

“Let's talk Property”

**Marbella** Property Shop SL  
— established 2001 —



## BUYER'S GUIDE.

### What type of property?

Believe it or not many people are prepared to buy their dream home in the sun on during a single visit. They may have become knowledgeable of the market whilst spending time on holiday here or perhaps have researched thoroughly before hand or worked closely with an agent who has helped them identify exactly what fits the bill.

### Buy for your own reasons.

Sometimes it may take an experienced agent to guide the client so that they do not make an incorrect purchase. Often the potential buyer is thinking of their family and friends and how they will enjoy the property together. However children as you know, grow up and go off to spend holidays separately from their parents. Friends might for numerous reasons stop travelling as much. A property owner could end up with a property that is inappropriate for his present use.

The key then is to buy with your own personal use as the priority, it must be something that does the job perfectly for you first. The odd extra bedroom might be something that would be nice to have but think long and hard before paying the extra money to attain that. Neither should you choose a location with only your children in mind, as once again they will fly the nest before you know it. Then how will it be if the chosen location was more for their convenience but now that they are off your hands, it doesn't work as well for you?

A good, experienced agent will spend time with you in order to be sure that the property you are considering is the best for you. Believe it or not he might suggest that to find the kind of property best suited to your needs may cost less! Only an experienced agent would be able to have the conviction to do that. You should always be prepared to hear out his reasoning.

Working with one agent offers the greatest opportunity for the property selection process to be easier and focussed, rather than running the risk of conflicting input from those that have not taken the time to fully understand your motivations in buying.

## Steps for Purchasing a Property

### Step 1

Make a Reservation or Holding Agreement. This will be made in English and this expresses your intent to purchase a property. The RESERVATION will hold that property, removing it from the market while you prepare the purchase process and your lawyer undertakes the basic due diligence required.

This is refundable if you cancel within 15 days. This fee varies between three to six thousand euros.

### Step 2

NIE. The whole purchase process requires a foreigner to register firstly for an identity number.

The lawyers will apply for this. It is known as a NIE .This number will be requested by Banks for opening accounts and the Notary when completing the sale.

Your lawyer makes this application at the local Police Station with a copy of your passport and your reservation contract. It is a simple procedure.

### Step 3

Purchase Contract. Approximately 30 days after the reservation agreement. A private purchase contract is signed and a 10% payment made to the lawyer.

### Step 4

Latin legal systems are very thorough and protective to buyers. There is no risk if the correct processes are followed using a local lawyer. The remaining balance of the purchase is paid at the Notary, who checks that procedures are correct whereupon you become the owner. The Notary registers this transfer and the Registry Office finally inscribes you as the new owner of the property.

## Buying Costs.

There are a number of important costs that you need to be aware of before commencing to view a property here in Spain. In addition there are certain requirements that you must comply with in order to ensure a smooth buying process is enjoyed.

Below we outline the main points to assist you. We would always advise that even with the information below, you should confirm with your legal or financial adviser as to the up to date situation. This is due to the fact that all elements mentioned could at any time be subject to change due to legislation here in Spain.

## Up Front Expenses.

Land Registry Reports and Certificates.

These documents show the current legal status of the property, encumbrances and any problems with the title deed - 100€

Town Planning Certificate.

This gives a clean bill of health to any urban or planning issues - 400€

Power of Attorney to your chosen legal advisor - 100€

NIE (foreigner registration) - 150€

Legal Fees. These vary between 1.25% to 1.5%, depending on the Lawyer.

Please Note: The fees mentioned above are without IVA (VAT) included and are estimated budgets.

## Completion Expenses.

When buying a new property from a Developer trading real estate

(considered the first sale) you will pay VAT of 10% plus Stamp Duty(AJD) of 1.2%.

When buying a resale property the tax rate (ITP) is according to a progressive scale:

- Up to 400,000€ is 8% of the purchase price, plus Stamp Duty of 1.2%
- From 400,000€ up to 700,000€ is 9%, plus Stamp Duty of 1.2%

Fees are paid to the Notary Public and the Land Registry who finalise the administration of the process. Budget 0.8% for this.

With all these steps completed and the public title deed signed in front of the Notary with your lawyer, the title deed is then officially registered in the Land Registry Office. This is a public bureau where all plots and buildings show ownership. This process takes a few weeks more.

## Annual Property Costs

Spain has a system where the town hall obligations are much smaller than the UK as the Community of Owners take responsibility of a number of property maintenance related issues, controlling their associated costs and levels of service. Spain has some of the lowest holding costs of property in Europe.

The following are the basic costs.

### Community Fees.

These fees are set by the Community of Owners who appoint an administrator to run a defined set of services that they wish have. The building is maintained and insured through this process.

The community Fees vary between 200€ to 400€ per month depending on the size of gardens and facilities.

### Utility Services.

These cover electricity and water. Many buildings have solar power and this reduces the electrical cost below that of most Northern European countries.

Insurance.

As the building is insured by the community, the insurance will be for contents and damage by fire, water etc. It is mandatory that in a communal building owners are insured.

### Town Hall Tax (IBI)

This is paid once a year to the Town Hall based upon the capital value estimated by the regional community and the size. The rate paid varies from one local authority to another.

### Non Resident Income Tax (IRNR)

This is a wealth tax based on the value of the property. It is a percentage of the previous tax.