

# Paradise Post

News From Ojochal, Costa Ballena,  
Costa Rica and Beyond

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October 2012



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## Earthquake Hits Costa Rica in September

With a magnitude of 7.6, considered to be quite powerful, an earthquake struck Costa Rica's coast last month. Despite the force, Costa Rica suffered remarkably little damage. Officials credit the limited effects to the relatively deep location of the quake and the strong building codes that are as strict as those in the quake prone countries of California and Japan. The structural codes were updated most recently last year.

## Updates from the Osa

Rainy season is nearing its end and we've been fortunate this year. There were no rain related issues of any significance. Several events are coming up in the area particularly centered around gourmet food (yum). Costa Ballena is very excited to announce a new food festival scheduled for January 26th called El Sabor de Ojochal. There will be food from numerous local restaurants, artists, music and more. A pre-event is scheduled for November 27th at Citrus where an 8 course dinner with food from different Ojochal restaurants will be served. Citrus is also serving Christmas dinner on the 24th and a New Year's Eve dinner with music on the 31st.

Local Indonesian restaurant, Ylang Ylang has doubled the size of their kitchen in preparation of offering cooking classes soon. The Roadhouse 169 Bar and Grill has added some

delicious, new menu items and opened a new Beer Garden with a covered stage with great lighting and sound. They'll also be opening a new game room with pool tables, darts and will hold poker tournaments. There's a new restaurant in Ojochal at El Castillo Hotel called AZUL serving Mediterranean food and there will soon be a restaurant at Hotel Buena Vista. There's a new gym in Uvita offering classes in martial arts for adults and children. Also our new bowling alley, Baxter Bowling, is coming along and should be opening within the next few months. Pura Vida!

Kristina Welburn  
[Kristina@PacificLots.com](mailto:Kristina@PacificLots.com)

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## Home Insurance in Costa Rica

Insurance to protect your home from disasters is easy to obtain in Costa Rica and is purchased through one company, a monopoly, "Instituto Nacional de Seguros" commonly referred to as the I.N.S.

The INS has offices throughout the country where you can buy a policy directly or you can purchase insurance through an agent who will help you with filing a claim. The value of the property being insured is determined by the applicant using actual cash value. Deductibles are fixed by the INS and average 20% per claim.

The INS is one of the most solid insurance companies in Central America and reinsures a large part of its risk internationally. The organization has more than 2500 employees and also offers a vast variety of policies

including those for health, auto, theft, life, travelers and business insurance.

There are 4 areas of home coverage available and a policy holder can cover the house, house plus contents or contents alone.

Coverage "A" covers fire and lightening damage

Coverage "B" covers wind, hurricane, cyclone, explosion, smoke, etc. damage

Coverage "C" covers flood and landslide damage

Coverage "D" covers quake, tremor and volcano damage

The value of the land does not enter into the picture and typically \$250 per year will completely cover a home worth \$100k.

[www.PacificLots.com](http://www.PacificLots.com)

## San Jose to Finally Erect Street Signs

Back in the 50's the streets of San Jose had names and buildings were numbered. What followed was massive migration from rural farms where the population lacked formal education, the signs and numbers fell into disrepair and were eventually lost, neglected and ignored. Currently, directions are given by reference to local landmarks and about 25% of the city's mail goes undelivered. San Jose Mayor Johnny Araya recently said "my current home address is "200 meters north of the Pizza Hut then 400 meters west." It may seem funny but he wasn't joking.

Last month city workers started installing 22,000 street signs in the capital city with a population of 1.4 million people. The project is costing \$1 million and is being funded by two local banks. It's expected to be completed within the next 7 months.

Google Maps do currently show street names in the city but locals do now know what those names are. It's quite challenging to find your way around as a tourist or a newcomer to the area. The signs will be helpful in that regard but the locals are a bit skeptical. They don't believe any amount of signage will prevent them from orienting locations "a la Tica" way.

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## Costa Rica's Tourism Continues to Grow

Costa Rica has continued to be one of the most desirable vacation destinations in Latin America. Once again the tourist figures have grown substantially. The Costa Rica Tourism Institute (ICT) indicated that the country received 1,285,599 tourists during the first 6 months of the year. This is an increase of 7.4% over the same timeframe in 2011. The ICT's goal has been to increase tourists by 5% each year. The majority of visitors came from the United States and Canada.

Allen Flores, the Minister of Tourism said that the increase reflects the country's attracting new airlines and increasing the frequency of flights resulting in an increase in number of seats available to fly into the country.

## The First Starbucks Opens in Costa Rica

For some it's a sad thing, for others it's a blessing but the first Starbucks Coffee has officially opened in Escazu, Costa Rica making Costa Rica the 60th country to host a Starbucks store.

Costa Rica is well known for outstanding coffee and Starbucks has been purchasing Costa Rican beans for nearly 40 years. The company has studied and replicated farming practices of Costa Rican farmers for several years. In 2004 Starbucks created a global agronomy office in the country and has exported Costa Rica's model of coffee agriculture to numerous countries throughout the world.

Although coffee production no longer has the prominence it once held, it surpassed all other crops in importance in 1829 bringing Costa Rica out of poverty. Even though coffee is still an important export, in recent times electronics, pharmaceuticals, software development, and ecotourism have become the prime industries in the economy.

Coffee cultivation was first undertaken on a large scale by a small group of planters shortly after Costa Rica's independence from Spain in 1821. Earlier, in the first half of the 18<sup>th</sup> century Costa Rica's trials with coffee were unsuccessful. Relatively isolated, Costa Rica was on no important trade route nor was it a regular port of call. Furthermore coffee was processed in Chile and shipped to Europe where it was sold as Chilean coffee at prices which seemed exorbitantly high to the Costa Rican planters. However in 1845 a British ship owner gave them direct access to the English market elevating Costa Rica from the country with the worst economic conditions in Central America to far surpassing the other nations in prosperity. The British, in fact, were the principal purchasers of Costa Rican coffee until late in World War II.

Costa Rica grows *Coffea Arabica* considered to be the most flavorful and smooth of the varieties. Costa Rican coffee is high in both quality and caffeine content. The climate (abundant rainfall and sunshine) and soil (slightly acidic and enriched by volcanic ash) in the central valley has proven to offer near perfect conditions



for its cultivation

Hand picked berries are trucked to processing plants where they are washed to remove the outer layer and to dissolve the gummy substance surrounding the bean. The beans are then laid out to dry in the sun in the traditional manner. The skin of the bean is removed by machine rubbing and the beans are sorted according to size and shape. Coffee is roasted before it is consumed which influences the taste by changing the bean both physically and chemically. During roasting caramelization occurs as heat breaks down starches in the bean changing them to simple sugars that begin to brown, changing the color of the bean. Dark roasts are generally smoother and have a more sugary flavor. Lighter roasts have more caffeine which results in a slight bitterness and a stronger flavor from oils and acids which would otherwise be destroyed by longer roasting.

Costa Rica is the only country where only the Arabica varieties, by law, may be grown. This is unique in the world. No other country regulates the quality of coffee as completely as does Costa Rica. It is truly the most carefully grown, harvested and processed coffee bean you may find.



Costa Rica named ferns after Lady Gaga "Gaga germanotta" and "Gaga monstraparva".

Do you see the resemblance?

## Welcome to the Neighborhood

John and Dana are newlyweds from Catasauqua, PA. Their current family includes a beloved English Mastiff named Colt along with John's two sons. John has been practicing Chiropractic medicine for 20 years while Dana manages the office. They both love to travel and have visited many countries.

As subscribers to International Living they conducted thorough research and decided to tour the Pacific Lots in Costa Rica. They immediately fell in love and were so impressed with everyone at Ventana del Pacifico. They felt right at home and knew they had to purchase a lot. They plan to begin constructing in the next year or two.

Although the home may start out as a vacation home, it will not be long before John and Dana relocate and start a family of their own since Costa Rica has so much to offer in regards to health care, education, hospitality and climate.



John and Dana from PA

## Costa Rican Exports See Dramatic Increase

For the first 8 months of the year Costa Rican exports increased by 9.9% over last year totaling over \$7.5 billion. According to Anabel González, the Minister of Foreign Trade "The diversification of product and market destinations of Costa Rican exports has been key to continue the positive trend in exports."

Jorge Sequeira, General Manager of PROCOMER, stated "Exports to North America, European Union, Central Asia continue to grow, driven by shipments of traditional products such as pineapple and coffee, as well as nontraditional medical devices, infusion and transfusion, and power lines."

North America is the main destination of Costa Rican exports at 42.3% of domestic goods. 18.1% of exports go to the European Union, 14% to Central America and 12.9% to Asia.

## Costa Rica's Mysterious Stone Spheres

In the early 30's plantation workers began to stumble upon what to this day remains a mystery. In parts of Costa Rica large, perfectly round, stone spheres were found throughout the jungle. Several hundred have been discovered ranging from softball size to 15 tons.

Researchers have yet to garnish how these spheres were made and what they symbolized. Unfortunately, virtually all of the spheres that have so far been discovered have been moved from their original positions altering a vital clue to their meaning.

The spheres have been primarily located in the southern Pacific zone and are believed to have been created sometime between 200 BC to 1500 AD.

Residents of the Osa Peninsula recently held a celebration called "OsaStock" featuring international artists including Boy George as part of their "Sphere Festival" which included a week of informative lectures by

scientists about the phenomenon. The aim of the celebration was to have UNESCO declare the area a World Heritage Site which the country will be applying for early next year.

Sculptor, Jorge Jimenez Deredia, said "The spheres are not only among the most ancient, magical and mysterious works produced by pre-Columbian civilizations, they are also a vision of the world, the expression of an atavistic and ancestral culture."

Costa Rican archeologist, Ifigenia Quintanilla, stated "What makes

the spheres unique is the technological sophistication in their crafting, nearly perfect and not only one but hundreds of examples." She said that the "mass production" of the spheres indicates a well organized effort of structured labor rare in Pre-Columbian societies.

Legends abound about their origin such as the spheres came from another planet or they're from the lost city of Atlantis. Other more practical theories include they were used as measuring devices or navigational guides.



## Costa Rica Finally Bans Shark Finning

It's estimated that as many as 73 million sharks are harvested annually for their fins. Shark finning involves removing the shark fins and discarding the remaining body in the ocean which leads to a particularly gruesome death. Sharks without their fins are unable to move normally and die of suffocation. Since the fins are the part of the fish that have value discarding the unwanted torsos in the ocean saves cargo space.

President Laura Chinchilla recently signed a Presidential Decree banning shark finning as well as banning the importation and transportation of shark fins to and from Costa Rica. The President also announced the investment of new radar systems to target lawbreaking fishing vessels.

The market for the fins is particularly strong in China where they're used in shark fin soup and traditional cures. Shark fins are among the most expensive seafood in the world where some can reach up to \$20,000 per fin.

Sharks are a crucial species and animal welfare groups vigorously oppose finning not only on moral grounds but also because it's the main cause of the rapid decline in shark populations.

Filmmaker and biologist, Rob Stewart, created the award winning film *Sharkwater* [www.sharkwater.com](http://www.sharkwater.com) which exposed the industry in detail and much of the footage was taken in Costa Rica.

It's estimated that 400,000 sharks were finned in Costa Rica just last year. The new law does permit catching whole sharks for food.

## Costa Rica Aims to Ban Hunting for Sport

Lawmakers in Costa Rica are aiming to become the first country in Latin America to ban hunting as recreation. The ban will still allow for subsistence hunting, fishing for sport and scientific research. The bill was proposed by a local conservation group after gathering the signatures of 177,000 Costa Ricans.

Millions of people visit Costa Rica each year to experience the country's great biodiversity. Tourism is big business for the country and environmental activist, Diego Marin, stated "We're not just hoping to save the animals, but we're hoping to save the country's economy because if we destroy the wildlife there, tourists are not going to come anymore,"

Jaguars, pumas and sea turtles are among the Costa Rica's most exotic and treasured species, and are often hunted or stolen as trophies.



## Local Women Develop Game to Teach Children About Rainforests



Jan Dwire and Erin Anthony both with homes in Ojochal, along with a small team in Costa Rica have developed an online game to teach kids about the importance and threats facing rainforests.

In the fast paced game 2 characters, Sophia and Juan Ramon, try to fight off a villain named Lee Zardo, a man destroying the rainforest to make money. In the process players learn about rainforests and how to protect them. The game is designed for children 7 and older and offers a free demo. At a certain point players need

to subscribe in order to progress. Jan stated "I believe that most people think the rainforest is worth saving. I don't think most understand why or what the threats really are. The Rainforest Rangers will put an educational tool in the hands of our children. Kids can be a great change agent once they understand the impacts."

The game is accompanied by an educational website with a "Teacher's Lounge" providing resources for teachers, parents, and counselors. There are also 100 topics covering rainforest threats, animal facts, water cycle, life cycle, plants, trees, etc..... Erin stated "Education is a big purpose of the game. We hope to give kids an appreciation early on for the jungle and what risks it faces. The game looks to speak to kids who live far away from these tropical places."

The game has been used in schools in Costa Rica, Canada, and the U.S. and is being marketed to zoos and aquariums. They offer group discounts and will work with independent school districts on bulk purchases. 10% of profits are donated to local schools and to support conservation groups within the country. For more information visit <http://therainforestrangers.com>



Jan Dwire and Erin Anthony

# Announcing Our New Home and Land Package Deal

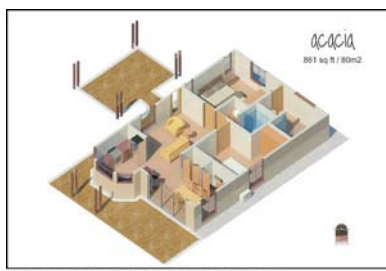
Here is our latest offering, a phase consisting of two bedroom, two bath homes available in three models at a fixed price. We are pleased to announce the recent release of our first phase of model homes. With prices ranging from \$140,000 to \$210,000 depending on model and lot chosen, there are 3 models, all 2 bedroom, 2 bath. These homes all feature AC in both bedrooms, granite counters in the kitchen and bathrooms and cedar cabinetry. Landscape is included in the price as is septic. This phase features artesian well water to all homes and wireless internet is available. The lots are small, averaging an 1/8<sup>th</sup> acre for low maintenance and easy care. The project features a community pool, a covered rancho like the one at the guest house (for meetings and events) as well as a grilling area and bathrooms. The price also includes septic installation, water and electric hookups and choice of exterior color. This phase consists of about 80 home sites and is situated in our Chontales development. The location is less than a mile from the new Hospital De Osa and close to where the new international airport is scheduled to be built. These will go fast so don't wait if you want a great entry level home with good rental potential.



Community Pool

## Acacia

860 Square Feet (80 Square Meters)



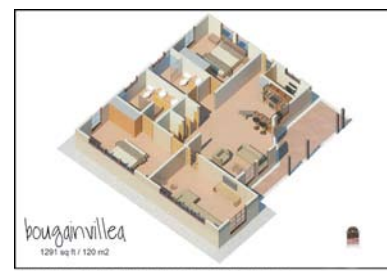
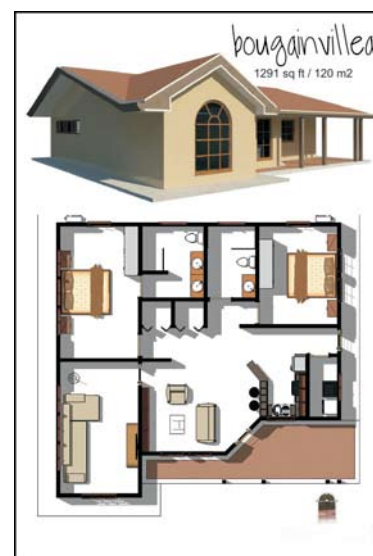
## Ixora

1076 Square Feet (100 Square Meters)



## Bougainvillea

1291 Square Feet (120 Square Meters)



Wow, the elections are one week away, the end of the world (according to the Mayan Calendar) is less than 2 months away and Hurricane Sandy is now in the history books. Costa Rica does not get hurricanes, doesn't treat politics like a circus and doesn't allow ownership of property within 600 feet of the ocean, avoiding major insurance losses like we may see in the northeast from Hurricane Sandy. Costa Rica has made some great choices, like abolishing their military by constitutional amendment, providing nearly free healthcare for all residents, making over 25% of their country national park or protected land and

providing free education. Speaking of visits, we are booking our tours at a brisk pace and selling out our tours quickly. If you want to visit this winter, I suggest you start planning now. Our new home/land package has received a huge response with over 700 emails in the past 3 days alone. Looks like another busy winter for our tours. As more baby boomers retire, demand in our developments continues to increase. Come see why we are the largest development for expats in nearly every country in Latin America.



*Stephen Linder*

[Steve@PacificLots.com](mailto:Steve@PacificLots.com)  
[www.PacificLots.com](http://www.PacificLots.com)  
305-295-0137

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## Tax Transparency Law and Tax Enforcement Strengthening Law

Some recent changes have taken place in Costa Rican tax law aimed at better collection as well as new methods to raise revenue. One of note is a new tax rule to collect real estate transfer taxes. There has always been a 1.5% real estate transfer tax but through holding property through corporate ownership, many have avoided paying this tax, resulting in an evasion of the real estate transfer tax by transferring the shares of the corporation that owns real estate.

On the 25<sup>th</sup> of September Costa Rica signed into law a new real estate transfer tax regulation. The new law was aimed at property transfers hidden through the transfer of corporations that own real property. Most property in Costa Rica owned by expats has been held in a corporate form. A shell corporation is set up simply to hold title to property. The advantages of doing so include limited liability, the ability to transfer the property to another simply by selling the ownership (shares) of the corporation, anonymity of ownership since the corporate form was an SA (Sociedad Anonima) and the ease of transfer of the property in the event one

of the shareholders passed away since the corporation is a legal entity in its own. At issue however was that under this ownership scenario, Costa Rica was not receiving the 1.5% property transfer tax when corporations were bought and sold simply as a method to transfer ownership of the property held in the corporation. The new law requires that the 1.5% tax on the value of any real estate holdings of the corporation is collected even if the sale was an indirect transfers of property through the sale of the corporation owning property. Now the sale is taxable and due within 15 days of the transaction.

Costa Rica has also recently put in an annual fee on passive corporations, the type that had been set up simply to hold real estate. Since there is no capital gain on corporate gains, this is really a way to collect tax on these real estate holding companies. Under the new law there is now an annual fee on passive corporations amounting to about \$220 per year.

## Digital Cable Service from ICE

The Instituto Costarricense de Electricidad (ICE) of Costa Rica which is the country's electricity provider has begun to offer digital cable TV service. The ICE is offering cable television through a product called Kolbi Home TV. Initially the product will be available in select areas and will be expended as demand throughout the country grows. ICE will offer various plans which provide 87 digital channels in various categories – national, entertainment, movies, news, sports, etc...; 49 audio channels, 11 pay per view channels, and access to video on demand with over 1,500 titles with prices varying from \$32.50 to \$45 per month.

