedings. Where the contract sends disputes, before the competent Dominican court or the designated arbitral body. This is a process measured in years rather than months, with appeal rights, and it should be entered with a clear view of the counterparty's ability to satisfy an eventual award. Precautionary measures may be available in appropriate cases to secure a claim, and the availability and suitability of those measures is a matter for advice on the specific facts.

On the clock. Limitation periods in Dominican law vary considerably by the nature of the claim, and some are short. Certain actions arising from a sale must be brought within a brief period. Claims arising from certain other relationships carry their own distinct periods. The rules on when a period begins to run, and on what interrupts or suspends it, are technical. The single most damaging assumption a foreign owner can make is that a claim will remain available while the relationship is being worked out informally. Where you believe you may have a claim, the date on which the period began is one of the first facts to establish.

		COST IN TIME
1	DOCUMENTED INTERNAL CLAIM	Days
2	FORMAL NOTICE	Weeks
3	NEGOTIATED RESOLUTION	Weeks to months
4	JUDICIAL OR ARBITRAL PROCEEDINGS	Years

FIGURE 4 · THE GRADUATED SEQUENCE OF REMEDIES

16

Matters that reach foreign owners beyond the purchase

The purchase is the beginning of a relationship with a legal system, not the end of one. The matters that most often follow, in rough order of frequency:

Condominium disputes. Assessments, reserve funds, developer control of the association, use restrictions, and the enforceability of house rules against an owner who was not present when they were adopted.

Short term rental activity. Whether the condominium regime permits it, what registrations and tax obligations attach, and what liability the owner assumes toward guests. Rental relationships themselves are governed by legislation that has been substantially reformed, and the position of a landlord today is not the position described in older material.

Employing people. Owners who engage a property manager, caretaker, gardener or domestic staff become employers under Dominican labour law, which is protective of employees and imposes obligations on termination that surprise foreign employers. Informal arrangements do not avoid the obligations, they only remove the documentation that would have limited them.

Injuries and incidents. Foreign visitors and owners injured at resorts, in rented accommodation, on excursions or in transit have claims under Dominican law against the parties responsible. These matters have their own limitation periods and their own evidentiary demands, and the first days after an incident, when medical records and incident reports are created, are disproportionately important.

Family and succession matters with cross border elements. Marriage, matrimonial property regimes, divorce, and the succession issues discussed in Chapter 12. Where spouses hold different nationalities or reside in different countries, the question of which law applies to property acquired here is not academic.

Six

Choosing who advises you

17

Twelve questions, and what the answers tell you

You are entitled to ask these. A practitioner who takes them badly has answered the most important one.

1 Who else do you represent in this transaction, and who pays you? The single most consequential question in the list.

2 Do you represent developers or sellers in other matters? Not disqualifying in itself, and a candid answer allows you to assess it. An evasive answer is itself information.

3 What is your fee, on what basis is it calculated, what does it include, and what is billed separately? Obtain it in writing before work begins.

4 Will you provide a written engagement letter defining scope? The absence of one is the origin of most later disagreement about what was and was not covered.

5 Who will actually do the work, and who will I communicate with? In any office, the person who sells the engagement is not always the person who performs it.

6 Will I receive the due diligence findings in writing, in a language I read, before I am asked to sign anything?

7 What specifically will you verify at the Registry of Title, and will I receive copies of the certifications?

8 Will you review and negotiate the contract, or only process the closing? These are different services and the second is often quietly substituted for the first.

9 What are the three provisions in this contract you would change, and what will you propose instead?

10 What happens if the seller refuses those changes? You are asking whether your advisor will tell you to walk away.

11 How will you hold and transmit funds, and what documentation will I receive for every movement?

12 If this transaction later becomes a dispute, do you handle that, and would you be conflicted from acting for me against this seller?

A closing observation on cost. The fee difference between competent independent representation and processing performed by someone whose real client is the other side is small in relation to the purchase price, and it is negligible in relation to the cost of the outcomes it prevents. Buyers routinely spend more on furnishing a property than on establishing that they own it cleanly.

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APPENDIX A

The pre signature checklist

PROPERTY AND TITLE

- [ ] Certificate of Title obtained, matrícula number recorded
- [ ] Registry certification of status obtained and recent
- [ ] No mortgages, liens, oppositions or annotations, or all identified and addressed in the contract
- [ ] Deslinde completed and boundaries correspond to the property inspected
- [ ] Property tax status confirmed current
- [ ] Condominium declaration, regulations, budget and reserve position reviewed, where applicable

COUNTERPARTY

- [ ] Exact legal name and RNC of the contracting entity confirmed
- [ ] Commercial registry record obtained and current
- [ ] Signatory authority documented
- [ ] Contracting entity is the registered owner or holds a documented right to sell
- [ ] Completed and delivered project history reviewed

CONSTRUCTION AND OFF PLAN

- [ ] Construction licence verified with the issuing authority
- [ ] Approved plans obtained and compared to what is being sold
- [ ] Tourism sector and environmental approvals verified where applicable
- [ ] CONFOTUR status verified where the exemption is being represented
- [ ] Project level mortgage position and unit release mechanism understood
- [ ] Any guarantee, bond or trust instrument obtained and verified with the issuer

CONTRACT

- [ ] Delivery date fixed and its trigger defined
- [ ] Grace period reviewed and negotiated
- [ ] Penalty for late delivery present, reciprocal and adequate
- [ ] Force majeure limited to genuinely external events
- [ ] Rescission grounds, timing and restitution terms acceptable
- [ ] Restitution carries interest or indexation
- [ ] Unilateral modification rights limited
- [ ] Specifications, area, finishes and amenities incorporated as binding annexes
- [ ] Assignment permitted on acceptable terms
- [ ] Jurisdiction, applicable law and dispute forum understood
- [ ] Currency and any price adjustment mechanism defined
- [ ] Notice provisions and addresses correct
- [ ] Allocation of transfer costs agreed in writing

MONEY

- [ ] Payment schedule tied to verifiable milestones where the property is under construction
- [ ] Funds protection mechanism in place, or the absence of one consciously accepted
- [ ] Payments directed to the contracting entity through traceable channels
- [ ] Source of funds documentation prepared

BEYOND THE CLOSING

- [ ] Holding structure decided with both Dominican and home country advice
- [ ] Succession position considered and documented
- [ ] Residency objectives identified, if any
- [ ] Complete transaction file assembled and stored where your family can find it

APPENDIX B

Terms you will encounter

Certificado de Título

Certificate of Title. The registered evidence of ownership.

Matrícula

The unique registry number identifying a specific registered property.

Deslinde

The judicial and technical procedure by which a portion of a larger registered parcel is individualized with its own title and boundaries.

Registro de Títulos

Registry of Title. The office holding the registry and issuing certifications.

Certificación de estado jurídico del inmueble

Certification of the legal status of the property, showing registered encumbrances.

Contrato de reserva

Reservation agreement.

Promesa de venta

Promise of sale. A binding agreement to complete a sale on defined terms.

Contrato de venta definitivo

The definitive contract of sale.

Arras

A sum given on contracting whose forfeiture consequences depend on its contractual characterization.

Cláusula penal

Penalty clause. Liquidated consequence of breach fixed in advance.

Puesta en mora

Formal placing of a party in default.

Intimación

A formal demand served through the appropriate channel.

Alguacil

The judicial officer who serves formal acts.

Acto

A formal instrument served by an alguacil.

Vicios ocultos

Hidden defects.

Rescisión and resolución

Termination of a contract, on distinct legal bases.

Restitución

Restoration of sums paid.

Fideicomiso

Trust, as established under Law 189-11.

Condominio

Condominium regime.

Declaración de condominio

The constitutive instrument of a condominium.

RNC

Registro Nacional del Contribuyente. National taxpayer registry number.

IPI

Impuesto al Patrimonio Inmobiliario. Annual property tax.

DGII

Dirección General de Impuestos Internos. The tax authority.

CONFOTUR

The tourism incentive regime under Law 158-01.

SRL

Sociedad de Responsabilidad Limitada. The most commonly used Dominican limited liability company.

Legítima

The reserved portion of an estate protected for certain heirs.

Prescripción

Limitation period.

THE PUBLISHER

About Caribbean Counsel

Caribbean Counsel is legal counsel for foreigners in the Dominican Republic.

The practice is buyer side. It does not act for developers, sellers or project promoters in the matters it handles for buyers, which means the analysis you receive is not shaped by a relationship with the party across the table. That constraint is deliberate, and it is the reason this guide could be written at all.

The work covers what a foreign owner actually encounters over a lifetime of holding property here: acquisition and due diligence, contract review and negotiation, closings and registration, disputes with developers, corporate formation and structuring, tax and residency questions, succession and estate matters, condominium and rental issues, and injury claims arising in the country. Everything is handled in English and Spanish, by counsel admitted and practising in the Dominican Republic.

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Ten years of Dominican real estate and litigation practice, built inside one of the country's top-ranked firms, representing international buyers in transactions and in court. Based in Punta Cana, where most foreign purchases in the Dominican Republic are made and where most of them go wrong.

Trained in negotiation under Carlos Jordana, professor at ESADE, consistently ranked among Europe's leading business and law schools. Separately, trained through the Program on Negotiation at Harvard Law School, the most recognised negotiation programme in the world. Postgraduate diplomas in enforcement proceedings and in civil liability under Dominican law. Practising in English and Spanish.

The analysis behind this guide draws on 3,000+ real estate and litigation matters and on a private research corpus of approximately 99,000 Dominican court decisions, assembled and searchable, which is used to test a position against how Dominican courts have actually decided the question rather than against how it is generally described.

A decade spent reading these contracts from both sides of the transaction is what produced the list of clauses in Chapter 5. Nothing in that chapter is hypothetical.

IF YOU WANT THIS APPLIED TO YOUR OWN TRANSACTION

This guide is deliberately general. Your transaction is not. If you are evaluating a property, holding a contract you have been asked to sign, or dealing with a purchase that has not gone the way it was described to you, the questions in Chapter 17 are the right place to begin, whether or not you begin them with us.

IMPORTANT NOTICE

This guide provides general information about Dominican law for educational purposes. It is not legal advice, it does not create an attorney client relationship, and it should not be relied upon in place of advice addressed to your specific circumstances. Statements of law reflect the position understood at the time of publication. Legislation, tax rates, exemption thresholds and administrative practice change, and their application depends on facts this guide cannot know. Before acting or refraining from acting on anything contained here, obtain advice from counsel qualified in the Dominican Republic who represents you.

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