

## IMMOVABLE PROPERTIES IN BORDER AREAS

The Ministries, agencies and institutions of the State Administration, whether centralized or decentralized (including Municipalities), must request prior authorization from DIFROL to sell, lease or grant concessions, permits or authorizations and, in general, enter into any transaction or contract in connection with national assets for public use, fiscal assets, or that are part of the estate of said institutions, that are fully or partially located in border areas of the national territory.

This obligation only affects the immovable properties located in the border area that belong to the Treasury or other State institutions. The sale, lease, as well as the entering into other transactions and contacts in connection with immovable properties belonging to individuals, located in the border area, are not subject to the prior authorization of DIFROL.

Said prior authorization is a requirement for transactions and contracts referring to public agencies as well as to individuals, whether Chilean or foreign.

**The petition must be formulated by the institution responsible for the administration of the immovable property.**

### Acquisition of Immovable Property by Foreigners in the Border Area and in the Bordering and Coastal Strips

The nationals from a neighboring country cannot acquire the possession and other rights in rem or exercise possession over or hold real estate – whether state-owned or private – that is fully or partially located in border areas. This ban affects both natural and legal persons from such countries whose main legal residence is in the neighboring country, or whose capital belongs in a 40% or more to nationals from the same country or whose administration and effective control is in the hands of nationals from those countries.

This provision does not apply with regard to the real estate referred to by Article 19 of the Law N° 19.420, real estate that comprises certain areas of the district of Arica indicated expressly and by name in said Article.

Notwithstanding the above and through a supreme decree based on grounds of national interest, the President of the Republic can exempt – by name and expressly – nationals from neighboring countries from the preceding ban and authorize them to acquire or transfer the possession or other rights in rem or exercise possession over or hold one or more particular immovable properties located in border areas.

The petition and its background information shall be filed in triplicate and include:

1. Name or trade name
2. Nationality
3. Legal residence
4. Marital status of the Petitioner(s)
5. Profession or trade of the Petitioner(s)
6. Specific indication of the legal transaction in question (sale, lease, etc.)
7. Intended purpose of the immovable property, enclosing an investment project when appropriate
8. Good conduct certificate of the Petitioner(s)
9. Documentation certifying their identity and nationality; and in the case of legal persons referred to by Article 7, subsection 2, of Decree-Law N° 1.939, documentation certifying their legal existence. All this background information must be duly authenticated before filing
10. Individualization of the immovable property, indicating surface area, boundaries, and its location within the district, province, and region
11. Property drawings, approved by the competent authorities, with graphic indication of its location in the sector
12. Certificates of registration and current possession, of mortgages and liens, of interdictions and bans, and of real estate lawsuits, issued by the corresponding Real Estate Registry

It is suggested to further enclose the Petitioner(s) address, telephone number, and e-mail.

The person concerned shall request the corresponding authorization from the President of the Republic, by presenting the petition to the Provincial Government or Intendancy corresponding to the site where the immovable property is located. Said petition shall be sent to DIFROL, who can request from the Petitioner and other public agencies the reports and background information it deems necessary.

Upon compliance with the above, DIFROL shall send the background information to the General Staff of the National Defense for their analysis and reporting. The reports – which shall be confidential – will be communicated to the President of the Republic, via the Ministry of Internal Affairs. The authorization decree is also signed by the Minister of Foreign Affairs and the Minister of National Defense.