



## **THE BUYING PROCESS // LEGAL PROCEDURES**

The legal procedures involved in buying a Spanish property can seem complicated, but we can help you with all of it. The following guide is intended as a brief introduction to some of the terminology used by Spanish estate agents, and we hope it gives you a good basic idea of Spanish legal procedures for buying property.

### **New Property**

Property that is owned by a developer/builder. All properties are sold freehold and carry a minimum 10 years structural guarantee. BUY ABROAD IQ has many contracts with local developers and we will show you around a range of developments best suited to your needs.

### **Resale Property**

A resale property is owned by a private individual, family etc. BUY ABROAD IQ has a wide selection of resale properties available to view for a variety of tastes and budgets. However, the golden rule is that before you make an offer you should be in a position to buy. Therefore, you need to be certain that you can raise the finances before making the offer.

### **Placing a Holding Deposit**

Once you have found a suitable property a holding deposit is required to reserve a property and remove it from the market. While the amount can vary from purchase to purchase, it is normally in the region of Euros 5,000. If you are interested in a property, you have to open a Spanish bank account and lodge this sum. This Euros 5,000 is paid to the vendor of the property on signing a reservation/holding contract. The remainder of the purchase price together with all fees has to be paid on completion (see below).

### **Signing a Reservation/Holding Agreement**

When putting a deposit on a property you must sign a reservation/holding agreement thereby reserving the property. This agreement will also act as a receipt for monies paid.

### **Appointing Your Abogado**

An Abogado is a Spanish solicitor who carries out all the necessary searches & handles all payments on behalf of the purchasers. It is generally advisable to engage the services of a Spanish solicitor to look after your purchase. BUY ABROAD IQ has a relationship with an experienced bilingual solicitor. She will ensure that the property has no debts attaching to it and that it is properly registered.

### **Completion Date**

This is the date on which the balance of the purchase price must be paid together with all fees and the title deeds are signed over to the new owner(s). This date should be set when signing the reservation/holding agreement. (note that with a new property 30 to 40% of the purchase price must be paid four weeks after signing the reservation contract and the balance on completion)



### **Signing of the Escritura (Title Deed)**

This is done on completion in front of the Notary in Spain by you or by someone (usually your solicitor) with power of attorney from you to sign on your behalf. Full payment less the deposit given earlier together with all fees (see below) is required before the title deed can be transferred into the name(s) of the new owner(s).

### **Notary**

The Notary is a lawyer appointed by the Spanish government to ensure that the change of title is properly executed. It is the Notary's job to make sure that the seller is legally entitled to sell and the taxes are paid. The notary will register the change of ownership in the Land Registry Office (see below).

### **Land Registry Office**

This is where all Escrituras (title deeds) relating to property transfers are registered after taxes have been paid and where the title and any charges against the property can be checked

### **Fees**

All fees are due on completion and are as follows:

7% of the value of the property for IVA (Spanish equivalent of VAT) for new properties or for transfer tax for resale properties

1% of the value of the property for legal fees

1-2% of the value of the property for Notary fee, Land Registry, changing of water & electricity, wills and NIE numbers

### **Taking Possession**

The handing over of the property and the keys will normally take place only when the full purchase price and all fees have been paid on the completion date.

### **Transfer of Services**

Having completed the purchase, it is necessary to connect or transfer services. For example, electricity and water need to be in your name.

### **Building and Contents Insurance**

This is your responsibility upon taking possession of your property, however, BUY ABROAD IQ can advise you on this matter

### **Community Fees**

If you purchase a property within an apartment block or complex, you are obliged to join its resident association which administers the general maintenance of the areas of common ownership, such as gardens, hallways, lifts swimming pools, exterior lighting etc. An annual budget is calculated to cover these costs, which is divided between all the owners according to the size of their properties. All owners have a vote to agree the budget at the annual general meeting.

### **Property Guarantees**

Spanish law states that all new properties must be guaranteed for 10 years, the architect and the builder being legally responsible for same. Most new developments also include a bank bond within the terms of their contract, guaranteeing each stage-payment and frequently a no-later than completion date.



### **Making a Will**

As Spanish inheritance-laws are different from the UK or Ireland, it is generally recommended that you instruct the solicitor to draw up a Spanish will covering the succession rights to your property

### **Hacienda**

The Spanish tax authorities (**equivalent to the Inland Revenue**)

### **Capital Gains Tax**

A tax that is paid on the gain made on a property when it is sold; the rate of the tax can vary. Your Abogado or fiscal representative will be able to provide accurate & up to date information.

### **NIE Number**

This is the "foreigners identity card" given to all non-residents purchasing a property in Spain. This should be obtained by all non-residents prior to purchasing a property.

**Note:** As the terms and conditions governing property purchase in Spain are subject to periodic changes, all points of information included in this buyers guide are intended as a guideline only