

PROPERTY PURCHASE GUIDE

1- CHOICE OF PROPERTY

Be sure to choose a well-established locally based Real Estate Agent.

They know the area and will be able to provide reliable advice.

2- RESERVATION DEPOSIT

Once you have decided on the property you wish to purchase, you are likely to be requested to pay a relatively small reservation that will play as a security deposit to remove the property from the market.

It is now time to seek advice from a lawyer. You will have questions and it is best to have support from the very beginning. Within hours we make a basic check at the Property Registry Office to ensure that the property has no issues or, if there are, that these are manageable. You may prefer to pay the deposit into your lawyers' client account, subject to confirmation on the preliminary property check and your instructions.

3- FORESEEING

NIE: Tax Id number. The easiest way is asking your lawyer to obtain this for you.

Power of Attorney: It is normally convenient to let your lawyer deal with all the paperwork

(Power of Attorney can also include faculties to obtain your NIE, "two birds with one stone").

Bank account: This is not complicated to arrange in Spain. Your lawyer can introduce you to the most suitable

Bank for your particular needs. It is convenient to visit the branch personally if you have the time.

KYC (know your client). In compliance with anti- money-laundering regulations you will be requested to provide documentation to prove your address and the source of funds for your investment in Spain.

Finance: If you are planning to finance you must inform your lawyer before committing as much as 10% of the price, as this is normally non-refundable. Best play it safe; so share with us your plans and circumstances and we will find the best way forward for your particular needs.

4- EXCHANGE OF CONTRACTS

In about two weeks customary payment of up to 10% of the price should be made and contracts are exchanged.

This may vary from one deal to another, including omitting this step if you are a cash buyer and can complete quickly.

5- DUE DILIGENCE

This will be carried out by your lawyer. See reverse side for a general checklist.

COMPLETION

Takes place at the Notary Public, upon signing the title deed “escritura” and paying balance of price you will have obtained ownership of the property.

CONGRATULATIONS!!

REGISTRATION

Check with your lawyer that this will be taken care of and ask for your registered title deeds approximately 6 weeks after completion.

MORE INFORMATION ON...

NIE

Stands for “Número de Identificación de Extranjero” and is essentially your Tax ID number in Spain. To avoid queueing at the local Police Station and dealing with usual bureaucracy it is re-commended to grant Power of Attorney to your lawyer, so this is sorted with minimum hassle.

BANK ACCOUNT

Be sure you are introduced to a Bank with a good on-line banking system in English. Direct debits are common in Spain for local taxes and utility bills. Make sure that you check your Spanish Bank account on a regular basis (every two weeks for example) and that all debits are identified. If there is any undue payment, you can contact your Bank and reject it.

KYC AND ANTI-MONEY-LAUNDERING REGULATIONS

These regulations are quite stringent in Spain nowadays. Be sure to provide your lawyer and Bank with the requested information in this regard to ensure your transaction runs smoothly and is not blocked or stalled for lack of compliance.

FINANCE

Please be aware that finance in Spain may entail more costs than you are accustomed to. A mortgage on a property means an additional mortgage deed to be signed before a Notary and the corresponding taxes and registration fees. Take advice before committing to avoid surprises. For a very rough guideline you can expect the cost of your Spanish Mortgage to be in the region of 5% of the loan amount.

DUE DILIGENCE ON YOUR PROPERTY

You should discuss the following issues with your lawyer:

- Correct registration of the property, ensuring there will be no impediments for the registration of your title.
- Check whether the property is compliant with Town Hall planning regulations and that it has a First Occupation License in place.
- Ensure that existing mortgages on the property do not exceed the purchase price. This is not uncommon these days and should raise alarms when payments towards the price are to be made.
- Ensure all utility supply contracts for the property are duly in place. Sometimes electricity and water supplies on old properties may have issues that are best detected early in the process. Anticipate possible issues when buying Bank repossessions or new build properties where first time connections are yet to be made.
- Check on the tax value on the property and plan for future tax-reassessments to avoid surprises.
- If the property is a villa on a plot of land, you may wish to carry out a survey. Share this information with us also for an introduction to a reliable Architect or Technician. Check that registered metres coincide with the real surface or built areas. Otherwise, ask why and ask your lawyer to double check.

This list is not fully comprehensive, as each case is different, however it should give ideas for you to work with your lawyer efficiently for your own benefit.

UTILITIES

When buying a property, changes in the contracts and connection of the supplies may take some time. Check how long this may be in your particular case and allow for it in your travel and furnishing plans.

COSTS

If you are reading this guide, you are considering your first buy in Spain. Rather than detailing here all the costs, which may vary from one deal to another, this is a general guideline to avoid surprises; more detailed information should be provided in accordance with the specifics of your purchase.

Taxes when buying can be either Property Transfer Tax or VAT, if you buy from a developer.

As an example, Property Transfer Tax is levied currently in Andalusia as follows:

- Up to 400.000 €, at 8%.
- From 400.000 € to 700.000 €, at 9%.
- From 700.000 € upwards, at 10%.

VAT is 10% and when signing your title deed you will also be charged in the region of 1.5% on the purchase price as a sort of Stamp Duty.

If you add 3'5% on top of the taxes you will have enough to cover your lawyer fees, Notary and Registration fees, other small costs and, perhaps, some change will come back your way.

If you are intending to finance with a mortgage in Spain, please see finance section for additional costs.

AND AFTER COMPLETION ... CONVENIENT TIPS

We can manage setting your utility supply contracts and arrange direct debits when convenient (usually recommended).

- You may also wish to ask for some help with telephone lines and broad band connection.
- Insurance. More often than not, it is not sufficient with the general insurance in the complex and it is wise to set your own building and contents insurance to suit your

specific requirements. Ask for advice and also help with sensible quotes, which we can also assist you with.

- Once you have taken over your new property and collected the keys, it is recommended to change the locks in order to have full control of the keys in circulation.
- We will arrange for your non-resident Income Tax in Spain in the upcoming years.
- Whereas not compulsory, it is recommended to have a Will in Spain to ease things in the future. This is not a difficult task once you have spoken to us.

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