THE **AIPP** / **RICS** / **RDE**
GUIDE TO BUYING A PROPERTY IN SPAIN

Association of International Property Professionals

RICS

Registradores DE ESPAÑA

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Why this guide?

We are going to tell a simple but exciting story, about a couple who buy a house in Spain.

Our couple, Frank and Diane, have dreamed about this home for a long time. They have talked about it, planned it and saved for it. But they are worried. After their main home in the UK this will be the most expensive thing they ever buy and they intend to do it right. They have heard about people who had the same dream and it all went wrong, who ended up losing money or even having their homes demolished because they were declared unsafe or illegal.

This is the story of how none of those things happen to our couple. But it could have done. We will follow Frank and Diane as they go through the processes of buying a home in Spain. Along the way we will learn the differences between the Spanish regions and environments, from the wet and wild coast of Galicia to the deserts of Almanzora. We will investigate the processes of Spanish property buying and show you how to buy safely.

We are basing Frank and Diane's experiences on the thousands of people that we at the AIPP, RICS and RDE have met and advised over the past ten years. Frank and Diane are not specific people, but they have the same dreams and face the same challenges as the tens of thousands of real people who would like to buy abroad. We will follow them from their living room somewhere in the United Kingdom, to getting the keys and settling down in their villa on a Spanish seaside.

Although Frank and Diane are British, they could just as easily be Lars and Lotte from Belgium, Max and Mia from Germany or Shirley and Sheila from Australia. The dangers are all the same when folks "leave their brains behind at the airport" and the rewards are the same when they do it right.

We hope you will download this guide and keep it handy. Feel free to print it off and pack it in your suitcase. If you have a friend thinking of buying in Spain, please send it on to them. We know it is immensely rewarding to deeply savour another nation through immersion in their culture as facilitated by property ownership, and we hope that this guide helps you to make a wonderful – and safe – start on your journey.

Who are the AIPP?

The Association of International Property Professionals

Association of International Property Professionals

Peter Robinson,
Managing Director, AIPP

The Association of International Property Professionals (AIPP) is a not-for-profit organisation, set up in 2006, operating in the international property market and based in Westminster, London. The AIPP now has over 350 corporate members in 28 countries around the world including estate agents, developers, lawyers, banks, FX, media, technical, advisory & other international property professionals.

The AIPP focuses on two key things:

1. Championing & delivering buyer education and protection through our free buying guides & seminars backed by the AIPP's Code of Conduct, Arbitration and Dispute Resolution Services. All of our services are free to property buyers. The AIPP presented the industry White Paper to UK Members of Parliament in the House of Commons in November 2014, with calls for an APPG (All Party Parliamentary Group) for the international property industry. The AIPP is also a Trustee of the International Property Ethics & Standards Coalition.

2. Guiding the international property industry to best practice. The AIPP, with its partners, is now bringing to the trade a significant new digital initiative to transform how developers, agents and buyers can transact a more secure property sale.

The sale of property is usually an (officially) unregulated activity in foreign countries (it is in the UK too, although RICS Blue Book is aiming to improve standards here), yet touches upon significant financial, tax, estate planning and other ownership issues. If you are at all unsure about how to navigate the many issues this presents then please do contact an independent financial adviser. The AIPP is not regulated to give financial advice and, accordingly, we do not seek to do so here.

You can find out more about the AIPP at www.aipp.org.uk, which includes a two-minute video on what we do, free, for buyers. Do take the opportunity to research and connect with our members in your country of choice.

Unfortunately, we cannot assist members of the public with issues arising with non-AIPP members. Members are listed on our website with current members to be found on our homepage through the simple search facility.

A couple of quick tips before you read-on: do ensure you use a truly independent lawyer to handle any purchase you make and you may also benefit from reading our free general buying guide '**How to Buy Overseas Property Safely**' and our '**Guide to UK Pension Changes & Buying a Foreign Property**'. You can download these free of charge from our homepage.

Who are RICS?

The Royal Institution of Chartered Surveyors

Confidence through professional standards.

The Royal Institution of Chartered Surveyors (RICS) promotes and enforces the highest professional qualifications and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve.

We accredit 118,000 professionals, and any individual or firm registered with RICS is subject to our quality assurance. Their expertise covers valuation and residential/commercial property practice; property finance and investment; project management, planning and development; quantity surveying; facilities management.

From environmental assessments to real estate transactions, if our members are involved, the same professional standards and ethics apply.

We believe that standards underpin effective markets. With up to 70% of the world's wealth bound up in land and real estate, our sector is vital to economic development, helping to support stable, sustainable investment and growth around the globe.

With offices covering the major political and financial centres in the world, we are ideally placed to influence policy and embed professional standards. We work at a cross-governmental level, delivering international standards that will support a safe and vibrant marketplace in land, real estate, construction and infrastructure, for the benefit of all.

We are proud of our reputation and sustain it, so clients who work with a RICS professional can have confidence in the quality and ethics of the services provided.

Alfredo Millá,
Chairman of the Property Professional Group of RICS Spain

Who are the RDE?

The Spanish Registrars Association

The Colegio Nacional de Registradores de España, usually shortened to Registradores de España, is the Spanish Registrars Association.

We are a public and legal body, bringing together all the Land and Companies Registrars in Spain. These registrars are public officers and legal professionals responsible for monitoring the legality of documents authorised by notaries, issued by judges and administrative authorities or signed by individuals, to ensure that only completely valid documents can be registered.

To be a registrar, it is necessary to be Spanish, with a degree or doctorate in law, and to pass a competitive examination on the current law.

The essential purpose of the Land Registry, and therefore the basic function of registrars, is to ensure safety in legal relations concerning property rights. By the publication of property rights through registration, after debugging defects allegedly vitiating the deed, if needed, overall enforceability is achieved, making these rights reach undisputed category. Once registered, no one can claim to ignore the existence of the property right, its content or the identity of the person to whom it belongs.

The Association was founded in 1886 and became an official professional association in May 1934.

Our aims, apart from checking membership and enforcing internal rules, are to coordinate the professional activities of registrars, ensuring professional ethics and the proper exercise of their functions, to collaborate with advisory bodies and public administrations on matters within the competence of the registrar, and to promote the modernisation of the registries.

To promote best practices in registration matters, with special attention to consumers, the Association also works internationally. That is why we are pleased to help in writing this guide.

Gonzalo Aguilera Anegón, Dean and President of the Spanish Land and Mercantile Registrars Association

Frank and Diane want to buy abroad

It is 6.20 on a Tuesday evening in the United Kingdom. Sitting on the sofa in their home are Frank and Diane Jones. The couple are watching A Place in the Sun on Channel 4, where the presenter is showing a couple around a villa in Mojácar – somewhere Frank had never even heard of. They have watched the show before, but on this particular evening they are looking with rather more interest than usual because they have finally decided that now is the time to buy a home in Spain.

Spread out on the coffee table are piles of books, magazines and newspaper property supplements, all about buying property abroad. Some they have bought for advice and some because they list properties. They also have Diane's iPad open and have been flicking through online properties, looking at maps and photos or properties, even drone footage.

They have gathered a lot of information, because they want to do it right. They are determined they will not be those people who run into trouble with their overseas property purchases.

Frank and Diane are in their mid-50s and live in the UK. Why are they thinking about buying abroad? Although both are working they also both have an eye on their retirement. It will not be an idle retirement; they are as fit as they ever were and are feeling adventurous about life. Their children have left home to start their own families and Frank and Diane see it as their chance to shine again. They want to open themselves up to new experiences, learn a new language, meet new people.

Why buy a home in Spain? "Why not?" says Diane.

The World ♥ Spain!

Frank and Diane are following a long tradition of foreigners falling in love with the Spanish culture, lifestyle, environment and weather. It has been written about poetically by Gerald Brenan and Laurie Lee, and hilariously by Chris Stewart and Peter Kerr. Read their books for a taste of the expat lifestyle.

No-one knows precisely how many foreigners live in Spain because the line between long holiday and semi-permanent residence often becomes blurred and many permanent residents don't inform the authorities of their presence*. What we do know is that Britons have traditionally been the biggest foreign buyers in Spain, with around 750,000 Brits beginning new lives in Spain. The Spanish Registrars Association found that the British made up 16% of purchases by overseas buyers in 2014 (down from nearly 40% in 2008). Next came the French with 10% and buyers from Russia, Germany, Belgium, Sweden and Italy all with more than 5% of the market.

Spain is still attracting record numbers of tourists; 65 million international tourist arrivals in 2014 set yet another record, again with Britons making up the biggest contingent. Its economy may have suffered in recent years, but Spain is more popular than ever.

**When overseas residents don't register with the authorities the government doesn't allocate money to care for them in the health services, so it is vital for people living in Spain to register.*

The property search

When Frank and Diane bought their UK home 20 years ago it had been very easy. A choice of two or three towns close enough to each others' workplaces, relatives and a decent school, the budget dictated by their deposit and earnings. They just looked through the local paper, went into a few estate agent shops and a handful of viewings later they chose a house they both loved. Everything was sorted out by the lawyers and estate agent. Nice and easy.

With their Spanish property, the choices are infinitely wider. So their first steps are to see what they can get for their money, decide what sort of lifestyle they would like in Spain, and where. They have been told that they should budget 15% for buying expenses. On the other hand, they would hope to negotiate a little money off the asking price, so they have decided to look at properties on or slightly below their budget.

Finding a property

Diane is a little more tech savvy than Frank, so she is looking via the internet and he is going for the traditional media.

Property "portals"

Property portals didn't even exist the last time Frank and Diane bought a house. Now, virtually all properties appear on them, in every country. Portals are not estate agents, they are more like an online magazine where individual estate agents pay to list their

Property Portals

What portals do well is showing the properties in a user-friendly way with the very latest technology. They can even be used on the move, to research property for sale in a Spanish village, for example, while sitting in the village square! On her tablet device (iPad, Nexus, Hudl, etc) Diane is able to bring up an online map and draw with her finger on the screen around the area in which she is interested; instantly every property within that area appears on her screen.

The biggest portals in each country – Rightmove in the UK, Seloger in France, Immobilienscout24 in Germany – each have an international section with hundreds if not thousands of Spanish properties. Diane also discovers some specifically overseas property portals such as www.aplaceinthesun.com and Spain specialists such as www.kyero.com. There are portals aimed at Spanish buyers but with listings translated into English too, such as www.idealista.com/en, and if they are not in English, such as www.pisos.com, her browser (Chrome, Safari, etc) has a setting that gives her an instant translation from Spanish to English.

By the end of her search, Diane has saved 50 properties in various parts of Spain that she has kept for a closer look.

CRUNCH POINT: One downside to portals is the difficulty in knowing if a property is really for sale. There is a tendency among some agents to list attractive (or attractively priced) property that is no longer available, to entice customers to their own websites. Most portals are doing what they can to discourage agents from doing it. You may also see the same property listed by different agents.

properties. To use the portal, Diane goes to the website, types into the 'Search' box her chosen area, type of property (villa, apartment, farmhouse, land etc), minimum and maximum budget and number of bedrooms. Instantly the portal lists all the properties that match her criteria, from a range of different agents.

She can then flick through them and save to her own dedicated list any she wants to take a closer look at later. She also prints the details of the ones she likes to show them to Frank. With a couple of the properties she likes most of all, Diane clicks on the contact details to see who the agent is and what else they offer.

Search Engines

Portals are not the only resource online. After a few seconds of Googling, Diane finds hundreds of estate agent websites and online magazines to look at.

As well as these, she also finds herself invited to sign up for free guides offering advice on buying property in Spain.

CRUNCH POINT: This is a potential risk. People with the money to buy a property abroad are a tempting target for anyone, honest or not, trying to sell "investments". The relaxation of UK pension rules in 2015 has made those over 55 even more tempting. The first step in getting you to part with your money often sounds innocent enough – a "pension review" for example, or a free downloadable guide. The vast majority of these are entirely innocent and often very useful; at worst you may get a sales call from an "investment expert". But when giving out personal details use extreme care, especially when it comes to financial details.

Six critical reasons to buy through an AIPP/RICS member

"That crack? Purely cosmetic."

"You don't need a survey, no-one gets them."

"I've got a mate who's a lawyer; he'll do it much cheaper and quicker."

"Okay, it hasn't got 'official' permission, but this is Spain!"

"No, it's simple to get utilities connected, they'll do it on your first morning."

Sadly, these comments are typical of those you hear when buying property in Spain. AIPP and RICS members are bound by Codes of Conduct to offer an honest service. AIPP Managing Director **Peter Robinson** answers six common questions:

1. Is buying a home in Spain difficult?

Not at all! However, potential heartache, time and money can be saved by just 'starting right'. Most people purchase a foreign home with their spouse or partner so it is very important that you are both completely in agreement, that you want the same outcomes, same country, region, property and lifestyle. Take some quiet and reflective time to ponder these issues and perhaps write down, separately, what it is you really want before embarking on your journey together towards a purchase. Selecting a good agent to work with is even more important than in the UK as the process of buying and then support following a purchase is different. It can take much longer (often 6-18 months) to find the right location and property in Spain and it will be a more comfortable process if your agent is reputable and can offer you the appropriate, expert guidance. Being a member of the AIPP/RICS is a great start.

2. Any tips on budgeting?

If you have a property in your home country you understand what it costs to both buy and own a property. But while the sales price of your Spanish property may be appealing, the actual cost of buying and owning it may be higher than you thought.

For example, when judged against a UK or Australian property by number of bedrooms or per square metre, a Spanish property may be very well priced. But you need to factor in around 12% - 15% for buying costs, especially when buying using a mortgage. These costs need to be paid for in cash and cover mainly legal, notary and local taxes.

The running costs must be carefully considered too. Hotter weather and the effects of sea air can mean spending more care and cash on your property. Detached villas with private pools need more caretaking than an apartment, for example, and there will be local municipal taxes to pay too. It is with this in mind that buyers should consider the rental appeal of their property, and indeed whether local laws allow them to rent their property out. Renting out your property even for a short time can help to offset or completely cover the costs of maintenance and ownership. However, this income will be subject to taxation so do your sums carefully and check with the authorities.

3. Could we save by not getting a lawyer?

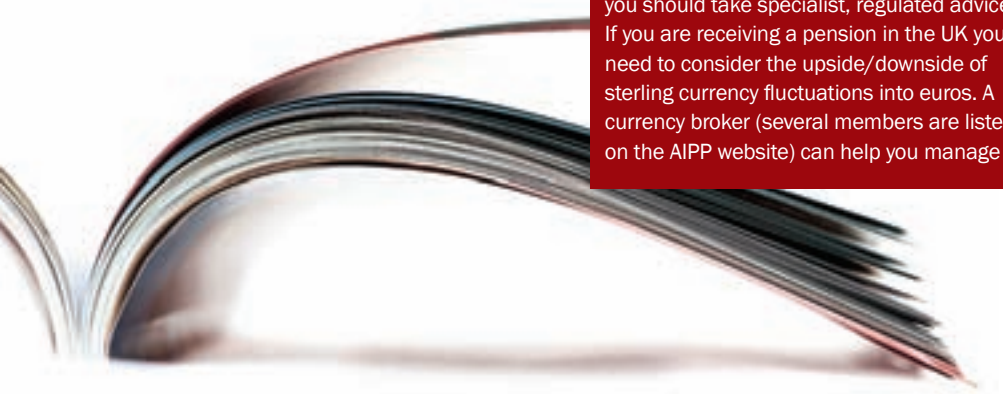
Few British people would buy a property in the UK without appointing an independent legal representative, and the same goes in most countries. So why take the risk when buying abroad? The AIPP and RICS advise appointing a truly independent lawyer (abogado) who only has your best interests at heart. A lawyer linked to the agent/developer selling the property may be

Magazines, newspapers, books

Frank is happier using old technology and over the course of a week has gathered up a pile of magazines and newspaper supplements. Most national newspapers include a property supplement, especially at the weekends, and there are also magazines devoted to overseas property, such as A Place in the Sun in the UK, or global titles such as Abode2. Many countries also have specialist magazines dedicated to Spain, such as Living Spain in the UK. All of these carry adverts (as well as advice and information) for property in Spain.

Frank has also been to his local library and ordered books on buying property and retiring to Spain. Looking closer, he notices however that many were written at least a decade ago.

BUYING TIP As a first step in their search, Frank has bought two identical copies of a popular overseas property magazine. He keeps one for himself and gives one to Diane, and each of them, separately, circles properties in the magazine using coloured pens. A property Frank loves gets a green circle, one he quite like gets orange and a property he dislikes gets red. Only after finishing circling all their properties do they swap magazines to see what the other really likes (and hates!).



Six critical reasons to buy through an AIPP/RICS member (cont...)

working for the 'deal'. Beware the term 'solicitor' too. In English it normally means a qualified lawyer but translated from Spanish it may refer to someone without any formal legal training but with a business 'advising' on property sales. You can find abogados who are AIPP or RICS members at www.aipp.org.uk and www.ricsfirms.com.

4. What about a survey?

You normally get a survey done on a UK property, so why not on a prospective Spanish home? Many repossessed or unsold homes built in the boom of 2000 to 2007 have lain empty. Unless your property comes with a specific guarantee that your independent lawyer verifies, then AIPP/RICS recommend you have a building survey completed. If you are buying a "resale" property, previously owned and occupied, a survey is well worth having too. Spanish building regulations have improved immeasurably over the last 20 years or so, but even more recent properties might have been built by 'cutting corners' and need checking over by a professional.

5. What issues do permanent emigrators face?

Relocation for short / long periods or on a permanent basis brings different considerations. Schools tend to require applications in January for the autumn intake. Tax residency is a big subject and you should take specialist, regulated advice. If you are receiving a pension in the UK you need to consider the upside/downside of sterling currency fluctuations into euros. A currency broker (several members are listed on the AIPP website) can help you manage your money and deliver bank transfers that could significantly improve what you receive versus your bank default option. Healthcare is freely available to EU citizens in member states but you should register with the local doctor and satisfy yourself that your Spanish language skills, or the doctor's English, are good enough to be understood, perhaps in an emergency. Hospitals vary in their ability to understand English and can be hard-pressed to cope if a significant number of older expats (of many foreign nationalities) live close by and are frequent users of their services. Planning everyday considerations around an up-to-date passport, European driving licence and the logistics of moving house contents in a lorry for a permanent move, also need care and attention.

6. Planning for the future

Making a legally binding will in your home country and Spain is very important. Inheritance and succession planning may be sober subjects but you will need to pay careful attention if you are to leave to your family/beneficiaries all that you intended. On 17 August 2015, European Union legislation on 'forced heirship' changed according to regulation number 650/2012. Any person then owning property in a participating EU state (who has taken appropriate action before their death), can choose between the law of the country of their habitual residence, or the law of their nationality to govern the devolution of their EU estate.

Between your home country, Spain and the European Union, rules can change frequently, so getting proper, up-to-date and regulated tax advice is essential.

On the high street

Whenever they go to Spain, Frank and Diane enjoy looking at estate agent windows. It's a good place to start, because even with the growth of portals and the web, good premises is an early indication of a respectable agent.

A local, trained and experienced agent should be every home buyer's best friend. Although paid by the seller, it is the buyer they need to impress and they should be pricing property fairly, but to sell. They will be able to offer guidance on all aspects of the area, the property and the buying processes. Many will stay in touch and help buyers long after the sale – this is a specialised market where word of mouth recommendation goes a long way!

Your safest bet is to buy through an AIPP and/or RICS member, as they are trained, vetted and have signed up to a code of conduct. To see AIPP and RICS members working in Spain, consult their websites at www.aipp.org.uk and www.ricsfirms.com.

BUYING TIP Spain has professional organisations for estate agents, both at locally and nationally. Best known nationally are API (Agentes de la Propiedad Inmobiliaria, www.consejocoapis.org) and GIPE (Gestores Intermediario en Promociones de Edificaciones, www.gipe.es/en). API and GIPE members should be trained, but ensure that the agent you choose is still a member (or was ever a member) by looking at the organisations' websites.

Frank is puzzled to see the same property on rival agents' websites. There could be several explanations for this. The seller may be trying his luck with two or more agents, just as they do in other countries. The agencies could be teaming up – which makes sense in Spain, where overseas buyers often search across a wide range of locations and is possible due to the relatively high commissions. Another possibility is that the agent is listing property he is unauthorised to sell, to make his website look more enticing – magically the property will have been sold when you ask to view it!

Remember that just because an agent is from your country or speaks your language well, you should not abandon all caution.

Property finders

Another option is to employ the services of a "property finder". They are most popular with expatriate executives who are short of time, but receive a relocation budget from their employer. Property finders are usually expats themselves and so are able to offer a supportive "handholding" role to new arrivals. The benefits include being the busy buyer's friend on the ground, sifting through property and helping to negotiate prices from a position of local knowledge. In theory they could pay back their own fees by getting you a cheaper price and saving you time and effort.

However, this is an unregulated activity and you need to be sure that a property finder genuinely has contacts and knowledge in your chosen area and price range.

Spain's varied environment

For Frank and Diane, as for many people, buying in Spain is about more than warm weather. It is the chance to reassess their lives and their priorities. What they want to do in life will determine what they want from their Spanish property.

Do they wish to take on the challenge of living in an entirely new culture where almost no-one speaks English, or would they prefer the safety net of fellow overseas residents nearby? Do they want some land to enjoy a more rural lifestyle? Could they cope with looking after chickens and olive trees, or would they really prefer to just relax by the golf course and pool? Even if they would like to, could they meet those challenges, physically? If buying in retirement, do they have a plan for when they become more frail? How are they with extreme heat? Will they be able to learn Spanish; they could feel very isolated in rural areas or small towns if they cannot. Will they be spending long enough in Spain to maintain their own garden and pool? Will they ever want to rent the property out? On the other hand, can they afford to buy the stress-free properties where everything is done for them?

These decisions will determine the sort of environment where they choose to buy. Here are a few options for them to think about.

Living in the countryside

Spain has around 95 people per square kilometre. The UK has 265, Belgium 370 and the Netherlands nearly 500. So for new arrivals from northern Europe, Spain is bigger, emptier, hotter and far more mountainous. Go just a few miles inland from the coast and it's not unusual to see farmers riding donkeys and shepherds tending flocks. This is the 'campo', the countryside. People are just as warm and friendly as on the coasts (maybe more so), but they are unlikely to speak English.

Living in the campo certainly has its attractions – the quiet, the space, the beauty both of the countryside and the farmhouses, and all at a much lower price than you would normally pay for British rural properties. If looking to buy in the countryside you need to pay close attention to where utility supplies will come from and how easy access will be in weather extremes. Historically, there have been problems over planning and ownership of rural properties so always take extra care to get a good, experienced lawyer. Be a little cautious if your lawyer is recommended by your estate agent; most are entirely reputable but in a small community they could be closely connected socially or by family and be more loyal to the agent who regularly sends the work than to the 'one off' house buyer. Certainly, you should not use the same lawyer as the seller.

Towns and villages

50 years ago, the vast majority of Spaniards lived in villages and small towns. From the 1970s to the 1990s more than 10 million moved provinces. Many of the younger people moved to the coasts looking for better paid work in the tourist trade while millions more moved to the cities. Since then, however, in the south and east especially, expats from Britain, northern Europe and even further afield have arrived seeking a new lifestyle and reviving village life. Schools have reopened, village fiestas begun again and local people have cashed in on old properties and land. In the northern provinces, there are still entire abandoned villages for sale, while in Andalusia the picturesque "white villages" have been great favourites among British buyers.

If Frank and Diane choose to live in a small town, whether on the coast or the interior, they will have a huge choice. They could live in

a town like Torrevieja, in Alicante, with a large British population that has created its own institutions such as weekend car boot sales, and started the same clubs and societies as at 'home'. Or they could opt for a town in the interior with hardly any foreign residents – but with rich traditions and fiestas based around the Catholic faith or the rural way of life. They might not find much English spoken, but will be able to immerse themselves more fully in one of the world's great languages and civilisations.

The cities

Budget flights to Madrid, Barcelona, Alicante, Málaga, Palma de Mallorca and so many Spanish cities have made the idea of a weekend bolthole very appealing. While city apartments are often highly expensive, and cities can be polluted and noisy, Spain has invested heavily in those things that bring in tourists, such as transport infrastructure, museums, the arts and culture.

Compared to many countries' cities, Spain's are clean, safe and well-managed, with extremely good shopping both in street markets and high-end international brands. And of course, the café culture in tapas bars and street cafés is unsurpassed. The rental potential for a property in the city can be very tempting too.

The seaside

Most overseas buyers come for the seaside. It isn't just the chance to swim in it, the coastal strip also has the facilities and infrastructure – airports, golf courses, nightlife, international schools, attractive property, English-speaking professionals – as well as cooling sea breezes and a ready-made expat social life. Prices are, of course, more expensive, but you might not necessarily need a sea view and many of the seaside advantages can be had a few miles inland. Spain is blessed with two wonderful island groups, the Balearics in the Mediterranean and the Canaries further south off the North African coast (which makes them warm all year).

Urbanisation

The word urbanisation may not sound very enticing, but there are sound reasons for expats to choose them. Essentially they are housing developments built outside towns and villages where the owners form themselves into a community and manage the development amongst themselves. The benefits of buying on an urbanisation include: far less risk of buying an 'illegal' property, they are a good way to meet the locals (the Spanish are just as likely to buy on an urbanisation as foreigners are), and you can have a say in how your urbanisation is run if you choose to get a place on the management committee (indeed you may have to whether you like it or not!).

Resort property

This is undoubtedly the stress-free option (so long as money isn't short). Buy on a resort and Frank and Diane won't have to worry about cleaning the communal pool, watering the garden, maintaining the roads or finding rental guests. Depending on the resort they choose, of course, they are likely to be living among a wide range of foreign owners as well as Spanish. There will be social and sports activities onsite, often including beach clubs, golf courses, tennis courts, gyms and spas.

The downsides include the expensive management and maintenance fees, the somewhat artificial nature of some resorts, the control over how you can decorate your home outside (this can be the case with urbanisations too), the fact that many of your neighbours may be an endless churn of holidaymakers.

Where in Spain?

Costa Verde

Northern and southern Spain have very different climates. The north-west, sticking out into the Bay of Biscay and the Atlantic and known as Green Spain or Costa Verde comprises Galicia, Asturias, Cantabria and the Basque Country. It is greener because it is wetter, with mountains that are still home to (a few) wolves and bears, leading down to lush meadows and forests and on to fishing villages on the coast that stretches some 800 kilometres from France to northern Portugal. How wet is it? It's wetter than Wales, with 1,545mm of rain on Santiago de Compostela compared to 1,150mm on Cardiff. The Costa Verde is much less touristy than the other coasts, but that is more down to the unpredictable weather than any lack of beauty. There is a good choice of rural property here at reasonable prices.

Catalonia and the North East

The most well-known city is Barcelona, the most famous coast the Costa Brava with resorts such as Blanes, Lloret and Tossa de Mar. It is a green, rugged and mountainous coast with sandy bays. Although it attracted large numbers of package tourists in the early days, it has made a concerted attempt to go upmarket in recent decades and prices here are relatively expensive.

Climate-wise, the weather is perfect for summers, but can get chilly in the winter. Indeed anyone looking for winter warmth should head south of Valencia.

The Costa Blanca

South of Valencia the weather warms up all year and the most popular expat areas start. It has a climate judged by the World Health Organisation to be the healthiest in the world, with warmth all year but tempered by Mediterranean breezes. Costa Blanca North is greener, more mountainous and with smaller, quieter resorts and expat-friendly towns like Dénia and Jávea. Inland, the Jalón Valley is popular with overseas buyers. When you move south of Benidorm the Costa Blanca South is flatter and dryer. While it has suffered from overdevelopment, it is also cheaper to buy in resorts such as Torrevieja and Orihuela Costa. The historic city of Alicante sits south of Benidorm and the Costa Blanca's beautiful interior includes oddities such as the palm forest of Elche. Year-round golf is a speciality.

Costa Cálida and Costa Almería

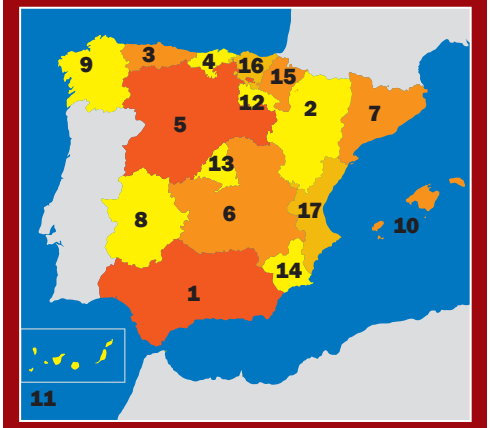
Spain becomes more arid as you head south from the Costa Blanca, including an actual desert at Almanzora. However, it is also a major agricultural supplier too, especially in Murcia in the northern section and inland to the south of Almeria city. South of Murcia, within Andalusia, Almeria was a relatively quiet and poor province until the tourists and new residents arrived, priced out of the neighbouring costas. In Murcia there are well-known resorts around the Mar Menor, in the north in what is called the Costa Cálida, and further south, Mojácar and Roquetas del

Costa Verde

Costa Blanca

Spain's Regions

Spain is made up of Autonomous Communities ("autonomies") which further divide into provinces. For buyers like Frank and Diane, the differences may be of only passing interest, but procedures can vary between regions, for example, in getting an NIE number, and there are small differences in laws between autonomies which your lawyer should be aware of. Languages too, can vary: Catalonia, Valencia, the Basque Country and the Balearics have their own languages, so while Diane's rudimentary Castilian Spanish will allow her to be understood, the local languages are more in common use.



1. Andalusia
2. Aragón
3. Asturias
4. Cantabria
5. Castilla y León
6. Castilla-La Mancha
7. Cataluña
8. Extremadura
9. Galicia
10. Islas Baleares
11. Islas Canarias
12. La Rioja
13. Madrid
14. Murcia
15 Navarra
16. País Vasco
17. Comunidad Valenciana

Mar on the Costa Almería. In the years up to the financial crisis these areas saw a major property construction boom.

The Southern Coast

The south of Spain includes the well-known Costa del Sol in the middle, the less famous Costa Tropical to the east and Costa de la Luz running up to Portugal.

With resorts like Almuñecar, Nerja, Torremolinos, Fuengirola, Mijas, Marbella and Estepona it is the classic Spanish property-buying destination. The British are still the biggest buyers here, but there are also large numbers of Russians, Belgians, Germans and Scandinavians too, attracted by the unrivalled opportunities for fun, with golf and water sports for the energetic, along with great shopping and restaurants. Hot in summer, warm in winter, open all year, if you want you can live here like in Essex or Rotterdam with sunshine; yet travel just a few miles inland and you're straight back in old Spain, with its rough rural traditions and grand history in cities like Granada, Málaga, Córdoba, Seville, Jerez and Cádiz.

The Balearic Islands

Mallorca, Menorca and Ibiza (and the tiny island of Formentera, off Ibiza) form the Balearic Islands in the Mediterranean. On Mallorca, the madness of resorts like Magaluf sits alongside classy seaside villages and resorts where the Spanish royal family spends its summers and the likes of Richard Branson have homes. It has something for everyone, including the beautiful (and expensive) city of Palma, arty communities like Deià and Valldemossa along the northern coast and the more family-oriented resorts of the east coast. As well as villas and holiday apartments, beautiful and historic city-centre apartments and converted farmhouses in the interior are also popular.

Menorca is especially popular with British families. It is quieter, more easy-going and less expensive than its neighbours, but travelling there is less easy in winter. No problems getting to Ibiza all year, where the party never stops. Although it may be known for its hedonistic lifestyle, Ibiza's attractions also include rolling pine-covered hills and hidden coves. Property is among the most expensive in Spain.

The Canary Islands

The Canaries, sitting off the coast of Morocco, are warm, but not especially hot, all year. Buy here and you can get four seasons of enjoyment (or rental). They are comprised of seven islands: Tenerife, Lanzarote, Fuerteventura, Gran Canaria, La Palma, La Gomera and El Hierro. Each is different, some sandy, some more volcanic, others with vibrant nightlife and cheap holiday apartments, others quieter. Buying here requires careful consideration as each island is so different – it's not like buying in the Costa del Sol, which has a bit of everything. The Canary Islands may be known for their inexpensive, year-round holiday vibe, but they also have great natural beauty, deep gorges, banana plantations and Spain's highest mountain.

Costa Almería

Balearic Islands

Canary Islands

Costa del Sol

Planning to view

A trip to Spain

Frank and Diane decide to make their own way to Spain. They call a few of the agents in their chosen area and take advice on how many properties they can view in a day. One agent in particular seems very pushy. "Don't worry about any other agents in the area," she says, "we all pool our properties anyway, so I can show you them all. In fact we can do it all for you, we have lawyers, our own in-house surveyor. You can even stay in our subsidised guest house!" Agents do indeed often share properties, but you should never use an "in-house" lawyer. Frank decides to steer clear of this agent.

CRUNCH POINT

Take Control!

Here is the crux of the problem for Foreign people buying property in Spain: the legal system is different, the language is different, the professional culture is different. Vital legal and planning documents will be in Spanish. Professionals whose roles Frank and Diane think they understand may be harder to find, while they are suddenly expected to understand what a 'gestor' or a 'notary' does. It can feel like costs are mounting up all the time, while at the back of their mind they are remembering the news reports of people losing their life savings or having their homes bulldozed!

And they are not doing this from the comfort of their own home, with friends to consult with, but in Spain, probably from a hotel, with the clock ticking because they have flights home scheduled.

This is what is known as being out of your comfort zone and explains exactly why so many people make mistakes. Subconsciously, buyers are looking for someone to trust, but the only people they are talking to are trying to sell them an expensive product, a property. No wonder people drop their guard!

BUYING TIP Frank and Diane need to get back in control. They should do this before they even leave the UK by preparing for each eventuality and recognising potential problems in advance. First they need a team of people behind them. So while Diane is checking flight prices, Frank is organising "Team Frank & Diane". For a start they must always take independent legal advice.

Inspection trips vs. going it alone

CRUNCH POINT: With so much planning already done, Frank is keen to get on the internet and book flights. But then Diane sees an advert: "Inspection trips, just €49!!"

An inspection trip is a short break in Spain subsidised by the agent, who will be your tour guide on the trip while trying to sell you a property.

In the last buying property boom ten years ago, entire jets were being chartered by developers to bring Britons over for two or three days as a captive audience, while commission-desperate agents blasted them with hard-sell techniques. They gained such a bad reputation that these days inspection trips tend to be called something different – "discovery visits" or "viewing trips" perhaps. The advantage to the house-hunter, however, was a cheap trip to a location they might like, with expert (if biased) guidance to the local area and no need to worry about booking hotels or cars.

The days of those kinds of mass inspection trip may be over, but most agents will help potential clients in other ways. For example, the agent may give them a free night in a resort, or promise to repay the cost of flights if they do agree to buy. There is nothing wrong with taking an inspection trip, but you need to be aware that you are not staying with friends, but with an agent who won't earn a cent from the trip unless you buy a property.

Team Frank and Diane

Lawyer

The lawyer is your most important team member. It is sensible to ensure that they are on your side and have no financial connection with the estate agent or developer. This can be easier said than done in the excited flush of making an offer on a home. What will you do when the agent tells you about the brilliant lawyer they always work with? Many agents will indeed be able to recommend a good, fair and reasonably priced lawyer who specialises in property, so why not use them? If you do, however, do ask for more than one recommendation and ask to see qualifications and references.

One way around the issue is to engage the lawyer in advance. Fees vary depending on the services provided, but are unlikely to be less than 1–1.5% of the property value, plus VAT. You normally only start paying when they start working for you, perhaps on getting your identity number (NIE) and opening a bank account (which should also be done before finding a property). You would typically pay up to €1,000 at this point; the rest by stages.

Frank and Diane can find specialist Spanish property lawyers in any of the magazines, books and websites they visit.

With a British-based lawyer they should first check that they are qualified, reliable and have experience operating in Spain. Most important is that they are conscientious, as they will be taking the buyer's place in the negotiations and "due diligence". Can they be trusted to ask all the questions Frank and Diane don't know to ask? Frank checks that the UK-based lawyers are registered with the appropriate Law Society in the UK – even though the work in Spain won't be regulated by them – and that they are qualified as lawyers, "abogados", in Spain. They should also be specialists in international transactions.

A good place to start when looking for a lawyer is the AIPP website or the RICS website. There you will find listed several Spanish-specialist property lawyers as members – based both in the UK and Spain.

Currency ("FX") specialist

When transferring large or regular amounts of money abroad the best method is via a specialist currency broker. They will give you a better rate of exchange than using one of the more obvious such as your debit card, high street bank or airport currency shop.

How much? Around 3 or 4% on the exchange rate and usually with no transfer fees. On a £100,000 property an FX firm should save you several thousand pounds.

Frank and Diane find the process is quite simple: they go to the website of one of the currency brokers (they are regulated by the FCA and as safe as a bank) and are invited to set up a trading account. Then they decide whether to make a "forward contract", which sets the price of the euros no matter when they are actually transferring the funds. The advantage of this is in determining exactly what they will pay for their property. Exchange rates change every second, and without a forward contract they would never know exactly what it would cost until the day of purchase. Frank and Diane have set a budget of £100,000 and agree to buy euros at €1.38, which they know they can afford. If they purchase for €138,000 but by the time they complete the pound has dropped to €1.36, then to find €138,000 would have cost them an extra £1,470, perhaps taking the property out of their reach. Buying in advance has saved them that risk.

On the other hand, if the pound strengthens to €1.40 by completion then the house would have only cost £98,570 had they bought the euros at the last moment, and they have lost out. Frank, being more of a risk taker, was rather looking forward to tracking the exchange rate as the process moved on, but Diane convinces him to play safe. Buying a forward contract means they know exactly what it will cost.

And the good thing is, they didn't need to pay the money when setting the rate, only when actually completing on the purchase.

BUYING TIP

Gestor

This role goes back to the days when many people were illiterate, and needed a representative to deal with bureaucracy. Now they are helpful not only in dealing with bureaucratic aspects of life, like avoiding endless queuing, but also in, for example, organising the connection of utilities when you have bought the property. A lawyer could also assist with this.

Getting a mortgage

Many buyers will finance their house purchase with a mortgage. The mortgage provider will normally require the following documentation:

- Income tax declaration for the past two years
- Bank statements from the past year.
- Payroll or other proof of income for the past six months.
- A list of mortgage loans already held.
- A statement of your assets and liabilities, confirmed by an accountant.
- A copy of your passport.

When looking for a mortgage loan, consider:

- The bank will insist that the property be registered in your name. The contract of sale, receipt of funds and constitution of the mortgage will happen simultaneously, so an agent from the bank will be present at the signing of the deeds and will forward the money to the seller.
- Mortgages are generally "adhesion" (take it or leave it) contracts which include general conditions. Your lawyer should ensure that your mortgage takes into account consumer protection legislation.
- The property may already have a mortgage on it signed by the seller or developer. If so, the buyer must ensure that he or she will not be subrogated to this mortgage loan (i.e. become responsible for it).

If the buyer does subrogate himself to the loan received by the seller or developer:

- He should require the seller to show a certificate issued by the creditor bank, stating the outstanding balance due.
- He can ask the creditor bank for a more favourable interest rate and term for payment, and if they refuse to do so, may request another bank or entity to improve such conditions. Then the new entity pays the current holder of the mortgage the outstanding sum and moves into its place as a creditor. Such operations are virtually free, being tax exempt, with notary, registry and bank fees strictly limited by law.

Viewings

Checklist

Frank and Diane have flown to Spain. They know what they want: a villa on the Costa Blanca. They know their budget: £100,000, which with their forward currency arrangement is guaranteed to buy them €138,000. Out of this they must pay as much as 13% extra for buying costs and tax, and 2% more if they are going to get a mortgage, which is made up of the following:

Taxes (VAT/ITP):	**10%**
Notary fees:	**1%**
Registration of property:	**1%**
Stamp duty:	**1%**

And in case they need a mortgage, they will have an extra cost:

Other fees (gestoria, Registry, property valuation, notary)	**0.8%**
Mortgage stamp duty:	**1%**
Bank mortgage commission:	**0.25%**

The most significant of these is tax, which is subject to change depending on the political or economic circumstances.

Frank and Diane decide to look at property of up to €140,000 and hope to negotiate the price down to a more comfortable €120,000.

They are staying in a hotel and have checked that they have access to their phone and the internet so they can contact their lawyer quickly. When they need it, they can easily and cheaply send money for a deposit, or to pay a local surveyor.

They have arranged as many viewings as possible, but with plenty of time for relaxing and discussing what they have seen. They have borne in mind the distances and local terrain when considering how many houses they can comfortably view in the time. They have instructed the estate agents not to show them any property outside their price range. They have a reliable camera so they can take plenty of photos and possibly a video (on which they could record their own verbal first impressions too), a notebook to write down any extra information the estate agents give them, or questions they will need answering. Lastly, they have a checklist of information requirements.

BUYING TIP Frank has created his own scoring system for each property. This has the advantage of listing those criteria that he has judged most important. All of this information will be organised into a file to reread at the hotel.

Now, let's see some houses!

What to look for?

Frank and Diane know that whatever is stated on a later contract, the seller must provide what is listed on the initial sales information, including all services and facilities. So when conducting a viewing, they check that the property matches what is listed on the details in terms of quality of materials, state of repair, views, the local neighbourhood, noise, access to transportation, etc. They bring any issues to the attention of the seller or agent showing them the house and, if they are not convinced by the agent's explanations, they may return accompanied by a professional architect or surveyor to inspect it and get a valuation to correct it.

Any company selling or promoting housing should make the following information available to the public:

1. The trade name, company name, address.
2. Where appropriate, the details of the seller/owner entered in the Companies Registry. (Or just ask for the simple note, "Nota Simple", of the property – which contains all the information).
3. A map showing the location of the property and ideally a floor plan.
4. A property description, showing its gross overall area and ideally its internal usable area (see box, right) and, where appropriate, a general description of the building in which it is located, the common areas and ancillary services.
5. Energy performance certificate (CEE), listing materials used in construction including acoustic and thermal insulation, building and common areas, and ancillary services. Make sure that it is stamped as being registered with the Regional Authority as only then will it be accepted by the Registrar. The certificate is valid for up to ten years. It has to be provided by the vendor and it is normally attached to the title deed (escritura).
6. Instructions on the use and maintenance of any facilities that require special knowledge, and the evacuation of the building in an emergency. A so-called Book of the Building (Libro del Edificio) must be given by the builder to the agent, with all this information, to be passed on by every seller to a new owner. In some regions the book must be at the disposal of any new owner, in possession of a notary, or in the Land Registry in whose jurisdiction the property is located.
7. Identification details of the registration of the property in the Land Registry, or a statement of not being enrolled in it.

Surface area

The surface areas of property may be listed in several ways:

- **Gross floor area/constructed area (superficie construida)**
  This specifies the outer area of the building and defines all the enclosed space, including all built spaces, partitions, walls and facilities.
- **Useful area (superficie útil)**
  This also specifies the outer area, but only the built spaces that may be used by the inhabitants. It does not include the partitions, structure and facilities.

If the dwelling is part of a condominium, there is a third concept of surface:

- **Gross floor area including common elements (superficie construida con repercusión de elementos comunes)**
  This is the gross floor area of each flat of the condominium, plus the proportionate part of the gross floor area of all public areas of the same building. These are calculated according to shares set by the statutes of the home-owners. It includes all the spaces of the apartment plus a part of the common areas (entrance hall, staircase, broom closet and machine room, elevator shaft, etc.) of the building in which it is located.

Buying the property

As European Union members, the British have the same right to buy in Spain as the Spanish do, although with a few restrictions. However, there are significant legal differences in the sales processes between countries, such as property law, urban planning and coastal law, building regulation, tax law, money laundering regulations, mortgage regulations and consumer rights. What follows therefore, is just a general overview.

Like Frank and Diane, you should always get independent legal advice before attempting to buy property in Spain.

Reservation agreement.

Frank and Diane have found the property they like. Their agent now takes them to a local bar to celebrate and explains what will happen next.

Firstly they are given a document to sign and asked to pay €5,000 as deposit, because the agents says there are other people looking at the house. Indeed, it could well be being marketed by other agents too, who must be informed that the owner has agreed and stopped all viewings.

Most legal documents will be in Spanish – that being the legal language of the country – so a translation must be given and both signed by the owner and the buyer or their representatives.

CRUNCH POINT: Frank feels uncomfortable signing this contract, and insists that they will consult their lawyer first. He doesn't want to be committing to buy the property before any legal checks have been completed. It makes for a slightly awkward celebration but, as Frank says to Diane while the agent isn't listening – better that than spending years regretting it. As soon as they get back to their hotel, Frank sends a copy of the agreement to their independent lawyer.

Frank's lawyer calls him back and explains that after reading it through, he can confirm that this is simply a "reservation agreement" to take the specified property off the market for, usually, 15-30 days, at the stated price. It is quite normal to pay a deposit of between €3,000 and €10,000, which will be taken off the final purchase price. By Frank and Diane making the agreement subject to preliminary legal checks, mortgage loan availability on the property and a building survey, the deposit should be returned if there are problems. Estate agents are understandably keen to get overseas buyers – who are prone to getting

Speedy Spain

CRUNCH POINT: There are many ways of buying property in Spain. The type of contract will depend on the type of property, whether new build or resale, the nationality of the buyer (understandably, sellers are more keen to get a binding deposit from an overseas buyer), the speed with which the buyers want matters concluded, and how much they trust the seller. If all the due diligence can be completed quickly it is possible to buy a property in Spain in a day or two, but never attempt to buy quickly if it means skimping on your legal protection.

In this guide we describe the usual processes for a foreign (UK) couple buying a resale property.

cold feet when they return home – to sign and pay up while there. And it does secure the property for the couple. However, if they didn't believe anybody else was imminently trying to buy it, and were not entirely 100% sure themselves, what would be the advantage in paying up? It is a significant amount of money to lose if they later pull out.

However, Frank and Diane decide that they will "lock in" their decision so they sign the agreement and pay the €5,000. Now they are finally ready to celebrate!

The next day, with their lawyer or estate agent they go to the immigration office to start the process of obtaining their NIE number (see box, right).

They have also given a down-payment to their lawyer, who starts the search process to ensure that the property is legally the seller's to sell (and if it is jointly owned, get confirmation that all the owners have agreed to sell), has no debts or sale restrictions on it and has planning permission. At this stage, if there are legal problems not mentioned in the sale particulars they will be entitled to back out and get their deposit repaid. This would not have been possible had they, as some agents will attempt to get buyers to, signed a preliminary sales contract instead of a reservation agreement.

Obtaining your NIE

Expatriates living in Spain will usually already have an NIE, as you need one for many transactions; certainly anything that involves paying tax. Property buyers arriving from outside Spain, however, will need to get one. NIE stands for número de identificación de extranjero and is essential for buying property, obtaining mortgages and getting utilities connected. Since Frank and Diane are buying the property jointly they each need an NIE.

It is not complicated to get, but it can take from one day to six weeks. Since you need it to sign the escritura, you will need to apply at an early stage in the buying process. It is often the first thing you do after agreeing on a property, and often the estate agent will help, taking you down to the immigration or tax office and ensuring you have all the correct documentation.

Most people apply in person but you can also apply via a Spanish embassy or consulate by following this link: http://tinyurl.com/pvf2un3. You can apply through a representative, or by post.

How you may apply can vary between regions. To apply in person you go to an immigration office (oficina de extranjeros) within a specially designated police station.

You must take the following documents:

- Original and one copy of your current passport. If you provide only one copy, it should be notarised
- Official form (EX-15) filled out.

When you have paid the small fee you will be given a date to come back and collect it (or there is a process for a representative to collect it for you).

You will also need the NIE to open a bank account. Money laundering regulations limit how much you can pay in cash and set out the choice of payment methods as part of the sale agreement. Payment will normally be by bank transfer or bank cheque, so it is sensible to open a Spanish bank account and transfer funds from the UK.

Eight things your lawyer will be checking

1. Who owns the property, and therefore who has the right to sell it.
2. If there are debts against it. For example, a mortgage or court judgement.
3. If there are sitting tenants in the property.
4. If it is subject to any special rules such as subsidised housing.
5. In case of an urbanisation, whether the seller is up-to-date with the community fees.
6. If the annual real estate tax (the former "contribución urbana") has been paid. If it has not been paid within the last five years, the new owner will be responsible for payment.
7. For new or off-plan homes, if insurance is in place to cover any damage that may result from structural defects of the building.
8. For Subsidised Housing (VPO), or Appraised Price Housing (VPT), if there is any prohibition against selling it or any rights of first refusal from the authorities.

Your lawyer will get all this information from the Land Registry. A buyer could also get the information herself, or the seller, estate agent or administrative manager could do it for you. Either way, do not hand over any money other than a reservation deposit or sign any contract other than a reservation agreement until you have checked this information.

See Appendix One for further information on applying for information from the Spanish Land Registry

Preliminary sales contract (the arras)

Before the 15-30 days set out on the reservation agreement have run out, Frank and Diane will sign the sales contract that commits them to buying the property and the seller to sell it to them. There are several ways of doing this, for example with a preliminary sales contract (contrato privado de compraventa) or a down payment contract (contrato de paga y señal). However, for many overseas buyers it will be a deposit contract (contrato de arras) , which is sometimes translated as the 'earnest money contract').

The arras/earnest money contract is a private legal agreement which reserves the right to purchase the property at a set price at a set timetable and penalises the buyer or seller if they break the agreement.

- It sets out the exact details of the housing to be sold – location, owner, basic features and known encumbrances. If there is furniture included, it will also have a detailed list of those items, ideally with photos.
- It should also fix the final price, payment method and the maximum time for completing the sale.
- It will mention the amount that has been already delivered as a deposit, specifying that the money is on account of the sale and will be deducted from the final price when the deed is constituted. Usually it will range between 10% and 20% of the final price. Ideally it will be held in an escrow account, but whoever is holding it, the money should not be transferred to the owner until the day of sale. Although the parties can agree not to include these conditions, the law establishes certain penalties for either party who breaches it:
- If it is the buyer who breaches the agreement, he or she will lose the amount already paid.
- If the seller is in breach they must return the deposit DOUBLED.

Frank and Diane's lawyer goes over the contract with them, with a translation, and they agree that the property and its description, location, price, boundaries and so on are exactly as they had expected and are as described in the building survey report. They and the owner (or their representatives) then sign the contract – there is no notary at this stage. They also arrange for the payment of 10% of the price to be transferred.

BUYING TIP

Given that Frank and Diane are definite about buying the property, it might be in their interests to pay as high a deposit as possible, to dissuade the seller from backing out. On the other hand, if the seller is a non-resident and the money is not protected, you need to know that they will not disappear with your money, leaving the mortgage company to reclaim the property.

The payment method will also be agreed between parties. It will usually be a bank transfer or a bank cheque showing the name of the party receiving the money. The parties may sign a contrato privado de compraventa which creates a binding agreement and sets for a completion date as well as the terms and conditions of the sale (price, way of payments, contractual deadline...). If the seller breaches that agreement, the purchaser may take the option of fulfilling the agreement or may choose to withdraw from the sale and claim for damages incurred. The difference with the contrato de arras is the option to enforce compliance of the purchase agreement before applying for compensation.

Paying from a Tax Haven

If your money comes from a territory considered as a tax haven, you must inform and explain the projected investment to the Spanish Government at least six months in advance, using form DP2. Once the purchase has been formalised, you inform the Spanish Tax Office if the money comes from a tax haven, or if the amount exceeds €3,005,060, whatever the provenance of the invested capital might be.

Delaying the sale

Suppose the couple want to buy, but are not ready to commit to a final contract date? There are mechanisms for delaying the process. The contract for 'booking' housing is a contract of sale, but one in which the buyer and seller postpone the sale. Its terms will vary between existing houses and off-plan sales. For off plan, if the house will not be ready in time, or indeed construction not even started, the seller must provide some guarantees for repayment of the advanced sums, plus the statutory interest. Note the following however:

- The specification of the property is fixed and neither the seller nor the buyer may change it except by mutual agreement. Some developers will try to offer a different property.
- The price is also fixed and the buyer is obliged to pay this sum. If they decide not to complete on the purchase they will lose any money they have already paid.

For existing homes, this is quite a common problem for buyers and can include the following scenarios, in both of which there is a sale contract, and both the seller and the buyer are obliged to deliver the house and the price:

- The buyer wants to buy but does not have the money. If the buyer is waiting for finance it may be better to book the contract, while waiting to get the mortgage loan.
- The buyer has the money, but the signing of the contract is delayed for some reason.

If Frank and Diane want time to think again or to obtain funding, while making sure that the seller will not sell "their" house to a third party, they could consider signing the contract but asking for a condition that the sale will be delayed until they have received financing. Then if the bank refuses the mortgage loan, the sale will be cancelled, with or without compensation to the seller, as the parties have agreed.

The sale contract (escritura)

The date for signing the escritura, completing the process, has been set by the agents and lawyers when signing the arras. It is signed in front of the notary. [see box, below] it could have been done by Power of Attorney, but Frank and Diane would rather be there for the process. The payment process has been agreed (a bank guaranteed cheque from their Spanish bank) and Frank has drawn up a list of final arrangements.

The lawyer accompanies Frank and Diane to the notary. As buyers they have the right to choose the notary and have left it to their lawyer to choose one.

Signing the escritura – full name escritura pública – involves the formal handover of the property through the delivery of its keys and payment of the purchase price balance, either from the buyer or the mortgage company/bank. After this point, neither side can turn back. The private agreement between the parties will be declared as a public change of ownership with signed public deeds.

For off-plan sales, people usually go through a private contract to formalise the delivery of stage payments and the obligation to build and deliver the housing. Importantly, even if they sign a private contract, either party may request the other to proceed to convert the private contract into a public deed, and if the other party refuses, may seek judicial intervention. To register the purchase at the Land Registry it will always

The Notary

What is a notary? Are they like a solicitor?
The Spanish notary (notario) is a publicly appointed official and very different from a British solicitor. Their job is to take a private contract and, by witnessing it, turn it into a public deed, a document proving to everyone that you are the owner. That makes it quite a prestigious job in the local community.

Their job is to prepare and write the deed, ensure its provisions are legal, ensure that the parties understand the contract and inform them of their tax liabilities arising from the signing of the deed. All this is from an impartial and professional viewpoint: the Spanish notary is not an advisor and will not tell you what is better for you to do, but ensure that the law is enforced. The notary will keep the original of the deed, issuing you with as many licensed copies as you may ask for, each with the same validity.

Are they absolutely necessary?
You could keep the change of ownership as a private contract, which should be enforceable in court. However, for overseas buyers it is the only safe way of establishing title, providing the highest standard of legal security. It is also essential if you are financing through a mortgage.

Who pays the notary, and how much?
The purchaser pays most of the fees and also gets to choose the notary. Fees are usually from 0.1% of the value on the deeds for expensive property and up to 0.4% for cheaper property. Each copy of the deeds (copia simple) costs a few euros too.

What is the process?
On the appointed day all the parties attend the notary's office, which can get quite crowded. The notary checks the identity of those present and reads out the deeds.

If you don't speak Spanish you should take a translator along to read the deed in English and ask questions on your behalf if necessary. Many notaries in the main British-buying areas will speak English anyway, or may insist that you have a translator present. If requested, the deed will come already translated with the text in two columns, one for each language. Each party will then be given the deed to sign. The notary will confirm that payment has been made and the keys will be handed over. The buyer will be given a copy of the deeds and their lawyer will fax notification to the Land Registry. Later the lawyer will collect the original deeds.

Can we use a British notary?
Britons buying from other Britons could consider using a British notary (who is also not a solicitor). Using the CROBECO system created by European Land Registry Association (ELRA), a British notary may electronically connect with a Spanish administrative manager (gestor), who will provide the necessary information and the documentation required by Spanish law to achieve registration.
For further information, please visit the website of ELRA at www.elra.eu/elra-european-land-registry-association

be necessary to grant the public deed.

The public deed is a document authorised by the notary, reflecting the will of the parties, listing their identities and responsibilities and including these on the document as they intended, but also in accordance with legal requirements. It warns the parties about the obligations and duties arising from the agreed contract for each of them.

The notary witnesses the authenticity of the document, so that, whatever the buyer, the seller, or where appropriate, the mortgage lender, declares before the notary is included in the deed. This serves as proof for everyone and neither party can deny the statements contained within it. Notarised records are the highest legal standard of evidence among parties.

The execution of the deed is effectively the delivery of the property, and the balance of the purchase price will normally be delivered to the seller in the presence of the notary. The notary must identify in the deed the price, stating if it is received before or at the time of execution of the deed, the amount and payment methods – i.e. bank cheque made out to the seller or payable to the bearer, bank transfer, direct debit. If the price has been paid prior to the time of execution of the deed, the notary shall state the date or dates on which it was made and the payment method used in each.

Before authorising the deed the notary will ask the Land Registry for a simple note stating the ownership and charges of the estate. Immediately after it has been signed, if the parties request it, the notary will let the Registry know that the deed has been authorised. This prevents the buyer from being affected by any lien or charge that the seller may agree once the contract is concluded, but which are presented to the Registry before the purchase deed is granted.

Home sweet home!

The house now belongs to Frank and Diane. They are given the keys at the notary's office and drive to their new villa, pausing only at a supermarket to buy a bottle or two of something cold and sparkling with which to raise a toast.

There are still things to do and to check – ensuring that electricity and water are connected, for example, and that every aspect of the property is as they expected. But now, within six weeks of first setting eyes on the property, Frank and Diane are able to sit on the veranda of their new Spanish villa, look out over their Costa Blanca view, wave a friendly "hola" to the neighbours and look forward to a wonderful new stage in their life.

Power of attorney

It can be inconvenient for overseas buyers to return to Spain each time a document needs signing, so many will grant Power of Attorney to their representative – perhaps their lawyer or a gestor if they have one. This authorises the attorney to sign on the buyer's behalf.

Both the buyer and whoever is getting the Power of Attorney will go to the notary's office, prove who they are and explain the terms and limitations of the power of attorney. You can also organise to get Power of Attorney in Spain by going before a notary in the UK; you can find them through any solicitor's office or via this website www.facultyoffice.org.uk/notary/. You can also appoint Power of Attorney via the Spanish consulates in Manchester or London. The process will cost around £250 in the UK but much less in Spain.

Rented properties

There are special rules for property that is rented out at the time of the sale.

As a general rule, the tenant has the right to replace the purchaser in the event of the landlord wishing to sell. These aspects of rented property depend upon the tenancy agreement and can be complex. An independent lawyer familiar with landlord and tenant law should be engaged.

If the property you are buying is rented out, your lawyer must deal with this issue before you part with any money.

Registering ownership

The legal processes have not quite finished yet, however. With the escritura signed and the taxes paid, the final step is the registration of Frank and Diane's rights at the Land Registry.

Who manages the registration?

To register property rights in the Land Registry, the following documents must be presented at the local Registry Office:

- A certified copy of the deed of sale.
- Printed tax self-assessment form, showing payment of taxes at a bank.
- The most recent property ownership tax (IBI), or a cadastral certificate showing the cadastral reference of the property. These documents should be incorporated into the deed and its copies.
- Proof of submission of a copy of the deed to the local tax authority for the purposes of the Municipal Tax on Increase in Value of Land of Urban Nature (plusvalía).

The housing authorities from the Autonomy may also require the seller to deliver a certificate of habitability, proving that the property meets all the technical requirements for habitation. Resale properties, as long as they have the supplies contract in place, will not need to show these licences.

The presentation of these documents to the Land Registry can be done directly by the buyer, an agency, the notary, the lawyer or a gestor.

However you choose to do this, once these documents are at the Registry, registration must be completed within 15 working days. Otherwise there will be a 30% reduction in fees. The registrar will verify that the agreement has been made with full legal effect and the property rights of the buyer will be recorded at the Land Registry. If the registrar sees that the documents have defects preventing their registration they will notify the filer of the document and the attesting notary.

Defects noted by the registrar may be corrected, or if you do not agree with the registrar, you may request a second opinion from another registrar who may replace the first. The corresponding appeal may be submitted to the Directorate General of Registries and Notaries, or you may directly challenge it before the Court of First Instance in the capital of the relevant province.

This registration is necessary for the buyer's newly acquired right to be fully protected:

- You will be considered the only true owner unless judged otherwise.
- You are protected against creditors of the seller.
- You are protected from hidden charges against the property.
- You may obtain judicial protection of your rights.
- Once you have registered your rights, no one can effectively acquire any rights over your home without first obtaining your consent.
- You can obtain a mortgage loan to finance the purchase of housing. Only if the buyer registers his or her right of ownership may the bank register the mortgage that guarantees repayment.

The change of ownership will be notified to the cadastre so they will know that the property taxes will now be paid by the buyer.

For all these reasons it is essential, as we have already explained, to check if there is any seizure, mortgage or other charge in registration history of the house or the land on which it is to be erected, and to buy only from the person listed as its owner in the Land Registry. It is also essential, once you have signed the deed, to complete the registration of your rights in the Registry.

Inheritance

Frank and Diane will go on to enjoy long and happy lives in Spain. But in the event of the death of our couple in Spain, it will be their nationality at the time of death that governs rules of inheritance and succession.

If they have retained British citizenship, for example, then English or Scottish law (depending on which part of Britain they live) will determine who should inherit if they have not written a will, or how it will be interpreted if they have, and how inheritance is settled. If they die without a will their estate will be taxed at the full rate.

Rules can vary profoundly between countries. English Law, for example, allows you to do what you like with your assets. But if your assets comprise only Spanish property then under English law it is the Spanish law that must be applied, and Spanish law limits your freedom when granting a will. A portion of your assets must be left to certain relatives (legítima). Spanish law will also be applied if, at the time of death, you have acquired Spanish citizenship.

Writing a will you should consider:

- You may draft your will in Spain, according to Spanish law, usually signing before a notary.
- You may alternatively draft your will according to English law, but in this case you must consider two cases:
- A will drawn up by mechanical means and signed in the presence of two witness must be submitted to the competent judicial authority in Britain for the grant of probate, without which the will cannot be executed, nor the resulting property rights registered at the Land Registry;
- In accordance with English law, you can grant a will which refers only to your properties in Spain, and you may do so with a Spanish notary or in the manner prescribed by English law. In that case, Spanish law will govern the distribution of inheritances.

PROPERTY TAXES

Buying a property in Spain means paying property taxes at the time of completion, which are based on the sale price as stated in the deed of sale. However, if the sale price is judged to be lower than the real value then the tax office (Hacienda) will submit an additional bill for the difference.

- If the buyer is not a Spanish resident, the seller will withhold 3% of the price and give it to the tax authorities.
- If the seller is not a Spanish resident, the buyer will withhold the capital gains tax on the increase in value of urban land – formerly known as plusvalía.

How much tax is payable will depend on whether the purchase is a primary residence, a brand new property bought directly from the developer, or is a resale.

New homes: The buyer pays Value Added Tax (IVA) to the seller. At the time of writing (July 2015) this is 10% on residential property. In the Canary Islands it is 7%, and called the General Indirect Canarian Tax (IGIC).

The buyer pays IVA along with the purchase price and the seller sends it on to the tax authority. The buyer also pays Stamp Duty Tax (AJD) of 0.5% of the value declared on the deed (unless set at a different rate by the relevant Autonomy). This will be self-assessed on an official form and paid into the tax office via a cooperating bank.

Resale homes: The buyer of a resale pays Transfer Tax (ITP) rather than IVA, at a rate of 6% of the value declared in the deed, but again can be set a different rate by the Autonomy. It is also paid via a self-assessment form at a cooperating bank.

Deed of loan: Stamp Duty Tax (AJD) is payable at 0.5% of the total amount of the mortgage liability. This is not the amount actually received from the bank, but the quantity guaranteed for repayment of principal, interest and costs of enforcement. The Autonomy may set different tax rates. If you buy subsidized housing (VPO), tax rates are generally lower.

Paying property taxes

To pay property taxes you obtain printed self-assessment forms, calculate the amount, pay it to the relevant entity and give the form notifying that you have made payment to the tax office. Your lawyer will normally pay the property tax, but it could be done by the purchaser, by an agency or by the notary who has drafted the deed.
A buyer paying personally needs to know:

1. Where to submit the self-assessment form for ITP or AJD. For property in provincial capitals it is paid to the Delegation of Finance of the Autonomous Community. For property outside the provincial capital it goes to the District Liquidation Office, which takes in the Land Registry.
2. Payment of Property Transfer Tax and Stamp Duty Tax must be made within 30 working days from the date of execution of the deed. Delays will lead to a surtax being imposed.
3. Payment of those taxes is required for you to take out the registration of rights acquired in the Land Registry.

Contributing Authors

Christopher Nye

Following a Bachelor of Arts from Leeds Beckett University and a career in cruise ships and hospitality management, Chris was qualified by the National Council for the Training of Journalists in 2003.

He has written on tourism, emigration and international property for The Times, BBC, A Place in the Sun, World of Expats and the Overseas Guides Company, where he is Investment Editor. A former resident and newspaper columnist in Mallorca, Chris has been Staff Writer for Everything Spain magazine, Features Writer for Living Spain magazine and Editor of Overseas Property Professional. Chris co-wrote Channel 4's Guide to Buying in Spain.

Peter Robinson

Peter was formerly an agent in Spain where he also privately bought and sold property. Active in a variety of roles in the international property and financial services industry in the UK, Spain and around the world since 2001, Peter has worked extensively with property developers to improve how they bring their projects to market. Peter now heads the AIPP – Association of International Property Professionals – based in Westminster, London.

Francisco Molina Balaguer

Francisco was born in Valencia and graduated with a Law degree from the University of Valencia in 1998. He has been a Land Registrar since 2002 and a partner in the International Relations Department of the Spanish Registrars Association since 2012. He was appointed Delegate to the Association office in Brussels in January 2014. He is the author of several articles on tax and inheritance matters published in the Bulletin of the Spanish Registrars Association, and presented a paper at the IPRA (International Property Registries Association) conference in Amsterdam in 2012.

Alfredo Millá, MRICS

Founder and CEO of Sonneil. Before setting up Sonneil, Alfredo led the marketing and selling of properties to foreign clients at Banco Sabadell and Caja Mediterráneo real estate agencies for seven years. Prior to that, he worked as a strategic consultant. He holds a degree in Business Administration and Management and an MBA from ESADE Business School and the Advanced Management Program (AMP) at IESE (Munich and Barcelona). He is also member of the Board of Directors of RICS in Spain and Chairman of the Residential Property Professional Group.

Campbell D Ferguson, FRICS

RICS registered valuer and expert witness to UK courts. Owner/Director of Survey Spain SL and organiser of the Survey Spain Network of Chartered Surveyors.

Survey Spain has been carrying out building/structural surveys and valuation surveys since 2003.

Originally from Glasgow, Scotland, Campbell has been working in Spain for 16 years and surveying/valuing/marketing/appraising properties for 47 years.

César González Zarza, MRICS

Bachelors degree in Law from the University of Deusto, Spain;
Masters Degree in Urban Planning law from ULPGC; Executive Masters Degree in Town Planning from Garrigues School of Law, Madrid;
Bar Association of Canary Islands and practising lawyer/solicitor;
Member of ACADUR (Urban Planning Association of Canary Islands);
MRICS nº 1297328
CBRE, Representative Canary Islands

J M Anthony Fisher, MRICS

British, and a chartered surveyor since 1977, Anthony's career in property includes living and working in England, France and Spain. Much of this career has been related to property management, more recently to the valuation and inspection of residential property. Anthony has served on various committees and working parties of professional associations, latterly in RICS España. He has written various articles in English on aspects of property in Spain for journals of the RICS.

APPENDIX ONE

Applying for Registry information

- You or your lawyer can apply at any of the Registries of Spain in person, by fax, mail or email.
- You can also apply via the website of the Association of Registrars of Spain www.registradores.org. To receive a "simple note" in English, use the new portal for international users www.buyingahouse.registradores.org.

After completing an enquiry form, your application will be redirected to the appropriate Land Registry. Once issued and translated, the note will be delivered by email and you can pay with any major credit card.

To find out which Land Registry's jurisdiction the property is in, ask the Consumers' Service of the Association of Registrars, on freephone 900 10 11 41, at www.registradores.org or via email to consultas@registradores.org. The same way, you can also find out Land Registry addresses, phone and fax numbers, email addresses and ask about any other registration matter.

The registration information may be obtained as:

- A "simple note", which contains a description of the housing, its location, surface, appurtenances, its share in the condominium, any administrative regime that could affect it (if it is a public housing), mortgages that may remain on it, interest and costs, liens, seizures, easements, any disputes over ownership, fiscal conditions and, in general, anything affecting the home ownership.
- Certification on domain and charges, which may be of a broader content than the simple note, and could be used in court.

The main purpose of the Land Registry is to publish and protect legal entitlements. When it provides a description of the property, it takes it from the catastro and from descriptions of the parties, which may or may not be up-to-date. The Catastro (also often spelled as Cadastre), is the official institution in charge of giving a graphic description. You can check the accuracy of the catastro via their website at www.sedecatastro.gob.es, or with a RICS surveyor.

You may also request the registrar to provide a written report on the registration status of the property, or ask him or her for verbal advice. Land registrars are required to verbally report on matters relating to the registration status of properties, and such legal advice is free of charge. Registration information is provided in accordance with the provisions of the Law on Protection of Personal Data.

In addition to checking the housing situation in the Register, the seller must provide you with certain additional documents:

- For resale homes, the authorised copy of the deed in which the acquisition was formalised.
- A receipt for the last payment of the Property Tax.
- In the case of condominiums, a certificate issued by the president or secretary of the home owners association stating if the property is up to date in the payment of community fees.
- The formal statement, on a public document, that there are no current leases on the property.

Non-EU foreigners

For any type of property being bought by foreigners, legislation on national defence can come into play. In strategic areas, prior authorisation by military authorities is required for non-EU foreigners to acquire housing, whether residents in Spain or not. It applies around Cartagena, the Strait of Gibraltar, Cadiz Bay, Galicia, border areas with Portugal or France, the Islands and Ceuta and Melilla. Furthermore, it is mandatory to register the transaction in the Land Registry.

Off-plan property – urban and building regulations

Examination of the physical and legal situation of the property is more difficult where it has not been built yet. The only description is the one the agent shows you, and it will only be built if the developer fulfils his obligations in accordance with the contract.

So for off-plan property do not sign a contract or pay any money without first checking:

- The developer actually exists and the person signing on its behalf is entitled to do so. Check that the sponsoring company is registered at the Companies Registry. You may obtain information about the registration of the company, its administrators, agents and statutes, through a commercial register or www.registradores.org. This can be obtained quickly and easily over the internet with a credit card payment.
- The land on which the building is to be erected is registered in the name of the sponsoring company with which you sign the contract.
- The planned property has been authorised by the council and granted a licence. This can be checked at the Land Registry, because if the description of the planned property has been entered in the Registry then the license must already have been justified to the registrar. If the description of the building is still not recorded in the Registry then you will need to go to City Hall to check if the site has permission to build.

Each municipality has its own urban development plan that will agree with the planning regulations of its Autonomous Community. Several municipalities may create a joint plan, regulating new developments outside the urban grid. This plan will determine whether you are able to build on the plot, and the possibility of building and renovating in the future, or, on the other hand, the extreme threat of receiving a demolition order. Technical offices of the councils should provide you with the information about the urban situation and the changes that may affect the plot in the future.

If you are required to sign a private contract before the building is fully completed, and you are asked to pay any amount on account of the price, you should consider:

- If the contract includes unfair terms,

which would be considered null and void even if the purchaser has signed them. These could be terms claiming to allow the developer to make subsequent changes to the project without the buyer's consent, or waiving the right of the buyer to choose a notary, saying that the buyer has to bear the costs of preparing the documentation.

- Where payments are made to the developer, you may require that they are paid into a special account, only to be spent on construction, and that insurance is taken out or an endorsement made to ensure their return plus 6% if construction is not carried out or delivery is delayed. It is mandatory for the developer to give the client an "aval" from a bank which guarantees the payments if the project is not completed.

Once construction is completed but before signing the deed of sale, you can insist that the seller proves that the work has been completed as described in the plan, and that insurance is in place to cover any defects in construction. This too may be checked by a query to the Land Registry, because to register the completion of the building it must receive a certificate of final completion in accordance with the agreed plan. This will have been signed by the architect and director of the work and will include the insurance contract and a technical certificate indicating the date of completion and saying that the building fits the license. Therefore, before signing the deed, you must verify that the promoter has entered the completion of the work in the Land Registry.

In recording the completion of the building and registering construction already completed, you must obtain a technical certificate showing the date of completion and identifying that the building fits the project for which its licence was granted.

In any case, you should require the seller to state that, once built, the construction meets the technical requirements for the use to which it is intended (housing, commercial, industrial, etc.), by delivering you the first occupation licence, necessary to connect to utility supply companies (water, electricity, telephone, etc.). These licenses should be delivered to the buyer at the moment of signing the deed. Without them, you may refuse to sign, as they are essentials in law.

Purchasing by the seashore

Special rules apply for land along the seashore – which can include inland waters – and continue inland as far as around 100 metres. Such land is designated as within the public domain. You can buy a house already there, and you will be able to renovate the home, but without extending the size of the building either horizontally or vertically.

To check if the house is on land within the public domain you must go to Coastal Service or to the City Hall. Such information will also appear on information provided by the Land Registry. For the execution of the deed, a certificate from the Coastal Authority must be given to the notary, stating if the property is on or adjacent to the public domain, and any restrictions arising from that.

It is especially vital to take legal advice when buying close to the seashore.

Purchasing an apartment

When you are buying a condominium you acquire not only your property but also a share of the general building, such as the entrance hall, staircase, broom closet, machine room, elevator shaft, etc. Your share – and hence your obligation to pay the common expenses of the building – corresponds to your apartment.

The owner of the apartment must pay such expenses for the previous calendar year and the unpaid part of the current, so make sure the seller delivers a certificate stating whether there are debts. The seller may ask you to exonerate him or her from this obligation. This is quite usual, but if you agree ensure you understand the full extent of your responsibility.

Ask the seller to give you a copy of the articles of the condominium, as they may restrict your use of the apartments, their division or grouping, and they determine the common parts of the building. In the Land Registry you may obtain a copy of the clauses affecting even those that were not part of the condominium at the time the articles were approved.

Purchasing rural land

If you are thinking of building a property on rural land, bear the following factors in mind:

- The price will vary depending on whether it is dry land needing irrigation, if it is planted with fruit, cereals, meadows, forests, etc., and according to the Autonomy on which it is located.
- Check whether there is any existing building on the land or if there is the possibility of building in this area, according to the planning rules of the Autonomy.

Generally, rural land cannot be used for residential development, unless the Urban Authority requalifies the land:

- it is possible to renovate existing buildings, either to live in them or to establish a rural tourism business, but it is not possible to add new buildings.
- it is possible to erect new buildings for regular farming or hunting activity.
- in some cases, you can build sports or cultural facilities, or those relating to environmental care.
- even in those rare cases where new residential buildings may be built, the land must be of a certain size as decided by the Autonomy, to avoid the creation of new villages without the proper change of use or sufficient infrastructure to support them.

The property must also hold the correct license from the municipality. The interested buyer's lawyer must check the residential potential of the land, by asking for information at the City Hall. In general, information from Land Registry will also state whether the parcel is suitable to be built or not.

APPENDIX TWO

The costs of buying property in Spain

Costs directly generated

Buying a home generates many costs for the buyer in addition to taxes, and it is not always obvious why you are paying them or to whom, yet they add appreciably to the costs.

Who do you pay?

- **To the seller** you pay the purchase price, less any deposit already paid.
- **The estate agent** is paid by whoever contracted them, which is generally the seller. They are usually included in the sale price and so are only paid if the sale is made.
- **The notary's** fees are divided, by law: the seller pays for authorisation of the deed and the buyer pays for the issuing of copies of the deed. The buyer must pay all notary fees only if expressly agreed with the seller. Fees are set by the Tariff and Regulatory Fee, but allow for 0.5% – 1% of the price declared in the deeds.
- If you are paying for the services of a **gestor** it is important to get the original invoice issued by the notary and the registrar, and the letter of payment of taxes, so that each party knows how much to pay for each of the services provided.
- **The Land Registry.** The buyer pays the level of fees corresponding to the registration of their right, and if agreed, of those corresponding to the registration of the mortgage. Registration fees are governed by a tariff, which you can ascertain at each registry office. Allow for 1% of the value on the deeds.
- **Your lawyer.** The usual range of fees for your lawyer – abogado – will be in the €1,500 to €3,000 range, but this really depends on the value and complexities attached to a property purchase and fees can be considerably more.
- **Mortgage costs.** This will include a valuation of around €500 plus the arrangement fee. It will also increase the notary's costs as you will have to sign a different title deed.
- **Bank costs.** You will need to write a banker's cheque or pay for a transfer of funds. Allow 0.5% of the funds transferred.

Before making any payment ensure you receive invoices breaking down each element of the bill, the IVA, the identity and Tax Identification Number (NIF) of whoever has issued them. For those issued by notaries and registrars, if you disagree with any of the charges you may appeal against them as specified by the rules that laid down the tariff.

Other costs

Municipal Tax on Increase in Value of Land in Urban Nature: Formerly known as "plusvalía", this is a local capital gains tax based on the increase of the value of the land since the current seller bought the property and must be paid by the seller. The rate depends on the period of possession and the population of the town or city. Buyers need to be aware that if the seller is non-resident in Spain, if the tax is not paid then the buyer will have to pay it.

Property Ownership Tax (IBI): Formerly known as the contribución urbana, this is a local tax paid annually and based on the cadastral value (valor catastral) and according with the value of the land and the building, but usually much lower than the actual market value. Each Municipality decides the rate to be applied.

Wealth Tax (Patrimonio): Payable annually, based on the value of total net assets as of 31 December of each year, after the free allowance of €700,000. For non-residents, this will be based on the total value of their net assets in Spain. The rate varies from 0.24% to 3.03% at the time of going to press. As this tax is applied individually, if the property is owned by more than one person each of them will be taxed according to his or her share of the property.

Income Tax for non-residents (IRNR, Renta de No Residentes):

- If the owner rents the house they must pay 20% of the rent (24% if the lessee is a non-EU citizen).

- If the owner uses the house he or she pays 20% of the 1.1% of the cadastral value (2% of such value if it has not been revised since 1994). For non-EU citizens, the rate is 24% again.

Income Tax for residents (IRPF, Renta de las Personas Físicas): Any person is considered to be resident in Spain if he or she lives in Spain for more than 183 days per calendar year. In that case, you have to file your Income Tax annually, and declare all your income regardless of where the income was generated.

Estate Equity Income Tax (Ganancias Patrimoniales Inmobiliarias): Calculated on the difference between the purchase price, plus taxes and expenses, and selling price, minus taxes and expenses, and applying an update coefficient approved each year in the Budget. All non-resident sellers will have to pay 20% of such a difference, and are also subject to a withholding tax of 3% of the sales price, paid to the tax office.

Rubbish Collection Tax (Tasa de Recogida de Basuras): This varies according to each property and is usually paid once or twice a year at a rate set by the local council.

Water Supply and Sewerage Tax (Tasa de Abastecimiento de Agua y Alcantarillado): Payable at a rate set by each council, usually four times a year, this is worked out according to water consumption in cubic metres.

Costs other than taxes

- **community expenses:** for condominiums and urbanisations, as set and approved by the General Meeting of Owners each year.

- **gardening and cleaning services:** the costs of communal gardens and public areas of condominiums are included in the community expenses (see above). If paying for these services yourself, however, the amount will depend on whether the people are paid by the hour or are contracted full or part time. Don't forget social security contributions too, an addition to the monthly payroll of around 40% of the salary.

- **land telephone line and internet:** Local and national companies will offer various deals and packages, which can include, in addition to phone and internet connection, also cable television. Such services are usually paid monthly.

- **electricity** is paid monthly, with a basic rate payable whether the property is occupied or not, and a minimum that will vary according to the estimated use.

APPENDIX THREE

Related links

Association of International Property Professionals (AIPP)
- www.aipp.org.uk

Royal Institution of Chartered Surveyors (Spain)
- www.rics.org.es

Colegio de Registradores de España (Spanish Registrars Association)
- www.registradores.org

Consejo General del Notariado (General Council of Notaries)
- www.notariado.org

Agencia Estatal de Administración Tributaria (Spanish Tax Offce)
- www.aeat.es

Dirección General del Catastro (General Directorate for Cadastre)
- www.catastro.minhac.es

Confederación Española de Organizaciones de Amas de Casa, Consumidores y Usuarios (Spanish Consumers and Housewives)
- www.ceaccu.org

Organización de Consumidores y Usuarios (Consumers Organisation)
- www.ocu.org

Asociación de Empresas Constructoras de Ámbito Nacional (Construction Companies and Infrastructure Commissioners)
- www.seopan.es

Confederación de Consumidores y Usuarios (Consumers Federation)
- www.cecu.es

Asociación Hipotecaria Española (Spanish Mortgage Association)
- www.ahe.es

Asociación de Promotores y Constructores de España (Spanish Developers and Constructors Association)
- www.apce.es

Consejo General de Gestores Administrativos Colegiados (Council of Gestors)
- www.consejogestores.net

Consejo General de los Colegios Oficiales de Agentes de la Propiedad Inmobiliaria de España (Estate Agents Council)
- www.consejocoapis.org

British Embassy in Spain
- http://ukinspain.fco.gov.uk/en

Autonomous Communities

Andalusia - www.juntadeandalucia.es
Aragón - www.aragob.es
Asturias - www.princast.es
Cantabria - www.gobcantabria.es
Castilla y León - www.jcyl.es
Castilla-La Mancha - www.jccm.es
Cataluña - www.gencat.es
Ceuta - www.ciceuta.es
Extremadura - www.juntaex.es
Galicia - www.xunta.es
Islas Baleares - www.caib.es
Islas Canarias - www.gobiernodecanarias.org
La Rioja - www.larioja.org
Madrid - www.madrid.org
Murcia - www.carm.es
Navarra - www.navarra.es
País Vasco - www.euskadi.net
Comunidad Valenciana - www.gva.es
Melilla - www.camelilla.es

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