



## Guide to Buying a Property in Spain

### Getting started

Before you make an offer on any property in Spain you need to make sure you are in a position to buy. Whether you need to free up money from an existing property or arrange a new mortgage, our team of experts are on hand to advise you.

The golden rule is to be prepared to move quickly when you have found the right property so ideally you need to open a Spanish bank account to lodge your deposit money when you first start your property search.

### How do I choose between a new or resale property?

A new property is owned by a developer or a builder. All new properties in Spain are sold freehold and carry a minimum 10 years structural guarantee. Our Spanish Office carefully selects its partners and collaborates with only the best quality builders and developers in the region.

A resale property is owned by a private individual, or a family. A Home in Spain offers a wide selection of resale properties to suit all tastes and budgets. When you come on an inspection trip we will show you a range of both new and resale properties within your taste and budget.

### What happens when I have chosen my property?

Once you have found your property you will need to be in a position to place a holding deposit in order to reserve the property and remove it from the market. While the amount can vary from purchase to purchase it is normally within the region of 3,000. This holding deposit 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.

### Why do I sign a reservation / holding agreement?

When putting a deposit on a property you need to sign a reservation / holding agreement to reserve the property. This agreement will also act as a receipt for monies paid.

### How do I find an Abogado?

An abogado is a Spanish solicitor who carries out all the necessary searches and handles all payments on your behalf. A Home in Spain works in partnership with a team of experienced bi-lingual solicitors. They will ensure the property has no debts attached and is properly registered.

### What happens on the completion date?

This is the date in which the balance of the purchase price must be paid together with all fees, and the title deeds are signed over to the new owners. This date is normally set when signing the reservation / holding agreement. On a new property 40% or 50% of the purchase price must be paid four weeks after signing the reservation contract, and the balance upon completion.

### Signing of the Escritura (The title deed)

This is done on completion in front of a Notary in Spain. Either yourself, or someone to whom you have given power of attorney will sign the escritura. It is at this point that the full payment plus fees (less the deposit) are required to be paid to the existing owner before the title deed can be transferred into the names of the new owner.

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### What is a Notary?

The Notary is a lawyer appointed by the Spanish Government to ensure the title deed is properly executed. It is the Notary's job to ensure the seller is legally entitled to sell and the taxes are paid. The Notary will register the change of ownership with the Land Registry Office.

### Land Registry Office

This is where all Escritura (Title Deeds) relating to property transfers are registered after taxes have been paid and where the title deeds of any property can be checked.

### What Fees do I pay?

All fees are due on completion and are as follows:

- 7% of the value of the property for IVA (Spanish equivalent of VAT).
- 1% of the value of the property for legal fees
- 1% - 2% of the value of the property for the Notary Fee, Land Registry, changing the water and electricity, making a will and NIE numbers.

### When can I take possession of my property?

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

### How do I handle transfer of services?

Your solicitor takes care of the transfer of services, (for example electricity and water) into your name upon completion. Our Spanish Office will help with all other after sales services.

### Do I need to take out Building and Contents Insurance?

Yes. This is a legal requirement and your responsibility upon taking possession of your property. We can advise you on this matter.

### What type of mortgages are available?

You can finance the purchase of your property using a UK or Spanish mortgage. Many buyers have significant equity in their UK home and choose to fund their purchase by increasing their UK mortgage.

Alternatively, Spanish banks will lend non-residents up to 70% of the value of their property subject to satisfactory proof of income. The mortgage is secured on your Spanish property, and interest rates are based on the European Inter-Bank lending rate, and all payments are in Euros. Arrangement fees are typically 1.5% of the amount borrowed.

All Spanish mortgages are traditional repayment mortgages. No interest only or endowment options are available.

We work closely with two of the biggest banks in Spain, who operate locally on the Costa Blanca. Part of our service is to introduce you to these professionals so you can discuss your options.

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