

The Buying Process (Off Plan)

Step 1 - Find the property you want to buy. This will be dictated in the main by your reasons for purchasing. If it is for a holiday home you need to look for properties that are easily managed and have a good rental potential. If you are looking to spend a large proportion of your time there you will need to consider the infrastructure (schools, shopping, leisure activities etc). If you are buying mainly for investment purposes you will need to focus on properties with the greatest income potential.

Step 2 - Reservation Deposit - You will need to reserve the property by paying the developer a reservation deposit of between €3000 – €6000. This can be paid in cash, bankers draft, bank transfer or by credit card whilst at the development with your agent. This will then take the property off the market for a period of usually 30 days. You may at this point wish to employ the services of a solicitor who will make all the necessary checks on the property before you sign or make any other payment. Baker Long Properties can recommend a Spanish solicitor (abogado) in the region who specialise in this area. They are registered with the Spanish Law Bar Association (which covers you in the unlikely event something were to go wrong with the purchase and you were to suffer a loss). Your solicitor will at this point start making checks which will include ensuring that bank guarantees are in place with the developer to protect your payments, that the land belongs to the developer and that planning permission has been granted.

Step 3 - Private Purchase Contract - This is a full legally binding contract and commits the developer to delivering the property as detailed in the plans and specifications (which are included) within the time frame agreed and how a failure by each of the parties to comply with the contract will be resolved. It is at this point you will make your 1st payment ranging from between 15%-25% of the purchase price. This can be made safely and easily by using a reputable money transfer agent in the UK or your own bank (however these will normally charge for the service).

Baker Long properties work with You do not need to be present to sign the Private Purchase Contract since your solicitor working with your power of attorney can sign on your behalf. One set of originals will then be posted to you and one set kept by the developer.

Step 4 - Stage payments and construction - Throughout the construction process you will be required to make staged payments to the developer. The amount and number of payments varies with each developer and development. Find a home in Spain works with developers prepared to accept as little as 15% on Private Purchase Contract with nothing else to pay until completion. During this period which can be up to 2 years from reservation deposit (depending upon the development you are buying on), Baker Long Properties will keep you regularly informed on the construction progress of your property.

Step 5 - Prior to Completion - Once the developer has confirmed the completion date (usually several weeks prior), if you are borrowing to pay the balance outstanding, you will need to organise your mortgage if you have not already done so. (Murcia Mortgages). It is at this point that you will need to arrange a date and time with the developer to go out and take possession of your property and obtain your NIE number.

Step 6 -Taking Possession

a) Obtaining an NIE number

At any time prior to taking possession of your property you will need to obtain an NIE number (Numero de Identidad de Extranjero). This is a very straight forward process that can be arranged by your solicitor who will accompany you to avoid any language problems. You will need 2 copies of your passport, together with 2 passport sized photos and a signed application form with a photocopy.

b) Signing the Public Deeds

The final stage will be to attend the Notary's office at the agreed time and sign the public deeds (Escritura Publica) along with the developer so that these can be submitted to the land registry and you can gain full legal title to the property. It is at this point that you will need to settle all outstanding payments to the developer and the tax authorities. If you are paying with your own funds you will need to produce a bank guaranteed cheque to cover the amount, or demonstrate the funds are being paid in some other way that is acceptable to the developer (ie. bank transfer). If you are using a mortgage then your lenders solicitor will be present to confirm that the funds will be paid by the lender. It is always best to attend the signing of the deeds in person, however if you are unable to do so, your solicitor can by power of attorney sign on your behalf in front of the Notary.

Step 7 - Finally - Once you have obtained full legal title you will need to register your purchase with the relevant municipal authority so that you can pay the rates. You will then need to set up accounts and make payment arrangements with the utility companies for gas, water, electric and telephone. Once again your solicitor will do this for you if you wish.

It is also recommended that you get make a Spanish Will for your property in Spain. Spanish bureaucracy can delay your heirs from taking control of your inheritance if you do not have one. Your solicitor can assist you with this.