

# Buy safe

# in spain

with parodilawyers



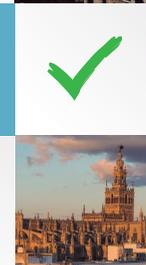
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# Buy safe in Spain

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## WHAT CAN WE DO FOR YOU?

We can assist you in the full process of buying a property in Spain by making all necessary checks on the property, purchase contract, property deeds and advice on tax implications. Before going ahead with your purchase we will produce a Due Diligence Report (DDR) for your safety and peace of mind, which will lead you to take your proper decision: going ahead with your purchase if all the aspects of the transaction are safe, or stopping from such transaction, if we think it is not safe for you.

## OUR SERVICE STEP BY STEP

### ESTATE AGENTS: DEPOSIT/RESERVATION CONTRACT

As in any other country, Estate Agents in Spain might be very persuasive and convincing; therefore you will always have our legal advice before committing to make any payment for the reservation of the property in which you are interested with. This is the moment where we think you need to instruct a Lawyer: from the outset of your purchase. You just need to give our details to the Estate Agent, we will ask for a draft of such contract and/or any preliminary documentation we feel necessary and will advise accordingly.

### DUE DILIGENCE REPORT (DDR)

Once you have exchanged a deposit or reservation contract we will prepare a DUE DILIGENCE REPORT (DDR) on the basis of the following CHECKS

### ✓ REGISTRATION OF THE PROPERTY AT LAND REGISTRY: GOOD TITLE

We will obtain a Land Registry certificate to confirm the seller is the registered owner of the property at the Land Registry. In this Certificate we will also check whether the description and boundaries and areas of the property are exactly what you are buying.

### ✓ CHARGES AT LAND REGISTRY: FREE OF CHARGES AND ENCUMBRANCES

We will check whether there are charges on the property (typically a mortgage) or, on the contrary, the property is free of charges, liens and encumbrances

### ✓ CADASTRAL REGISTRATION OF THE PROPERTY & IBI RECEIPT

We will obtain a Certificate from the Cadastral Office and a duplicate of the last IBI receipt (Tax annually paid to the municipality where the property is located)

With these document we will check how much you have to pay to the Municipality for owning the property, which the rateable value (tax value) for such property is and which the size and boundaries of the property are; finally whether they match or not with those registered at the Land Registry (it is not uncommon in Spain to find differences – Land Registry vs Cadastral Office - in rural or countryside properties).

### ✓ BUILDING LICENCE, FIRST OCCUPATION LICENCE & PLANNING REGULATIONS

Particularly necessary is to have on hand a copy of the building licence and the first occupation licence of the property you are interested in. However, some owners might not have those documents available because some years (some times decades) have passed since the property was built. This should not be an inconvenient because we can ask from the vendor a Certificate from the Municipality in which it is stated that the property has been legally built, according to the planning regulations and has no administrative issues against.

### ✓ COMMUNITY OF OWNERS & BYLAWS

Some properties are part of a housing development or part of a block of apartments. In these cases there are specific rules (Bylaws) the owners have to comply and follow in order to enjoy and/or use common areas or facilities; also, in order to maintain them. These Bylaws will state which your rights and obligations are as a co-owner of the common spaces and we will make a short briefing for a better understanding.

### ✓ EXISTING UTILITIES

We will check which the utilities of the property are (water, gas, and electricity) and will ask for receipts to confirm there are no pending debts, identifying which are the companies in charge of every utility. Please note we do not carry out any change of name or exchange new contracts with the utilities supply companies. This service, if requested, will be charged separately.

### ✓ DRAFTING THE PRIVATE PURCHASE CONTRACT

Once we have carried out all the aforementioned checks we are ready to draft a private purchase contract (to be negotiated with the other party's lawyer) which will set the terms and conditions of the sale. This contract is different than the one of deposit or reservation contract. This contract instruments the purchase and sale itself with full obligations for buyer and vendor. It is remarkable to say that, when signing this contract a down payment of 10% of the purchase price is normally agreed and has to be made on the exchange of it.

The private contract will also set a date for completion of the purchase before the Spanish Notary and gives a "room" for the parties to make final arrangements for that day as we will see in the following points.

## ACTIONS BETWEEN EXCHANGE OF PRIVATE CONTRACTS AND COMPLETION OF THE PURCHASE

### ✓ ASSISTANCE IN OBTAINING THE N.I.E. NUMBER (SPANISH TAX NUMBER OR NUMERO DE IDENTIFICACION PARA EXTRANJEROS)

This identification document is mandatory when you are going to buy a property in Spain. The N.I.E., your Spanish Tax Number, will be your identification number for the rest of your life in Spain and will also be necessary to file your annual tax returns.

The N.I.E. is applied for and obtained at the headquarters of the Spanish National Police by filing an application along with a copy of your passport and paying a small tax (9,64€ in 2019). We recommend - if you are really decided to buy in Spain - to take the opportunity to obtain your NIE number in one of your visits to the property; this is because if you lose this opportunity and when this is requested you are not in Spain, you will need to grant a specific power of attorney in your country, duly translated and apostilled, along with a legalised copy of your passport before a Notary or Spanish Consulate which will make you incur in further expenses that can add 500€ more to your expenses. Nonetheless, if this was the case, this can be of course sorted out by us on your behalf.

### ✓ ASSISTANCE IN OPENING A BANK ACCOUNT

At the same time you apply and obtain your N.I.E. number, it is a good chance to visit a Spanish bank in order to open a Bank Account that will be necessary for you to transfer the funds of your purchase. From this Spanish bank account you will make the payments (by bank transfers or bankers drafts) of the purchase price to the seller.

Spanish Notaries require that monies come from banks not based in offshore territories, for obvious money laundering purposes; therefore it is advisable to open a bank account in Spain which, at the same time, will be necessary to make payments in the future regarding your property (such as municipality taxes, utilities, annual returns and any other direct debits you might set)

## COMPLETION OF YOUR PURCHASE

### ✓ ATTENDANCE AT THE SPANISH NOTARY OFFICE FOR COMPLETION AND TRANSLATION

In Spain, as in other continental jurisdictions, the purchase of a property is completed by the execution of a Deed of Purchase before a Notary. Private contracts are not registrable at Land Registry, only Public Deeds. Therefore it is necessary to grant the Deed of Purchase at the Notary Office to complete and register the purchase (this Deed will contain the same terms and conditions as the private contract exchanged beforehand between buyer and seller).

We will, along with the Notary Office, draft the Deed of Purchase for this to be ready on the agreed date of completion of the purchase; will attend the signature of the Deed and make the proper verbal translation to our clients.

### ✓ PAYMENT OF TAXES. OTHER EXPENSES

Once the Deed is signed, Transfer Tax on the purchase price has to be paid on the following 30 days. Depending on the region where you buy the property, the percentage of this tax on the price might vary. This can go from 8 to 11%, with the exception of Bask Country (4%), Madrid and Navarra (6%), Canary Islands (6, 5%) and La Rioja (7%).

There are other expenses to have into consideration when buying a property in Spain, such as the Estate Agent fee (which is normally set at 5% on the purchase price), Lawyer's fee from 1 to 1.5%, Notary and Land Registry fees (circa 1%).

### ✓ REGISTRATION & COLLECTION OF YOUR PROPERTY DEEDS AT THE LAND REGISTRY

Once the Deed of Purchase has been granted before the Spanish Notary and taxes have been paid, we will register your deeds at the correspondent Land Registry and collect the Deeds once your ownership and title are registered.