

## **The home buying process in Spain.**

When acquiring real estate in Spain, the standard purchase and sale registration process applies:

1. The buyer must choose a property, after the buyer and the real estate agency sign a contract where the buyer reserves the property (2 copies), this contract is valid during the 14 days after the signature.
2. After the signing of the property reservation contract, within the next 14 days, the "Penitential Arras" contract is signed. In this contract the buyer is obliged to pay 10% of the total value of the property (the amount paid as a reservation will be included in 10%) as a guarantee and / or down payment.

After signing the Down payment Contract, the buyer will have 60 days (this period may be increased, by mutual agreement between both parties) for the signing of the deeds with the notary and complete registration of the property.

3. The next step after signing the Down payment Contract, the buyer (NOT RESIDENT of Spain) must obtain N.I.E. (Tax identification number of a foreigner). This step is necessary to be able to sign the notarized deed of purchase in accordance with Law 36/2006 of 11/29/2006.

4. The NON-RESIDENT buyer must open a bank account in one of the Spanish banks on his name, where the funds for the acquisition of real estate will be transferred. The term to consider the opening of a bank account is estimated between 4 business days to a month, it depends on the chosen bank.

5. If necessary, the buyer can request a mortgage loan (up to 60% of the sale value of the property if you are NOT RESIDENT and up to 80% for RESIDENTS). In this case, an independent evaluation of the property will be carried out within 14-30 days, after which the bank will make a decision on the amount of the mortgage loan, number of years of the mortgage loan and percentage to apply. The mortgage loan request at the bank will be made at the time of opening the bank account in the case of NORESIDENTS and at the time of formalization of the Purchase Agreement with Penitential Arras for RESIDENTS.

6. On the day of the notarial signature, the buyer will issue a bank check or a



transfer via bank of Spain from his account to the name or bank account of the seller (a copy of the transaction will be attached to the deed). In the case of processing the mortgage loan, the bank will deposit the loan amount to the buyer's account, on the same day the bank will issue a check in the name of the seller, that is, the amount pending payment. A representative of the bank will be personally at the signing of the Purchase-Sale Contract. On the same day, two notarial deeds will be signed:

- 1) Purchase Agreement - Sale of Real Estate.
- 2) Mortgage Loan Agreement between the bank and the buyer.

After signing, a bank check will be given to the seller and the keys of the property will be handed over to the buyer.

EN ESPAÑA, EL COMPRADOR OBTIENE LOS DERECHOS SOBRE LA PROPIEDAD DESDE EL MOMENTO DE LA FIRMA NOTARIAL.

7. Buyer fees for acquiring a property normally amount to 12-13% of the property's value and consist of the following components:

- 1) Tax on Patrimonial Transmissions (ITP) - 10%, in the case of new construction - 10% VAT.
- 2) Notary fees, according to state fees.
- 3) Registration in the Property Registry.
- 4) Issuance of bank checks.
- 5) Home insurance.

After the notarial signature, the original of the Deed of Sale will be sent to the Property Registry, the registration can last from 1 to 3 months. On the day of the



notarial signature, the buyer will be delivered notarized copies of the signed documents. After registering the sale in the Property Registry, the buyer will receive the original Deed of the sale. The original deed of the mortgage loan will remain with the bank until the end of the repayment period.

BEFORE THE PURCHASE OF THE PROPERTY, OUR COMPANY MAKES A CHECK OF THE PROPERTY IN THE REGISTRY OF THE PROPERTY, BANKS AND THE TAX AGENCY ON THE EXISTENCE OF POSSIBLE CHARGES AND CERTIFICATION OF DOMAIN, REQUESTING ALL THE DOCUMENTATION NEEDED. THIS INFORMATION WILL BE PROVIDED TO THE BUYER IN THE EVENT OF OBTAINING A MORTGAGE LOAN. IN ADDITION, THE OWN BANK AT A TIME WILL PERFORM THE SAME CHECK BEFORE THE SIGNING OF THE NOTARIAL DEED.

Based on the deed of your property and the extract from the Property Registry, you can obtain a Schengen visa at the Spanish Embassy (this procedure is executed during the 10 - 20 days). It is also possible to start the application process for a residence permit.

