



JM-Promotions

Operating in the whole province of Málaga.

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Legal guidelines to buying property in Spain

1) Prior to viewing:

Prior to arriving in Spain, you should make sure that you have at your disposal sufficient funds to cover the reservation sum. The absolute minimum required is normally €3.000, but may be greater for higher priced properties.

If you do not have the means to lodge a reservation sum immediately, you may risk losing the property to another party who does have the reservation sum to lay down. There are virtually no exchange controls in Spain, which means that whether resident or not, you are free to obtain a loan or mortgage against your property in any currency and from any bank in the world. Spanish banks are quite willing to lend to non-residents purchasers of Real Estate.

2) Negotiating the purchase:

Once a suitable property has been chosen, the purchase terms and price will need to be negotiated with the seller. You may wish to make your offer subject to mortgage or Solicitor approval, or vary final completion dates, or the method of payment. The sales person may at this stage feel it of benefit to bring into the team a recommended Solicitor to assist in the negotiation making sure that any offer meets his legal criteria.

3) Choosing a Solicitor:

There are many excellent local Solicitors in Spain who may be fluent in your language, and experts in Spanish Law. A Solicitor will provide the legal guarantees for the purchase of the property ensuring that Spanish legal requirements are met and that the property is bought free of encumbrances, charges, liens or debt and up to date in all its payments of local contributions and community charges etc. The Solicitor may also assist the sales team in difficult and complex negotiations with the owner. Using a Solicitor from your home country will increase substantially your legal costs and most certainly will delay the sales process.

4) Purchase Process:

The purchase process has three steps, the first and most important step being the Reservation of the property, the next step is to sign the Private Contract and the third and final step is Completion.



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RESERVATION OF THE PROPERTY:

When you have found the property that you wish to buy, in order to have the option to purchase it, we must take it off the market. When we pay the holding deposit to the property owner, he has to sign a document, in which he gives you the option to buy the property.

After the first step has been taken care of, your solicitor will proceed to carry out all the necessary searches and investigations of the property with the relevant authorities in order to ensure that the property you are purchasing is in perfect legal conditions and free from any charges, debts or encumbrances. In the case of a new property, we will ensure that the constructors are reputable and solvent and will obtain guarantees that the property will be constructed and delivered according to the agreed terms and conditions.

In the event that your solicitor should find any abnormalities with the property in question, the reservation deposit will be refunded to the buyer.

PRIVATE CONTRACT:

Once the searches are complete, and we are absolutely certain the property is legally declared in the best conditions to purchase; a Private Contract is drafted and signed by both parties. This Private Contract sets out all the details of the agreement, payment terms and Completion Date. During this stage the buyer puts down a non-refundable deposit less the holding deposit paid at the reservation stage.

COMPLETION:

Completion on the purchase of the property takes place in the presence of a Spanish Notary, when the buyer and the seller sign the Title Deeds (Escritura de Compraventa) of the property. The Notary is an official of the State, his duty is to certify that the contract has been signed, and that the purchaser and seller have been advised of their tax obligations. He is the person that makes sure that all the legal requirements are in place and that the Completion money is paid.

TITLE DEEDS AND REGISTRATION OF YOUR PROPERTY

Once the completion process has been finalised and you have become the owner of the property in question, we then proceed to register the property at the Land Registry office so that you will appear as the new legal owner. The Land Registry will notify us as soon as the Deeds are available for collection, which normally takes place between two and three months after the signing of the Deeds.

UTILITIES

We will arrange for the utilities of the property (electricity, water, etc.) to be registered in your name and for the bills to be debited to your Spanish bank account. If you do not have a Spanish bank account or an N.I.E number we can obtain these for you.



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5) Costs involved in purchasing a property :

There are in principal three fees and two taxes to pay when purchasing property in Spain. As a rule of thumb, you should budget the combined total of these amounts will be around 9% - 10% of the purchase price without mortgage and 12% - 13% with mortgage (all included).

The fees are as follows:

- 1) **Solicitors Professional Fees:** Minimum of € 1.200,00 - or 1% of the purchase value whichever is the greater, plus value-added tax (V.A.T.) currently charged at 16%.
- 2) **Notary fees:** the scale is fixed by law and may range from €300,- for lower price properties to €850,- for higher priced properties, and depends on the Notary.
- 3) **Property Registry:** as a rule of thumb, 60% of what the notary charges.

The taxes:

Transfer tax (ITP) at 7%, or when buying from a promoter, developer or habitual trades, VAT at 7% or 16% plus Stamp Duty at 1%. The VAT rate of 16% is applicable when purchasing parcels of urban land, commercial premises, or garage spaces.

Plus Valia: normally payable by the vendor but it may be stipulated that the buyers pay. Who pays this will be discussed in the negotiations and in consultation with your Lawyer.