



PROPERTY BUYERS GUIDE

www.lanzarote-properties.com

Introduction

Buying a property abroad can seem very daunting for those doing so for the first time. Therefore, in order to answer as many of your questions as possible in advance and to allay any fears you may have, we have compiled this guide to buying a Spanish property. We hope you find it both helpful and interesting.

Selecting the Property

It is always wise to spend some time viewing the property listings on our website prior to coming to Lanzarote and maybe even arranging appointments with us before leaving the UK. If you are unsure as to the type of property you are looking for, we suggest you consider the following:

Budget: How much do you want to spend?

Location: Are you seeking Canarian village life or do you want to be in/near a tourist centre?

Bedrooms: How many people will be using the property at any one time and, therefore, how many bedrooms do you need?

Bathrooms: Are you buying the property with friends and/or do you expect to have a lot of visitors (in which case you may prefer the privacy of separate bathrooms)?

Usage: Are you planning to live in Lanzarote or do you intend to use the property principally as a holiday home?

Type: Apartment, duplex (two-storey townhouse), bungalow or villa?

Once you have answered all these questions you will be well on the way to selecting the right properties to view. However, if you are still uncertain, please contact us – we shall be happy to help. You can, for example, email us from the UK with details of the type of property you are looking for, and we shall search our listings and forward information and photographs of those which seem to meet your specifications.



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Viewing Properties

Simply call or email us to arrange viewings of those properties you think may be suitable. A member of our staff will accompany you and will be pleased to answer all your questions. Our staff are professionals with extensive knowledge of the property market here. Also, they have lived here many years and know a lot about schools, transport and public services – all of those things, which are so important when moving.

Purchasing

Once you have decided on the property you wish to buy, we shall provide assistance with all the necessary paperwork.

When the purchase price has been agreed with the vendor, the next stage in the process is the signing of an “option to buy agreement” by the buyer(s) and the seller(s). By granting a power of attorney to a local lawyer this agreement can be signed on your behalf – if, for example, you have already had to return to the UK.

The “option to buy agreement” fixes the price of the property and the date on which the sale must be completed. At the time of signing the agreement the buyer must pay a deposit of 10% of the purchase price of the property. If the buyer should decide to cancel the “option to buy agreement”, this deposit is non-refundable. If the seller should decide to cancel the “option to buy agreement”, he must repay the deposit to the buyer plus a “penalty payment” equal to 25% of the deposit.

If you are buying a property under construction, the initial deposit may be greater than 10% and stage payments may be required.

On the date agreed for completion of the sale the title deeds (“escritura”) must be signed by both the buyer(s) and the seller(s) before a notary (“notario”). Again, if you have granted power of attorney to a local lawyer, he may do this on your behalf.

If you intend to be present at the completion meeting and do not speak Spanish, an official translator will be in attendance to explain the documentation and proceedings to you.

At this completion meeting you will, of course, have to pay the balance of the purchase price of the property (usually by banker’s draft) and put your lawyer in funds to pay the taxes and fees (see below).



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Costs of Purchasing

You should budget for an additional 10% of the purchase price to cover taxes and fees. Such costs include:

<i>Purchase Tax</i>	<i>6.5% of the purchase price</i>
<i>Plus Valia – a Local Authority Tax based on the increase in land value since the property was last sold</i>	
<i>Lawyer</i>	<i>from €2200</i>
<i>Notary</i>	<i>from €560</i>
<i>Translator</i>	<i>from €60</i>
<i>Land Registry</i>	<i>from €450</i>

Lawyers

In Spain you are under no legal obligation to instruct a lawyer (“abogado”); however, as registered estate agents we would strongly recommend that you do so. We are pleased to recommend English-speaking lawyers, who can help you every step of the way.

Your lawyer will undertake a range of important tasks including checking title to the property with the Land Registry and ensuring that there are no undeclared debts or loans secured against the property. This latter task is very important as under Spanish law debts remain with the property and not with the previous owner.

The lawyer will also establish the amount of the *Plus Valia* tax (referred to in the section above): this is generally a relatively small amount but there can be exceptions.



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Banking/Mortgages

We would advise you to open a bank account here as soon as possible - all that is necessary is your passport and, say, €100.

You may well wish to use this account to transfer funds from the UK for the deposit and completion of your property purchase. Also, you will need to set up direct debit arrangements to pay for water and electricity.

In addition, should you require a mortgage, banks here offer a wide range of mortgage products with competitive interest rates.

We would be pleased to introduce you to banks, which have English-speaking staff and which are able to offer documentation and correspondence in English.

Ongoing Running Costs

In this section of our guide we aim to give you an approximate indication of the ongoing running costs involved in owning a property here in Lanzarote. The main costs are: community fees; water and electricity charges; and IBI tax.

Community Fees

These fees apply to properties on a complex (with a “comunidad”) and are broadly similar to maintenance charges in the UK. The monies paid in community fees by owners generally cover building insurance and the cost of maintaining and repairing common areas in the complex – communal swimming pools, gardens, pathways etc. Community fees are different for each complex but, as a rough guide, fees for a one-bedroom apartment can be around €1200 to €1400 a year and for a two-bedroom apartment around €1700 to €1900.



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Water and Electricity Charges

These are obviously dependent on consumption but, again as a rough guide, such charges for a one-bedroom apartment occupied continuously by two people could be around:

Water €200 per year

Electricity €400 per year

IBI Tax

This tax is broadly equivalent to Council Tax in the UK. Charges vary according to the size of the property – for example, the charge for a one-bedroom apartment could be in the region of €230 per year whilst the charge for a two-bedroom villa with two bathrooms could be around €400 per year.

Summary

We hope that we have been able to provide answers to many of your questions. However, if there are points on which you would like further information or if you wish to discuss any aspect of property purchase with us in more detail, please do not hesitate to contact us by telephone on (00 34) 928 590 928 or email us at info@inmolanz.com.

We are here to help you reach the right decision regarding a property purchase and, that decision having been made, to ensure that the purchase is effected straight forwardly and without problems.