



## BUYERS GUIDE

This guide is not intended to be definitive but we hope it will give you an insight into the process of buying a home in Portugal.

Before entering into any agreement with a seller you must have a local lawyer that is well versed in the process. Most towns in the region will have an English speaking Portuguese lawyer so finding one isn't difficult.

Anyone buying a property in Portugal is required to have a "fiscal number". This is normally arranged by the lawyer.

Once you have found your property, make sure you visit the local tax office and view the Registration Certificate. This will tell you the estate value of the property, the registration number of the property and if there are any hidden rental agreements attached.

Next stop should be the land registry office to consult the property register. This will tell you if the property is registered in the seller's name, whether there are any debts or loans secured on the property, whether any third parties have a claim to the property or whether there are any seizure orders in place.

Check at the nearest City Council to ensure the property has a habitation license. It is common practice for all these checks to be carried out by your lawyer.

If everything is in order the next step is to agree to purchase the property and enter into a formal contract. This involves the signing of a Bilateral Buy and Sell Agreement commonly known as a "Promissory Contract". This should only be done in the presence of your lawyer.

The contract simply states that the seller and the buyer agree the purchase price of the property and the timetable for completion of the purchase. It is normal practice to pay a deposit of between 10% and 20% of the agreed purchase price at this stage.

To discourage default of the contract by any party, legal remedies are in place, for example, if the buyer defaults they lose their deposit, if the seller defaults the buyer receives double the amount of the deposit.

Raising a loan or a mortgage to fund the purchase is straight forward. The maximum the banks will allow you to borrow will be around 70% of the value of the property. In each case the amount of the loan or mortgage will be based on the applicants ability to repay the monthly charges.

Assuming the funding is in place the transfer of ownership of the property is not complete until the signing and validation of the Sale and Purchase Contract the "Escritura".

The contract will be prepared by your lawyer and has to be signed by the buyer and seller in his presence. A local Notary will validate the contract in the presence of the lawyer, the buyer and the seller. The Notary is required by law to ensure both parties fully understand the terms and conditions contained within the contract.

At the time of signature of the Escritura the outstanding balance of the purchase price has to be paid. In addition to this taxes become due and legal and notary fees have to be paid. Please refer to separate fact sheet on "Taxation".

Finally the property has to be registered in the name of the new owner. Beware this is not an obligatory procedure, but it must be done to prevent the property being sold again to another third party.

If a loan or mortgage is raised to purchase the property, it is normal practice to apply for "Provisional Registration", at the time the funds are being approved.

Once the Sale and Purchase Agreement has been signed your lawyer will apply for "Definitive Registration".

Completion of this process confirms the legality of the property and who owns title.