



## General Property Purchase Procedures in Spain

1. You find your dream property
2. Check the price/features/value compared to other similar properties in the same vicinity
3. Check your finances - do you need a mortgage? We have links with mortgage brokers
4. If you're buying a property from an existing owner, you should add 11% to the purchase cost as a typical level of associated charges. On a new property you should add around 8% to the purchase cost, although the quoted sale price may already include the IVA (VAT) at 4%.
5. How are you going to bring the money to Spain? Currency exchange makes a difference of thousands to any purchase. We have links with currency exchange specialists
6. Check what the location is like at other times of the year. Holiday centres can be great fun in the summer but can be deserted, closed, boring at other times of the year. How is the weather in the winter? Which shops, restaurants etc. are open in the winter?
7. Are you going to want to rent the property after you've bought it or do you need a rental income stream to cover the costs? If so, you should check what rentals have been yielded by that property over the past couple of years, check what are the running costs associated with the rentals (typically about 30% total - commissions, laundry, cleaning etc.) and work out who is going to do the rentals for you, if you're not going to do it yourself. Of course, we would be delighted to rent your property for you.
8. Are you going to manage the property by yourselves or do you want someone to look after it for you while you're away. Of course, we would be delighted to manage it for you. Whatever you decide, it's a good idea to have a local key-holder.
9. Review the location for longer-term facilities - schools, doctors, transport etc.
10. Check the nature of the local community. Do you want to be in an English environment? Do you want to be in a Spanish environment?
11. Check your language skills. If your Spanish is not-so-good, you ought to find someone who can be your interpreter. It's best if this is not your solicitor or estate agent, as this could create a conflict of interest. If you want to use your solicitor or estate agent, check you really, really trust them and ask for a couple of references.

12. Get yourself a GOOD solicitor. There are many, many properties in Spain owned by overseas nationals and their ownerships have been super-successful. However, there have been a few high-profile disasters and you don't want to be appearing in the Sunday papers! We can introduce you to some good local lawyers.
13. All property owners will need to have a foreigner's identification number (NIE). We can put you in touch with organisations that can help you to do this. You can do this yourself via the Spanish Consul but it's a long process.
14. Once you've got your NIE(s), you can open a Spanish bank account. Asking the locals is a good way to help you to decide which bank to use. If you want internet access, you'll have to ask for it.
15. Your lawyer gets in touch with the vendor's lawyer
16. Negotiate the price of your new home and the conditions. Conditions should include down-payment (how much and when), (typically 10%), finalisation date, where is the notary and who is going to interface with him, what fixtures and fittings are included.
17. Your lawyer checks the details of the property deed (escritura) with the land registry. This ensures that the vendor is actually the owner and also verifies whether there are any debts (typically mortgages) associated with the property. Your lawyer will get a "nota simple" from the land registry, which is a legal guarantee.
18. Your lawyer checks that all relevant building approvals have been given by all interested councils.
19. Your lawyer checks whether all charges associated with the property have been paid. These will be utility bills, council tax (IBI), community fees etc.
20. Your lawyer will tell you whether your property is part of an established community, who is the administrator and how much are the community fees. Owners' communities in Spain are considerably different to the equivalent in the UK. They are a real legal entity and the president has real power and authority. There's a good book called "You and the Law in Spain" which identifies this community structure - "horizontal ownership law".
21. Your lawyer will give you details of all charges associated with this purchase: lawyers' fees, ITP (stamp duty), notary fees, land registry fees, transfer tax etc. These should total to be about 11% of the purchase price. With effect from January 2012, stamp duty transfer tax on resale property has risen to 8% on properties up to €400,000; if over €400K, the amount between €400K and €700K is levied at 9% and, if above €700K, the amount over €700K is levied at the top rate of 10%. These amount to most of the charges. If you're buying a new property, these charges will come to a total of some 8% and will include IVA (VAT) at 4%, plus a stamp duty called AJD, which is currently 1.2%.
22. Who is going to insure the property? You ought to check what insurances you need. If you're buying in a development, there is probably an owners' association and they may well have a policy covering the buildings. If there is such a policy, what is included? What is excluded? If you might consider renting your property, the insurance company must know. Initially at least, it's probably better to be involved with one of the leading Spanish insurers, even if the premiums are a little bit higher.

23. You should discuss with your lawyer the plan for making a will in Spain. It's best to try to make it match your will at home and vice versa.
24. Your lawyer can make contact with the local council to check the zoning status of any empty land that may surround your property, as well as any roads, railway lines or other building works that are planned.
25. Once all these things are covered, you're ready to sign a private purchase contract with the vendor. This should be a simple document in which the vendor indicates their intent to transfer the property to the buyer - and the buyer indicates their intention to buy at the agreed price and conditions. You should also understand any let-out clauses included in the contract. This should protect the deposit given as part of the agreement to buy. You'll need to agree the date of signature with the vendor.
26. At this stage you will be expected to pay a deposit of between 5% and 15% of the purchase price, as agreed with the vendor. You should ensure that this is held in a secure account, which neither party can get at until the sale is closed. This should be part of your lawyer's responsibility. This deposit is non-refundable if you pull out of the purchase. If the vendor pulls out, your deposit is refunded and the vendor has to pay you the amount of the deposit as a penalty. You would normally sign this contract yourself, otherwise you'll need to grant a Power of Attorney to your nominated representative in Spain - could be your lawyer.  
  
You can now start to plan the date of completion, which depends on availability of all parties that need to be present.
27. You now move on to the completion stage and the final contract: "escritura de compraventa" is ready to be signed (this is effectively the deeds to the property). This is signed by vendor and purchaser before a notary, who is a local government official. If the property has an outstanding mortgage, the lending bank will also have a representative present. Once again, you sign this document (or your appointed representative)
28. At exactly this stage, the balance of the purchase price and all fees are payable by the purchaser. The property transfer is certified by the notary, who will read the document, all parties agree and sign.
29. Break out the champagne!
30. The original document is usually retained in the notary's office for a couple of weeks, while a copy is passed to the tax office and the land registry. Then it is available for the purchaser to collect from the notary's office. You should copy it immediately, store the copies in secure places and keep the original in a very secure place.
31. Your lawyer should now transfer all the utility contracts into your name and you should check that this has been done correctly, you are receiving the correct invoices and the correct amounts are being deducted from your bank account.
32. Plan your first party in your new home!

After your purchase you may need other things to be done, buy a car, change vehicle ownership, non-resident tax return, import a foreign car, building, plumbing, electricals, buy domestic appliances, satellite TV, A/C etc. etc. We can offer all of these - an all-in-house service.