

PROPERTY PURCHASE GUIDE



RESERVATION DEPOSIT AND CONTRACT

Once you've identified the perfect property, the purchase process initiates with a reservation agreement, a pivotal step that temporarily removes the property from the market while also securing the agreed-upon purchase price. The deposit required at this juncture typically falls within the range of 3,000 to 12,000 Euros. To facilitate a seamless transaction, it's advisable to ensure the availability of funds before your arrival in Spain.

For the reservation fee, using a credit card or making a bank transfer is the preferred method of payment. Opting for a credit card or bank transfer ensures efficiency in the process. On the contrary, using a cheque, especially from a foreign bank account, is not recommended. The clearance period for a foreign cheque in a Spanish bank can extend up to approximately 14 days, potentially jeopardizing the acquisition of your chosen property due to the delay.

EXCHANGE OF PRIVATE CONTRACTS

Typically, within around 14 days following the signing of the reservation agreement, the next crucial step involves the signing of the private purchase contract between the buyer and the seller (or their duly authorized representatives). Concurrently, your legal representative should conclude the necessary investigations and searches related to the property. During this period, your lawyer will collaborate with the seller to formalize the process for clearing any outstanding debts.

As customary practice, a payment ranging from 10 to 50% of the purchase price is made at this stage. These funds can be securely lodged in your personal Spanish bank account, which your lawyer can assist in setting up. Alternatively, your lawyer may arrange for an account to be opened on your behalf or utilize their escrow account. It's worth noting that Diana Zuuring lawyers have successfully negotiated competitive rates with select local Spanish banks to benefit their clients.

FORMAL COMPLETION AND EXCHANGE AT THE NOTARY

In Spain, the formal conclusion of a property sale is marked by the signing of the title deed (escritura de compraventa) before a Public Notary. This crucial step involves the completion of the agreed final payment, and at this juncture, possession of the property is officially transferred to the new owner. In instances of new builds, the process might extend up to 18 months before reaching completion, with payments typically occurring in stages every two to four months. Accepted payment methods include banker's drafts, cheques from a Spanish bank account, or bank transfers



REGISTRATION

After signing the title deed, the notary will promptly send a copy to the local land registry. Your lawyer will efficiently handle the payment of all pertinent transfer taxes on your behalf and manage the formalities associated with registering your title deed. The conclusive registration of the title deed might span several months. Additionally, your lawyer will facilitate the transfer of utility service accounts, such as water and electricity, ensuring a seamless transition to your Spanish bank account.

PURCHASING A PROPERTY IN A NEW DEVELOPMENT

When acquiring a property within a new development, the developer typically furnishes bank guarantees for each payment made toward the purchase price. While some developers offer these bank guarantees without charge, others may apply a percentage fee. The bank guarantees serve as a safeguard for your payments. In the unlikely scenario where the developer fails to complete the property, faces liquidation, or experiences delays beyond the agreed-upon timeframe, resulting in your decision not to wait, all funds will be promptly refunded. It's important to note that new properties are handed over without water and electricity connections, a matter that can be efficiently addressed by a lawyer. However, the process of connecting these services may take up to four weeks post-completion. Therefore, we recommend refraining from making any plans to occupy the property during this period. Under Spanish law, the developer will issue you with a liability construction guarantee

FEES

Notary fees : the notary charges according to a fixed scale, depending upon the official value of the property. The charges may range from 300 to 1200 €

Property Registry : Generally 60-80% of the notary fee

TAXES

On a resale property, Transfer Tax (ITP) is at 7% and applicable on the purchases which is payable upon completion. When buying from a developer, you will pay VAT (IVA) at 10% which is payable with each installment, plus Stamp duty at 1,5 % of the property price. A VAT rate of 21% is applicable when buying commercial premises, plots of land or garage spaces.

MORTGAGES

Spanish banks are open to granting mortgages to non-resident property purchasers in Spain. The mortgage duration is contingent on the buyer's age but can be extended, with a maximum tenure of 30 years. Typically, the amount borrowed ranges from 60% to 70% of the property's value, determined by your income and assets. To secure a mortgage, you'll be required to furnish evidence of your ability to meet repayment obligations. Most banks generally seek monthly earnings exceeding three times the mortgage installment.

We can assist you with a mortgage broker

CHOOSING YOUR LAWYER

It is recommended to engage a lawyer based in Spain who will furnish the necessary legal assurances for the property purchase, guaranteeing compliance with Spanish legal prerequisites. Your lawyer will meticulously verify that the property is acquired free from encumbrances, liens, charges, or debts, and that all local contributions and community charges payments are current.

Our office is working for years with one of the most famous lawyer office of Marbella.



