

SELLER FINANCING IN BELIZE

A Complete Overview for Property Sellers

Roles · Responsibilities · Risks · Rewards

info@lunarealtybelize.com

WHAT IS SELLER FINANCING?

Seller financing — also called owner financing or a vendor take-back — is an arrangement where you, the property seller, act as the lender. Instead of the buyer obtaining a mortgage from a bank, you extend credit directly to them. The buyer makes regular monthly payments of principal and interest to you until the balance is paid in full.

In Belize, where traditional bank financing can be difficult for many buyers — particularly foreign nationals, non-residents, or buyers of undeveloped land — seller financing is a widely accepted and commonly used practice. It opens your property to a far broader pool of buyers and can make a sale happen when a conventional bank route would not.

For the seller, it is also one of the most powerful ways to earn consistent, meaningful interest income on capital that would otherwise sit idle or be reinvested at lower returns.

HOW IT WORKS: THE BASIC STRUCTURE

A typical seller-financed transaction in Belize follows this structure:

- Seller can request the Buyer completes a financing application and provides a copy of their current credit score for the Seller's review.
- Seller reviews the application, assesses the buyer's financial position, and agrees on terms.
- A licensed Belizean attorney or reputable closing company prepares all legal documents — Promissory Note, Sale Agreement, and escrow instructions.
- All title documents and legal papers related to the property are placed into escrow, where they remain until the loan is fully paid off.
- The buyer takes possession of the property at a mutually agreed upon date and begins making monthly payments of principal and interest directly to the seller, usually the first of the month following close.
- The buyer is responsible for all transaction preparation fees and annual escrow fees throughout the loan period.
- The buyer pays annual property taxes and provides proof of payment to the seller by April 1st each year.
- Upon final payment, the escrow agent releases the title documents to the buyer, completing the transfer.

Key Terms You Will Negotiate:

Term	Details
Down Payment	20–50% of the purchase price. A higher down payment reflects greater buyer commitment and reduces your exposure. The down payment is retained by the seller under all circumstances.
Interest Rate	Typically 8–10% per annum. The rate tends to be higher when the down payment is lower or the term is longer — you are carrying more risk and should be compensated accordingly.
Loan Term	3–5 years, however it is becoming more common to see 10-year terms. Monthly payments are calculated on a fully amortizing principal + interest schedule.
No Prepayment Penalty	Buyers may pay off the loan early at any time with no penalty. This is standard practice and encourages buyer goodwill.
Default Clause	If the buyer is in default for 45 consecutive days — whether for missed payments, unpaid escrow fees or unpaid property taxes — the property reverts to the seller and the seller retains all money paid.
Escrow of Title	All title documents and legal papers are held in escrow until the loan is fully repaid. The buyer pays all annual escrow fees.
Property Taxes	Buyer is responsible for annual property taxes. Proof of payment (receipt) must be provided to the seller by April 1st each year. Failure to provide proof by April 1st constitutes a default event.
Property Alterations	The buyer must notify the seller in writing before making any changes that could affect the property's value. Unauthorized alterations may constitute a default event.
Buyer's Fees	The buyer pays all transaction preparation costs — attorney or closing company fees, document preparation, recording fees, and annual escrow fees.

YOUR ROLE AS THE SELLER-LENDER

When you offer seller financing, you take on responsibilities beyond a typical property sale. You become both seller and private lender. Your obligations are straightforward but must be taken seriously across three phases.

Phase 1: Before the Sale — Finding the Right Buyer

This is the most important phase. A strong default clause protects you after the fact, but selecting the right buyer prevents problems from arising in the first place.

You Can Require from Prospective Buyers:

- Completed financing application — details their income, assets, liabilities, and the source of their down payment and monthly payment funds. You need to understand where the money is coming from.
- Current FICO score — the buyer provides a copy of their credit score from their financial institution.
- Government-issued photo identification — passport or national ID.
- Proof of income or funds — bank statements, tax returns, or employment verification as appropriate.

Reviewing both the application and the credit score. These documents tell you whether the buyer can realistically service the loan — and protect you if a dispute ever arises.

- Review the offer to purchase with your real estate agent. A licensed Belizean attorney or a reputable closing company will then prepare all documents including a Purchase & Sales Agreement and Promissory Note.
- Ensure the Offer to Purchase is crystal clear: what events trigger release to buyer, what events trigger return to seller, and who the escrow agent contacts in each scenario.
- Confirm that all default triggers — missed payments, unpaid taxes, unpaid escrow fees — are outlined in the Offer to Purchase and documents prepared by the closing company.

Phase 2: During the Loan Period — Ongoing Monitoring

- Issue payment receipts and maintain accurate records of every payment received — date, amount, principal applied, interest applied, and running balance.
- Monitor the payment schedule and follow up immediately on any missed or late payments — the 45-day clock starts from the first missed due date.

Annual Property Tax & Escrow Fee Tracking

- Each year, track whether the buyer has paid annual property taxes and escrow fees.
- Property tax receipt must be received by you no later than April 1st of each year.
- If you have not received a copy of the tax payment receipt by April 1st, this constitutes a default event under the agreement — the 45-day clock begins.
- Similarly, track escrow fee payments. If the buyer fails to pay escrow fees, note this as a potential default trigger and follow up in writing immediately.
- Maintain a simple annual checklist: (1) Tax receipt received? (2) Escrow fee paid? (3) Payments current? Review each item at the start of every year.

- If the buyer requests approval to alter the property, review the proposed changes in writing and respond formally — do not give verbal approvals.
- If default occurs and 45 days pass without resolution, invoke the default clause: the property reverts to you, all money paid is retained, and the escrow agent is instructed to return all title documents.

Phase 3: At Loan Completion

- Confirm the final payment has cleared and the full balance is satisfied.
 - Instruct the escrow agent to release the title documents to the buyer.
 - Ensure all escrow accounts are closed and all records are filed and retained.
-

THE ROLE OF ESCROW

Escrow is the cornerstone of a seller-financed transaction in Belize. The title deed and all related legal documents are held by a neutral third party — the escrow agent — until the buyer fulfills every obligation under the agreement.

Why Escrow Protects You

- You retain effective control over the property's title until every dollar is paid — the buyer cannot sell, mortgage, or encumber the property without your knowledge.
- In the event of any default, the escrow agent holds the documents needed to reassert your ownership without court proceedings.
- All parties have clarity: the escrow instructions define exactly what must happen for title to transfer — or revert.

Escrow Fees & Tax Tracking

- Annual escrow fees are paid entirely by the buyer — state this clearly in the agreement.
 - Track escrow fee payments each year. If fees lapse, provide written notice to the buyer and add a clause allowing you to cure the lapse and charge the cost back to the buyer.
-

THE DEFAULT CLAUSE: YOUR MOST POWERFUL PROTECTION

What Triggers a Default

- Missed loan payment — buyer fails to make a scheduled payment and remains in default for 45 consecutive days

- Property tax non-payment — seller does not receive a copy of the annual tax payment receipt by April 1st
- Escrow fee non-payment — buyer fails to pay the annual escrow agent fees
- Unauthorized property alteration — buyer makes changes affecting property value without written seller approval

What Happens Upon Default (After 45 Days)

- The property reverts to the seller — possession and all rights return to you immediately.
- The seller retains all money paid — every dollar of down payment, principal, and interest received is yours to keep.
- The escrow agent is instructed to return all title documents to the seller.
- No court proceedings, no foreclosure process, no lengthy legal battle — the clause is self-executing per the terms of the agreement.

This is why the combination of a strong default clause, a meaningful down payment, title held in escrow, and clear annual obligations makes seller financing so powerfully protective for the seller.

RECEIVING PAYMENTS: RECOMMENDED PLATFORMS

One of the practical advantages of seller financing is receiving payments through modern, low-cost digital platforms. To minimize transaction fees and maximize the amount you actually receive, the following are recommended:

Platform	Best For	Notes
Venmo	US domestic buyers	Fee-free for personal transfers from bank or debit. Fast, familiar, and easy to track.
PayPal	US & some international buyers	Widely accepted. Use Friends & Family transfers to avoid merchant fees where applicable.
Zelle	US domestic buyers	Zero fees, direct bank-to-bank. Instant transfers — ideal for monthly mortgage payments.
Wise	International / non-US buyers	Best option for cross-border payments. Low, transparent fees and real mid-

		market exchange rates. Ideal for buyers paying in foreign currency.
--	--	---

Always document every payment received — platform, date, amount, and running balance — and issue the buyer a receipt or monthly statement. This protects both parties and simplifies any future dispute.

REWARDS & RISKS: SIDE BY SIDE

✔ REWARDS	⚠ RISKS
Exceptional interest income — earning 8–10% annually is a powerful return secured by real property	Buyer default risk — buyer may stop making payments
Sell at a premium — buyers willingly pay more when flexible financing is offered	Property condition risk — a defaulting buyer may neglect or alter the property
Reach more buyers — opens the market to those who cannot access traditional bank loans	Opportunity cost — capital is committed for 3–5 years
Steady, predictable monthly income for 3–5 years	Administrative responsibility — tracking payments, tax receipts, and escrow fees requires diligence
You keep everything on default — down payment, all principal, all interest paid to date	Inflation risk — fixed interest income may lose real value over the term
Title stays in escrow — buyer cannot sell or encumber the property without your knowledge	
No bank involvement — deal moves on your timeline	
Zero upfront costs — buyer pays all preparation and escrow fees	
No prepayment penalty — welcome early payoff and redeployment of capital	
Credit screening and financing application give you confidence in who you are dealing with	

WHY THIS IS A GREAT WAY TO EARN INTEREST

At 8–10% per annum, seller financing in Belize delivers returns that are difficult to match in most conventional investment vehicles. Consider the comparison:

Investment	Typical Annual Return
US Savings Account	~0.5–1%
US CD (Certificate of Deposit)	~4–5%
Investment Grade Bonds	~4–6%
Stock Market (average, variable)	~7–10% (with significant volatility risk)
Seller Financing in Belize	8–10% (secured by real property + strong default clause)

Unlike stocks or bonds, your return is secured by a real, tangible asset. If the buyer defaults, you get the property back plus everything they have paid. The downside is structurally limited; the upside is consistent, predictable, and backed by real estate.

PRACTICAL TIPS FOR BELIZEAN SELLERS

Best Practices

- Require a completed financing application AND a current FICO score before agreeing to terms
- Understand where the buyer's money is coming from — income source, employment, savings, or other assets
- Scale your interest rate to the risk profile — lower down payment or longer term = higher rate
- Keep a dedicated payment tracking log: date, amount, principal, interest, and balance for every payment
- Set a calendar reminder each year: if you have not received the property tax receipt by April 1st, issue a default notice that day
- Track escrow fee payments annually alongside tax receipts — treat both as non-negotiable obligations
- Require written notification for any property alterations and respond in writing — verbal approvals create disputes

- Use Zelle or Wise for payments where possible — low or zero fees means more money in your pocket
- No prepayment penalty is standard — welcome early payoffs, they return your capital for redeployment

QUICK REFERENCE SUMMARY

Topic	Key Point
Buyer Qualification	Financing application + current FICO score required before any agreement
Source of Funds	Buyer must disclose and document where down payment and monthly payments come from
Document Preparation	Always use a licensed Belizean attorney or closing company
Down Payment	20–50% — retained by seller under all circumstances
Interest Rate	8–10% per annum — higher rate for lower down payment or longer term
Loan Term	3–5 years (or longer), fully amortizing monthly payments
Prepayment Penalty	None — buyers may pay off early at any time
Default Triggers	45 days missed payments OR no tax receipt by April 1st OR unpaid escrow fees OR unauthorized alterations
On Default	Property reverts to seller, seller keeps all money paid — no court process needed
Escrow	Title and all legal docs held in escrow until full repayment
Escrow & Tax Fees	Paid annually by the buyer — seller tracks and enforces both
Tax Receipt Deadline	Buyer must provide proof of property tax payment to seller by April 1st each year
Property Changes	Buyer must notify seller in writing before any value-affecting alterations
Buyer's Costs	Buyer pays all preparation fees and annual escrow fees — zero cost to seller
Payment Platforms	Venmo, PayPal, Zelle (domestic) / Wise (international)
Contact	info@lunarealtybelize.com

DISCLAIMER

This document is provided by Luna Realty Belize for general informational purposes only and does not constitute legal, financial, or tax advice. Laws and practices in Belize may change. Always consult a licensed Belizean attorney, a qualified accountant, and/or a registered real estate professional before entering into any seller-financed transaction. For questions, contact info@lunarealtybelize.com.