



*Costa del Sol
Buyers Guide*

Buying steps



When you have found the property of your dreams these are next steps to be taken.

1. Depending on your choice it will either be a new or resale property.
We will of course help with the negotiation of the price, terms & conditions.
2. When the purchaser & seller both agree on the price, terms & conditions of the sale it is time to instruct a professional competent solicitor (see Your lawyer)
3. *Paying a deposit*
Next step is to pay a deposit and sign a reservation contract (usually you pay between 6.000 and 10.000 euros depending on the value of the property) to take it off the market for a short period of time. This will give the purchaser/s time to organise a mortgage or any finance that may be required.
4. *Signing the Private Contract*
The private contract will be signed within 2 – 6 weeks at which point the 10% is required to be paid of the purchase price or sometimes more than 10% when it concerns a new home (minus any reservation deposit that has been paid).



Buying steps



5. Signing of the Title Deed

This is the last step before completion. The vendor and the buyer (or representative/ solicitor who has power of attorney) will be signing the title deed in front of the Notary after all documents and money is in place.... (see also mortgages)

Now you are the proud owner of the property and will be handed the keys!

6. After service

Our service doesn't stop after we found you a home (see After service !)



After Service



Our service doesn't stop after we found you a home. We offer this after service exclusively to all our clients.

We can help with complete interior design for your property, refurbishments, key holding, all kinds of installations, cleaning services, buying a car etc. etc.

We have built a network over the years of trustworthy professional partners offering all kinds of services that we would highly recommend if required.

Of course you decide what your needs are!



Mortgage advice
Lawyers
Insurances
Interior design and
furnishings
Management/cleaning
Renting
Selling
Home staging advice
Building works
Maintenance



Buying cost



There are different taxes and costs that need to be added to a new or resale property transaction on the Costa del Sol.

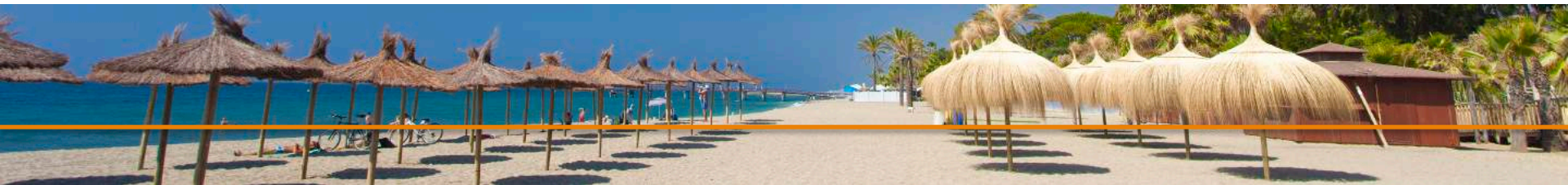
Listed below is an overview of the taxes and payments you can expect;

A. New property from the developer

VAT (IVA in Spanish), this tax will apply when the developer sells the property for the first time. The VAT is 10% of the purchase when buying a residential home - like apartments, villas, townhouses etc. and 21% on plots and commercial units like shops. Down payment and other payments for the transfer of the property are subject to VAT. This tax will be paid by the buyer. Stamp duty (AJD in Spanish) is 1,5% of the purchase price. The buyer pays this tax charged to make all documents legally effective.

B. Existing homes (a resale)

Transfer tax (ITP in Spanish) is applicable when the property has been sold initially by the developer (1st registration) and is now owned by a private person or company. The level of this tax to pay is dependent on the Autonomous region in Spain, in which the property is located. In general the tax is 8% up to 400.000 Euro, 9% on the remaining amount up to 700.000 Euro and 10% on the portion of the purchase price over 700.000 Euro. This transfer tax has to be paid by the buyer when the property is transferred to the new owner by the notary on day of completion.



Buying cost

Cost applicable to existing homes/resales and new homes

Legal fees

Although you are not required to hire a lawyer, we advise you to do so. Your own lawyer will represent your interests and guide you through the buying process. A lawyer asks normally 1% plus VAT of the final sale price.

Mortgage costs (see mortgages)

If you want to finance your purchase (or partly) by means of a mortgage loan, then there are a number of additional costs, such as an arrangement fee from the bank, valuation of the property, registration and legal fees which often works out between 2.5% and 3% of the total amount when obtained.



Buying cost



Notary costs

These costs are usually paid by the buyer and are dependent on the sale price, the number of properties purchased and the number of pages on the purchase contract. An indication of the costs is approximately 0.5% of the purchase price.

Plusvalia tax

This is a local tax that is calculated based on the number of days that the land, which belongs to the property, has been owned by the seller. The Act requires that this tax should be paid by the seller unless otherwise agreed. Your solicitor needs all the documentation for each property to calculate the plusvalia tax payable on completion.

TOTAL COST

As an indication of the total costs payable on completion you need to account for approximately 10 -13% of the purchase price if buying without finance. This will increase by a few % should finance be required – approximately 15%.





Your lawyer

When buying a property in the Costa del Sol we strongly recommend that you instruct the services of a qualified Spanish lawyer as the legal system is different to that of any other European country.

Who should I choose?

We work with several professional lawyers that we can recommend or you can instruct your own, your choice! Most important the lawyer should speak your language and be based in the Costa del Sol.

The lawyer should be independent and not working for the seller or the developer.

The lawyer & his/her role in the purchase of the property.

Once you have found the property (see buying process) and agreed on the price, the first step is to pay a reservation fee to have it taken off the market whilst all the parties' legal advisors start negotiations.

Fiscal number (N.I.E.) and bank account

This is an identification number that all foreigners must have who want to purchase a property in Spain and open a Spanish bank account. Your lawyer will usually organise this for a small fee 50 -100 euro.

A wooden gavel with a dark handle and a round head, resting on a dark brown book. The book's spine is visible, with the words 'REAL ESTATE LAW' printed vertically in gold capital letters. The background is a blurred bookshelf.

REAL ESTATE LAW

Your lawyer



If your offer is accepted, a private agreement will be drawn up between your lawyer/solicitor and that of the seller, in which the terms and conditions of the sale are stated. These will include, for example, the size and time span set for payment of the purchase price, description of the property (interior description, size, legal boundaries etc.), distribution of the costs attached to the purchase, whether the home is sold furnished or not and possible penalties for breach of contract.

What will the lawyer do?

Possibly the most important task your lawyer will carry out in protecting your interests as the buyer is to check that the seller is indeed the owner of the property, what is being offered for sale conforms to the legal description of the property (for instance plot size, total meters build, access rights, etc.) and there are no outstanding claims or debts that you might “inherit” as the new owner.

Completing the purchase

Your lawyer will prepare the documentation required for the transfer of ownership. On the appointed day both buyer and purchaser, and/or their legal representatives, will meet at the notary’s office to sign the official transfer of the title deed from the seller to the buyer (“escritura”).



Yearly running cost



When you are a property owner in Spain you have to keep in mind that you will have some annual/monthly costs to pay as you do in your home country.

In addition to the monthly costs such as electricity, gas and water, there are also annual cost for the holding of a Spanish property, such as:

- ✓ Community fees
- ✓ IBI (local tax)
- ✓ Basura (rubbish collection)
- ✓ Deemed income tax
- ✓ Wealth tax only if property over 700.000 euro
- ✓ Insurance



Mortgage



How much can I borrow?

Mortgages in Spain are granted as a percentage of valuation or purchase price whichever is the lower of the 2. For EU non residents of Spain the maximum loan to value would be 70%.



Mortgage interest rates?

The interest rates vary depending of the bank and the type of mortgage you choose and are based upon the EURIBOR rate. (the higher the interest the more you pay on the long run)

What is the maximum term for a Spanish mortgage

Maximum terms range from between 20 to 30 years. Age restrictions do apply which can vary depending on which bank and range from 60 years to age 75 years.

How do Spanish banks assess affordability for a mortgage?

Spanish Banks work off affordability ratios based on net not gross income. Only incomes shown on personal tax returns are normally taken into account.

On average as a guide to comply with general lending criteria for gaining a mortgage in Spain your outgoings (Mortgage & Personal loans etc) can't exceed 40% of your net income after tax. All loans are subject to status and lending criteria can vary with each bank/lender.

Mortgage



What kind of mortgages are available?

Interest only mortgages are no longer available in Spain. The main products available are variable rate mortgages, however increasingly we are seeing a number of very attractive fixed rate mortgages coming to market.

The majority of loans available are for purchases, however there are a limited number of remortgage and equity release products available with restrictions applied.

Just some examples of active banks on the Costa del Sol



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