



This is a very simple guide that we hope will help you to understand the buying process in Spain. Legislation does change on a regular basis so we will endeavour to update this guide when necessary.

We cannot be held responsible for any inaccuracies contained herein, it is the duty of the buyer to liaise with their appointed lawyer to ascertain the correct legal proceedings. This guide is purely meant as an aide memoir.

## **The Process**

When you have found the right property, the process begins with a **reservation agreement**, which takes the property off the market and, very importantly, **freezes the purchase price**. The deposit to pay at this stage is usually **3,000 euros**

**This reservation fee is deducted from the final payment.**

Normally within 10 days of signing the reservation agreement, a **private purchase contract** is drawn up between the vendor and the purchaser. A lawyer acting on behalf of the buyer will investigate the property and verify that everything is in order regarding title, status, and liabilities attached to the property etc. Once he/she is satisfied, he/she will recommend that you sign the private purchase contract.

**At this point the remainder of the 10% of the purchase price has to be paid to the vendor.**

If at this time you are back in your home country, you will be sent details of the holding bank to transfer the funds.

You can make large savings when transferring funds so please shop around and compare prices, **CLICK HERE** to find out more.

To buy a property in Spain you need an NIE number - Numero de Identidad de Extranjeros (Identity Number for Foreigners). You will also need an Empadronamiento (Padron Municipal). The equivalent of an electoral role.

The sale of the property is completed when the title deed (escritura de compraventa) has been signed before a **Public Notary** and the outstanding 90% of the price has been paid (minus the reservation fee). Then the title of the property passes to the new owner.

Usually the entire process is completed within eight weeks of the reservation agreement. The completion date is written into the private purchase agreement, and therefore the buyer and seller must ensure the completion date is agreeable to both parties.

### **Spanish Taxes and Fees**

On a resale property, Transfer Tax (ITP) at 7% is payable. Other fees including legal, notary, land registration, local taxes and stamp duty will bring the total purchasing costs to approximately 10% of the purchase price.

It is therefore important to calculate your maximum budget correctly. As a rough guide, divide your maximum (gross) budget by (minus) -9.1%. This will give you your maximum (net) property price.

eg, if you have a maximum budget of 250,000€ divide this figure by (minus) -9.1%

250,000€ - 9.1% = **227,250€** this is your maximum net price.

227,250€ + 10% = **249,975€** maximum gross price.

Always be realistic with your budget and do not over-stretch yourself. We at <http://www.custom-4u.com/> want you to have a dream home not a nightmare.

### **More Figures (rough guide)**

Gross budget 100,000€ - 9.1% = **90,900€** maximum net property price

Gross budget 150,000€ - 9.1% = **136,350€** maximum net property price

Gross budget 200,000€ - 9.1% = **181,800€** maximum net property price

Gross budget 250,000€ - 9.1% = **227,250€** maximum net property price

Gross budget 300,000€ - 9.1% = **272,700€** maximum net property price

Gross budget 350,000€ - 9.1% = **318,150€** maximum net property price

Gross budget 400,000€ - 9.1% = **363,600€** maximum net property price

## **Empadronamiento**

In our area of Inland Valencia you have to register with the Town Hall normally in the area of your purchase. You will need an address in Spain; this will be shown on the contract drawn up by the estate agent.

**Note:** you can only be registered on one Padron.

This contract is taken to the Town Hall by everyone who is purchasing the property and whose names will appear on the title deeds, i.e. husband and wife. You will need your passports, a photocopy of your passports and passport sized photos.

At this stage you will be informed how long it will take to process your application, this can be anything from 1 to 3 days. You do not have to collect this in person, someone can do this on your behalf, such as your solicitor.

NOTE: Each family member has their own empadronamiento. Sometimes you will be issued with an individual sheet; sometimes one sheet will have all family members included.

## **NIE Number**

Recent Spanish legislation makes it **compulsory** for anyone **selling** or **buying** property in Spain to have an NIE - Numero de Identidad de Extranjeros (Identity Number for Foreigners).

Until recently, foreign non-residents in Spain could buy or sell property without an NIE. Then, once it became necessary to have one, their legal representative could get one for them. But recent legislation passed in Spain has made it necessary for anyone paying money to the Spanish Inland Revenue (Hacienda) to have a Spanish identity number, **and to obtain it in person.**

The modern NIE is actually just a piece of paper with your name and number and an official stamp. You will need to make photocopies of the original and keep these for everyday use.

### **How do I get an NIE?**

Each person **MUST** go to the Extranjeros department of your nearest Policia Nacional (national police) Station. Each person has to fill in and sign an application form x 2, and hand it in together with a recent passport sized photo x 2, your passport, a photocopy of your passport and your empadronamientos.

You must do this **IN PERSON** - you cannot get anyone else to do this for you.

In practice this should be quite straightforward but in certain areas of Spain you may have to join a very long queue of immigrants seeking the same papers as you.

Once your application has been applied for, it can take anything up to 3 weeks to be processed.

You must collect your NIE **IN PERSON** therefore it is important to plan this into your time scale, you must have all the necessary paperwork before going to the Notary to complete the purchase.

### **How to Complete the NIE APPLICATION FORM**

SECTION 1 DATOS PERSONALES means **PERSONAL DETAILS**

1er Apellido: **Surname**

2º Apellido : **2nd Surname (if applicable)**

Nombre : **Full Christian Name (make sure to use same as in passport)**

Fecha de Nacimiento: **Date of birth**

Lugar de nacimiento: **Place of birth**

Sexo : **Gender “M” for Male and “H” Female. put an X by the one applicable**

Estado Civil: **Personal Status: S for single, C for married, V for widow and D for divorced**

País de nacimiento: **Country of Birth**

País de nacionalidad: **Nationality**

Domicilio en España: **Address in Spain (if you have one, otherwise leave blank)**

SECTION 2

**Tick Social**

In the box write **“Compra propiedad - No residente”** (Buying a property - Non resident)

SECTION 4

**DOMICILIO A EFECTOS DE NOTIFICACIONES:** Put address where you would like correspondence to be sent to in Spain (if you have one, otherwise leave blank)



## **Mortgages**

Whether you want to buy a townhouse, a villa, a holiday apartment or a new build, taking out a Spanish mortgage may be the right solution for you.

Interest rates in Spain vary, but are generally much lower than in the UK, and competition between Spanish banks is fierce. If you are interested in a property still to be built, it is possible that the constructors already have an agreement with a certain Spanish bank for all mortgages and you are left with little choice. If not, you would be wise to shop around for the best deal.

Don't accept the first offer. Ask for a copy of the bank's offer and then take it to a different bank to see if they can improve the offer - they often will. Then take the improved offer back to the original bank - you may get a pleasant surprise!!

You will be expected to prove ability to pay (i.e. wage slips from the last 3 months and bank statements of the last 6 months or, if you are self-employed, copies of your last 3 years accounts (with an auditor's stamp) and copies of your last 12 month's business bank statements and your last 6 months personal bank statements).

*Proof of payment based on your ability to pay with income received from renting the property **will not** be taken into account by Spanish banks.*

## **Non-Resident Buyers**

- A copy of your passport
- Marital status, age, children etc. (married couples applying for a mortgage should provide information about both spouses)
- Your last three salary pay statements or pension vouchers
- The last tax declaration made in your home country (P-60)
- If you are an employer or are self-employed, a copy of your tax returns and annual accounts for the last two fiscal years
- Information about other properties owned fully or partly
- Details of the property you are planning to buy
- A brief description of current job situation, other incomes, investments, debts and other properties whether abroad or in Spain, etc.
- Information about any other sources of income

### **Buyers with Spanish residence permit**

- Copy of the residence permit
- Marital status, age, children etc. (married couples applying for a mortgage should provide information about both spouses)
- Your last three salary pay statements or pension vouchers
- Details of the property you are going to buy ("Nota Simple")
- Copy of your last tax declaration
- Photocopy of the last IBI bill
- Information about any other owned property
- Information about any other debts
- Information about any other sources of income
- Annual accounts for the last two fiscal years (if employer or self-employed)

We at [www.custom-4u.com](http://www.custom-4u.com) hope you found this buyers guide to be useful. Please feel free to distribute this guide to family and friends who you feel may benefit from its content.

We specialise in Spanish properties in the Inland Valencia region. We provide expertise and an excellent service that's not expensive, its **absolutely priceless**.

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