



## BUYER'S GUIDE

If you have decided to look for a new home for your family, rest assured that we will do our very best for you! We have designed this guide to assist you in the purchase process. We have an experienced team that will accompany you throughout the process and will be at your entire service for any questions or queries you may have.

### 1. Choice of housing type

We advise you to transmit us clearly your wishes and desires before you visit us in Spain. We will take in account every aspect of your wish list and come up with the property that matches your wish list and that in our view, is best for you!

We will show you the plot / show house / project where your new home will be located, so you can check for yourself the locations, the views and the quality of the construction and materials.

### 2. Hiring a Lawyer

After deciding to buy one of our proposed properties, we recommend that you hire the services of a lawyer to represent and advise you throughout the purchase process in a way that is easier for you. In the case you need it, we always can recommend a trusted lawyer.

Your lawyer will then be responsible for carrying out the necessary legal procedures of the purchase process, which will be the following:

1. **Verify ownership of the property** in order to verify that the seller is the owner thereof and that said property is legally registered in the Property Registry and that it is **free of charges and debts** (mortgages, foreclosures, etc.)
2. Check that the property has the necessary **planning permission** and **building licence** granted by the City Hall.
3. Guarantee that the **property complies with the legal building regulations**.
4. **Review and sign the private contracts** (reservation contract and purchase agreement) as well as the **public contracts (title deeds)** necessary to execute the purchase transaction.
5. Payment of taxes and fees resulting from the purchase and **registration** in the corresponding property registry.
6. Contracting of supplies in your name and **registration in municipal taxes** for the ownership of the property.



### 3. Legal purchase procedure

The usual procedure consists of

- I.- firstly, signing the **reservation contract**,
- II. - then, once the construction license is obtained, the **private sales contract** will be signed, at which time the construction of your home can begin.
- III. - Once the building works are finished, the **public title deeds** will be signed.

#### I. RESERVATION CONTRACT

The promotor will provide you with the reservation contract in which all the terms and conditions of both the property that is being reserved and the reservation itself are detailed.

To be able to formalize the reservation contract you will be asked to **pay a deposit**.

(in most cases, from €6.000 to €10.000€, plus 10% vat - for an apartment)

(in most cases, from €10.000 to €50.000, plus 10% vat - for a villa)

This is a usual procedure to proceed to withdraw the property of the market and justify the purchase intention on your part.

#### II. SALES CONTRACT

- Once the private contract is signed, both parties - buyer and seller - are legally subject to the purchase and sale of the property.

- With the **signing of this sales contract** the buyer will have to make an equivalent **payment of xx % (plus 10% vat) \*** of the sales price, , discounting the already paid amount of the deposit. (\* most promoters ask a **30% down-payment**, but this % varies from project to project, and from promoter to promoter)

- The next payment ( from **10% to 30% of the sales price, plus 10% vat \***) coincides normally with the start of the **construction works**. (\* every project has it's own payment terms&conditions)

#### III. SIGNATURE OF THE TITLE DEED

When your house is totally finished and ready for handing over the keys, it is time to sign the final document of public nature: **signing the title deed** of your property at the notary.

For this, on the day of signing, the buyer or his legal representative will be responsible for organizing the **payment of the last outstanding amount of xx % of the total sale price, plus 10% vat\***. (\* this percentage can vary from **30% to 60%** - depending of what has already been paid before)

The signature can be made with the presence of the buyer or by another person who represents him by **power of attorney**. From this moment you are the legal owner of the house and you will get the keys of your new home. Congratulations!

#### TAXES AND REGISTRATION

Next, the **payment of taxes and fees** resulting from the purchase and the **registration of the title deed** must be made **at the Property Registry** of the city where your the property is located.

Simultaneously, it will be necessary to effect the registration or **change of ownership in the supply contracts and municipal taxes in the buyer's name**, in addition to requesting the direct debit of the same in the buyer's bank account.



## **PURCHASE COSTS**

We estimate that the current costs associated with the purchase of a **new home** in Spain range **between 13% and 14%** of the total price of the property.

The approximate breakdown of costs would be as follows:

- V.A.T. (value added tax or "IVA" in spanish): **10%**
- Legal fees: **1%** (depending on the law firm and the services provided )
- Notary and Land Registry: **1%**
- Autonomous taxes: **1.5%** Tax on Transfer of Property and Documented Legal Acts

## **MORTGAGE COSTS** (if applicable)

- Mortgage fees: 1-2% (depending on the bank and mortgage conditions)

## **ANUAL EXPENSES** (after purchase)

- Tax on real estate (IBI)
- Garbage collection tax
- Maintenance of gardens and pools
- Home insurance
- Supplies invoices (electricity, water, gas, telephone, etc.

The information detailed above is intended only as guidance, in no case is it intended to replace any legal advice. For legal and fiscal advice concerning your specific case, you should consult a legal advisor and a tax advisor.



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