

Spanish Property Purchase Guide

So many things have to be considered when deciding to purchase a property in Spain. It can all seem a bit much for you to take in all at once. This is why it is essential you find trustworthy people who can represent you in the area you chose to purchase.

Everybody has heard a horror story or two about friends, friends of friends, associates or family members that have bought a house in Spain and had terrible experiences causing incredible frustration and stress, let alone possible financial loss.

These cases are very easy to avoid if you take some time to investigate a little and see how things work in the country you want to live in. There is a wide selection of Estate Agencies in Spain, so choosing the right one is quite important as you will be spending quite a lot of time with them. Once you have your new home you will visit your agent on a regular basis until you are more familiar with the Spanish way of life and how things work. A good agent/client relationship makes a whole world of difference.

Normally you can find out a lot from other clients who have purchased through the local agents on forums and property sites. In most villages or towns there are English communities, and no doubt there is a preferred bar or restaurant where everyone meets on a market day or weekends. They are the best places to find out how their personal experiences were and then to judge for yourself.

There are some wonderful Agents here who are more than willing to help you through the whole procedure and even include some extra post-purchase services.

In Spain a lawyer is needed for most procedures, we strongly advise you to always involve a lawyer, especially for the purchase of a property. Most Estate Agents here in Spain have their own lawyers who they work with. This is wonderful and often reduces the costs yet we would suggest using an independent English speaking lawyer who works **only for you and your interests**. The agent will provide you with a list of lawyers in the area or you can ask the Colegio Oficial de Abogados *Spanish Law Society*.

Where do I start:

Decide on a budget, making sure you have included all of the possible extras that may arise – check our Spanish Property Purchasing Guide for all fees, etc. Take into account the expenses for the removals, transporting pets, etc.

Decide on an area depending on your budget, Spain is such a big country and has so much to offer, sometimes only 20 kms inland houses can be found for half of the price than those on the coast line.

Contact an Estate Agent of your choice and organize viewing dates with them, try to get the agencies to fit the viewings all within your stay. The agents know that you are not only viewing with them so they won't have a problem fitting in with other agents from other areas. If you go to more than one agent in the same area, they may not take you seriously and not put 100% effort in, so it is best to go with one agent in every area. If you see a house in a newspaper or on the internet that you particularly like but the agent you have chosen does not have that particular property, they are normally more than willing to find the house and contact the owners for you.

Renting a property in an area you like but don't know very well before purchasing is a great idea. Trying to buy a home over the phone or on the internet is not at all easy. How many times have we all booked a holiday through an agency who has told us the accommodation is only a 5 mins from the beach, they forgot to mention needing a Concord to achieve this!!!

It is always a good idea to use Google Earth to view all of the properties you like and find out all the possible information available before you make any decisions. The commitment you are about to make, and also a considerable investment, should not be taken lightly and you need to know you are making the right choice.

When you decide on a property that you want to buy you will need an NIE number you cannot buy anything without it, not even a car! Your agent or lawyer can make an appointment and take you to the Police station, it is always best to go with your representatives as they know how everything works.

You can also open a Bank account whilst you are here, once you have your N.I.E. number, the bank will let you open one. Check the maintenance fees and any hidden (small print) costs they charge on the account before

you open one and please ask for all of information in writing with a date on it. Going to a few branches is a good idea as every bank has different offers and special deals over here. Either your Agent or your Lawyer will accompany you to the Bank, never try and go alone at the beginning, it is always best to take a Spanish speaking person who knows the banking system here and if they know the cashiers, clerks or manager in the bank even the better. Here in Spain more often than not, it is who you know not what you know!!

Once you have both of the above you are now ready to decide on a property.

Whether you decide to rent or buy there will be a contract to sign. When renting in Spain the Estate agents will charge one month's rent for their fees. For example; if the property you wish to rent is 650 € per month the agency will charge you 650 € commission. You can try and be clever by going direct to the owner yourself – beware! There are many stipulated laws in Spain, whether your rental agreement states otherwise, in a court of Law it is statutory law that counts. We would also suggest going through an agent/lawyer, it may cost you more at the beginning but can save you thousands in the long run. And if anything should get sticky, having an agent involved means the finger can be pointed at somebody!! When you purchase a property here in Spain it is the vendor, unless stipulated otherwise through mutual agreement, who takes care of the Estate agents fees.

Important points to remember: you should not hand over any money until your lawyer or agent has checked the legal situation of the property, making sure the house is free from debts and charges and that it has the necessary documentation such as the corresponding title deeds, that the property is registered in the Land Registry, etc.

For different types of houses the documentation will vary. If you are purchasing a second hand flat, a town house, the checks and documentation for the property are relatively straight forward but for a villa on an urbanisation or a country property there is additional groundwork to be carried out to ensure the land has the necessary permit and that there is no urban infraction on the property.

Once it has been ascertained that the legal situation is all in order they then proceed to prepare a sales contract ([Contrato de compra-venta](#)), in English and Spanish, where all of the conditions of the sale are set out, such as title, purchasers names, vendors names, description of the

property, price, form of payment, any charges on the property and responsibilities in the case of non-compliance etc.

This private contract will be signed by yourself and the vendor directly or, in the case that either or both cannot be present, lawyers with powers of attorney, by one or both parties will sign on your or/and their behalf. The same applies for the signing of the Title Deeds ([Escritura Publica](#)) before the Notary. To give Power of Attorney to a lawyer, or person of your choice, this must go before a Spanish Notary or Consulate office where you will stipulate for what exact purpose you wish to give that person a Power of Attorney, both parties will sign and that is valid until revoked, or in the case of stating only for the property purchase, then it will be nulled once the sale is completed.

The date for the completion of the sale will be stated in the sales contract. On this date, or at an agreed earlier date, all parties, or their legal representatives, will be present before the Notary and will transfer the title deed of the property to the new owner.

As follows are the additional expenses that must be taken into consideration whilst sorting a budget for the purchase of a **second hand** property.

- Transfer Tax – [ITP Impuesto de Transmisiones Patrimoniales](#) this is 10% of the official sales price.
- Stamp Duty – [AJD, Actos Jurídicos Documentados](#) – 1,0% of declared value.
- Notary Fees – [Gastos Notariales](#). Approximately 1%- 1.5% of declared value.
- Land Registry Fees – [Gastos del Registro de la Propiedad](#) - this is normally half of the Notaries fees, however it is best to calculate 1% of declared value.

- Independent Lawyer/Solicitor fees- [Honorarios del letrado](#). You are always best advised to talk directly with the Lawyer and ask them what they will charge.

At the moment as a general rule of thumb the costs of buying including all fees (excluding lawyers) will be around 12% of the declared value on the new title deed.

This can however, vary depending on the individual case of the property so it is always best to consult a professional in advance and get an estimate.

For further information please contact us with your queries.

Happy House Hunting ;)