



crystal shore properties



Your Essential Buyers Guide

Packed with lots of information about buying a property in Spain, from the planning of your purchase through to the costs involved.

Crystal Shore Properties SL
Calle 19A, CC. Guadalmina
Fase II, Local 6
San Pedro de Alcántara
Málaga, Spain

Contact Us:
Tel from UK: 0844 598 3360
International Tel: +34 952 904 187
Fax: +34 952 896 656
Email: info@crystalshore-properties.com
www.crystalshore-properties.com



Why should you buy on Spain's Costa del Sol?

If you are unfamiliar with the Costa del Sol this short article is here to help you understand why so many people from Northern Europe have decided to make this fantastic location their second home. The article will also offer insight into why this location will continue to be such a popular destination for the long term.

Great Weather

There are over 300 days of sunshine a year on the Costa del Sol and average day time temperatures during the winter months are between 16 to 22 degrees Celsius. Parts of the Costa del Sol have a microclimate; Marbella and Almuñecar are two such areas due to the natural protection afforded by the mountain ranges close by.

Easy Accessibility

The Costa del Sol has three international airports: Malaga, Gibraltar and Jerez de la Frontera. Regular low cost flights are available from most of Europe's major cities and journey times are between 2 and 4 hours depending on location.

Always Lots Going On

The Costa del Sol is an area of coastline that's approximately 200 kms long. There are a huge number of locations in which to have holidays or to live for longer periods. The areas of Marbella, Fuengirola, Sotogrande and Mijas have a year round tourist season and offer all the services and amenities you would expect in any northern European city. There is a huge variety of restaurants, shops, bars and night clubs available up and down the coast. The most exclusive of which are situated near Marbella and Puerto Banus.

Great Healthcare

Spain has a good state health care system and is free for people from European Union member states. There is also a good private health care system available and the cost is quite reasonable. The Costa del Sol has numerous public and private hospitals and most treatments are available easily.

Political stability

Political Stability

Spain has a stable political climate and is a member of the European Union (EU) and in recent years has made enormous strides towards becoming a place where one can buy and sell property within a sound legal framework. The EU sets a benchmark for legal and administrative processes and also acts as the supreme legal power for court rulings.

A Great Infrastructure

Spain has benefited from ten years of subsidies from the EU, over one hundred billion Euros has been invested in the country. In the Costa del Sol region, new roads, rail infrastructure, telecommunications networks, and a huge range of government-sponsored initiatives for local amenities have transformed the area from an underdeveloped coastal region into the exciting and vibrant location it is today. There are further plans in process, which include major improvements to increase the regions appeal for business and tourism.



An exciting range of sports, activities and hobbies

The Costa del Sol offers a wide range sporting activities that give the area enormous appeal as a year-round holiday destination. These include all of the water sports including some of the best locations for kite surfing and wind surfing as well as fantastic skiing, hill walking, climbing, etc. There are also a huge number of clubs and societies to join, so whatever your interest you will find a group promoting it here with both foreign and Spanish members. Golf is a year-round tourist attraction especially during the winter months as there are an extraordinary range of delightful courses. Some of the world's most famous courses are located near Sotogrande.

Improved building standards and industry regulation

The Costa del Sol has perhaps the highest concentration of luxury developments and individual properties anywhere in Europe. Building standards have progressed a long way since the 80's. Recent legislation from the EU and the Spanish Government regarding building standards and Health and Safety has improved building qualities.

Fiscal and legal help on hand

The Costa del Sol's long history of residential tourism means that there are many Spanish and foreign companies available to help sort out legal and fiscal matters. It's now very easy to find someone with good references to help manage your affairs who can explain the intricacies of any tax or law-related questions you may have.

Culture

Spain is a country with a long and diverse history, and Andalucia is full of interesting cities, monuments, galleries and sites of particular historic or ecological interest. There are a huge variety of places to visit that surround the Costa del Sol and Morocco and Portugal are also within a few hours' drive if you want to experience something a little different.

Low crime rates

The Costa del Sol is still a very safe place to live and it is still a pleasure to see people of all ages walking in the streets late at night, unfortunately a rare sight in most other areas of Europe.

Future growth potential

Spain and particularly the Costa del Sol are similar in climate to California. It seems very likely that the coastal regions of southern Spain will experience very similar demographic shifts over the next two decades. Factors such as the large number of people approaching retirement age, good infrastructure and accessibility seem to suggest that people from northern Europe will continue to buy property over the long term. This strongly suggests continued development of the Costa del Sol's tourism, business and real estate sectors.



Preparing to Buy Spanish Property

This guide will quickly run through the steps you need to take in order to prepare before and during your hunt for property on the Costa del Sol.

Before coming to Spain

Use a good agent a good agent's services are invaluable for helping you find the right property and negotiating a good deal. The Costa del Sol is a stretch of coastline that is over 218 km long, with a huge range of areas that present many interesting options for budget and style. The coast is also an international property market with vendors and purchasers from many different countries. Often the best deals are only available through the network of properties on an agent's database: their skills, experience and contacts will also be extremely beneficial in helping buy and move in.

1. Contact a Spanish Lawyer who speaks your language, if you do not have a lawyer we will be able to supply you with the contact information for our recommended solicitor.
2. Talk to a financial adviser if you are planning on moving to Spain to either relocate or retire. Our team will be able to put you in touch with a recommended specialist.
3. If you think that you require finance then contact our offices and we will be able to put you in touch with our mortgage broker who will give you a good idea of what you can achieve.
4. Ensure that your personal finances are in order so that you have the liquidity or access to your money should you need it in a hurry to place a deposit.
5. Contact a company that specialises in money transfers (read article: Buying Euros to Pay for Your Spanish Property).

While you are looking at property in Spain

1. Apply for your NIE number. This is your tax reference number that is required before you can become an owner by signing a title deed. Application is easy, and it only takes a few weeks to be issued.
2. Ensure that you have adequate funds available in order to place a reservation on a property when you find something you like. Often a 6,000 € reservation on your credit card(s) will be sufficient to reserve a property, while your lawyer arranges all the paperwork for the rest of the deposits. Quite often people come to the Costa del Sol and find a property that matches their criteria rather more quickly than they expected. For this reason it is a good idea to have funds available to put down a deposit and not miss out on an opportunity.
3. Open a Spanish bank account to facilitate payment of fees for the property.



The Process of Reserving your Property

So you have received good advice from your lawyer and we have helped you find the property you want to buy. What's next?

Payment terms and contracts

The normal procedure in Spain is to reserve the property with a deposit, to give you time to gather the funds. Here is the typical breakdown for reserving and paying for off-plan and resale property.

Off-plan payment terms

6,000€ and sign a reservation contract to reserve the property for a time period of one month.

Within one month you will pay 30% plus taxes (minus the 6,000€ you have already paid) of the agreed sales price and sign the purchase contract.

Once the property is finished and the terms of your purchase contract have been met by the developer, you will pay the final 70% plus taxes and sign the property's Escritura (title deed) in front of a notary public.

Resale payment terms

To reserve the property you will sign the private purchase contract that agrees the terms and date for the completion of the sale and then pay 10% plus taxes, of the agreed sales price to the vendor's lawyer's escrow account.

Once the terms set in the purchase contract are met, you will be expected to pay the final 90% plus taxes and sign the property's Escritura in front of a notary public.

The above payment structures are merely a guide, developers are commonly more flexible than this and resale scenarios are down to the negotiation between you and the vendor. For instance, a vendor may accept a reservation fee to give the buyer more time to prepare the finance required for the 10% deposit for the purchase contract.

On all reservation payments we advise you to pay directly to the vendor's lawyer or to a bonded or escrow account that has been set up for this purpose. Always try to avoid paying the money directly to the seller.

What is a reservation contract?

The reservation contract is used as the standard format for reserving off-plan property for a specified period of time. Typically the contract describes the:

- identity of the developer
- exact location of the property
- description and details of the property
- property price
- date to exchange purchase contract
- details of developers building licence
- details of the relevant permits, insurance and other documentation

What is a purchase contract?

The Contrato de Compraventa is made between the purchaser and the vendor and sets out the terms under which the property will be purchased, such as:

- Agreed purchase price
- Payment of the deposit amount
- The exact dimensions and features of the property you are buying as demonstrated by the Referencia Catastral (read article: The Importance of Using a Spanish Lawyer)
- The exact location of the property
- The intended completion date
- All terms and conditions negotiated between the seller and the vendor
- A declaration that the purchaser and vendor are legally in a position to buy or sell the property respectively

The following points are specific to a purchase contract for an off-plan property:

- Details of the planning approval
- A specification that the developer is responsible for all debts on the property, up until the completion date
- Confirmation that your payments go into an escrow account to which the developer has no access until the property is finished and delivered to you
- Confirmation that the relevant bank guarantees or insurance policies that protect your deposit are referred to in the purchase contract (read article: Buying an Off-Plan Property from a Developer: How the Law Protects you)
- That the costs of cancelling the developers mortgage are paid by the developer
- That all the other developer's costs of completion are paid by the developer i.e. Plus Valia, the costs of the segregation of the land, etc (for a clearer picture read article: Paying for your Property)



Terms and conditions

All purchase contracts and reservation documents contain terms that set out the provisions for the sale of the property. Parties can draw up tailor-made contracts to suit their interests, inserting their own terms and conditions. These are valid and enforceable as long as:

1. They are not deemed unlawful or unfair
2. They are easily interpreted (otherwise the courts could interpret to the detriment of the party who created the clause).

If required an Arras or clause can be inserted so that if either party breaks the contract there are automatic penalties. This is usually the loss of the deposit on the purchaser's side, and payment of double the deposit on the vendor's side.

It would be a very good idea to have your lawyer translate your purchase contract into your language so that you have a dual copy and understand the terms and conditions described in the Spanish document.

The use of a 'subject to' clause

One important point to note during the reservation contract phase for an off-plan property or a purchase contract for a resale is that it is a good opportunity to include a 'subject to' clause(s) to prevent the loss of your deposit money should you be unable to gather your finances. Your lawyer and sales consultant will be able to advise you and negotiate on your behalf.

Buying your property

It is quite possible in Spain for a vendor and a seller to come to a quick agreement and move straight to completion and the signing of the Escritura de Compraventa (title deed of conveyance) bypassing the previous two contracts.

When both parties are ready to complete the transaction, they and their lawyers will attend the Notary's office to sign the escritura de compraventa (title deed of conveyance). The notary will undertake his own search of the Land Register (Registro de la Propiedad) and see if there are any undisclosed charges on the property. He will then prepare the title deed of conveyance from the information supplied by the vendor and check compliance with Spanish Law.

The notary will then read the whole document in Spanish to you and the vendor, and you will both sign the deed. The balance of the final monies owed will be settled and the notary witnesses the vendors confirmation that he has been paid.



If you are buying off/plan it would be a good idea to have your lawyer check that the developer has registered the property with the Recaudacion Provincial (for future IBI assessment) in the Land Registry and has paid the tax.

The Escritura de Compraventa is then passed to the Tax office to be assessed for duty and then to the Land Registry for entry to the property register. Your lawyer will contact you once the Escritura Publica (the registered deeds that state that you are the legal owner of the property) is ready for collection (usually 2 to 3 months).

The contract prevents the developer from selling the reserved property to a third party within the specified time frame. However, should you not be able to gather your finances in time, or should you choose not to go ahead with the transaction you will only lose the reservation fee.

Paying for your Property

You can pay for your property in Euros using a banker's draft, prepared by your Spanish bank, along with a bank certificate that you have imported foreign currency for this purpose. You can also pay by cheque in foreign currency, or direct bank transfer from your foreign account to the seller's account. Your lawyer will advise you of the most suitable payment method. Before you transfer money to Spain think about using a currency broker to save you paying a fortune in commission or losing out on exchange rates

Costs and fees of buying Spanish property

There is no Spanish law that requires that one of the parties must pay any particular tax. Traditionally the seller pays the notaries fees and the "Plus Valia" tax, while the purchaser pays the transmission tax or IVA and the registry fees. Your lawyer will negotiate on your behalf to ensure you only pay what is fair.

The following is a breakdown of the taxes and fees:

Off-plan property

- **IVA. Impuesto sobre el Valor Añadido or Value Added Tax**
Payable for the purchase of new build properties where the vendor is a developer, as well as for commercial premises and land. IVA is 10% for new build property and 21% for commercial premises and land.
- **I.A.J.D. Impuesto Sobre Actos Juridicos Documentados or Stamp Duty**
Payable only for on off-plan properties, set at 0.5% of the sales price.

Resale Property

- **I.T.P. Impuesto Sobre Transmisiones or Transfer Tax**
Payable for the purchase of any real estate where the vendor is not a Developer. Rates vary regionally between 8% and 10%.

Other Taxes and Charges

Plus Valia or Municipal Added Tax: This is a local tax on the increase of the value of the property since it was last sold. Legal obligation falls on the vendor, but it is an accepted practice that the vendor will try and pass the costs on to the purchaser. The tax relates to increases in land value only, it will vary from location to location. In practice this tax is quite small, however, if you are purchasing an older property ask your lawyer to check with the town hall to get an accurate estimate of cost.



Legal fees: minimum 1,200-1,800€ or 1% of the purchase value.

Notary fees: the scale is fixed by law and may range from 300€ for lower priced properties to 1200€ for higher priced properties.

Property Registry fees: usually 60 - 80% of what the notary charges.

Connection charges: for electricity, water, gas and drainage (usually between 250€ and 500€).

Mortgage fees: generally the full cost of setting up a mortgage is between 1% and 2% in Spain.

Costs of purchasing a property in Spain are different to those in the rest of northern Europe; you should budget on 10% to 12% of sales price for the combined costs and taxes incurred.

Contact Us

If you have any queries or would like more advice or information, please do not hesitate to contact us – we´re here to help:

Crystal Shore Properties SL
Calle 19A, CC. Guadalmina
Fase II, Local 6
San Pedro de Alcántara
Málaga, Spain

Tel from UK: 0844 598 3360
International Tel: +34 952 904 187
Fax: +34 952 896 656
Email: info@crystalshore-properties.com

www.crystalshore-properties.com