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Everything you need
to know: **buying property
in Spain**

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Sun-flooded ski slopes in the north, cloudless stretches of shoreline in the south and breezy Mediterranean resorts in the east make Spain an attractive proposition for overseas property buyers. At the end of 2014, the International Monetary Fund suggested that the decline in Spanish house prices was ending, with an average of around 30,000 properties being sold each month. The European hotspot is also Britain's favourite place to buy overseas homes – given that you can purchase a six-bed Majorcan chalet for the cost of a one-bed basement flat in London, it's little surprise.



With the help of the international property experts at Smart Currency and Spain Buying Guide, we've put together this guide to help you demystify the legal and financial processes behind purchasing Spanish property. We'll look at the big questions like overseas mortgages, as well as important details like the cheapest way to send money abroad.

What are my first steps?

The first thing you'll need to find out is whether you're legally allowed to buy a property in Spain. This is no obstacle to EU residents, members of the European Economic Area (EEA) or Swiss citizens, who have the right to live and work in any other EU or EEA country, including Spain.

When you know you're staying in Spain for more than three months, you should register in person at a designated police station, or the region's Oficina de Extranjeros (Foreigners' Office). You'll need to bring your:

- passport
- colour passport photos
- completed residence permit (tarjeta de residencia) application form
- bank statements
- proof of address
- documentation of employment, student status or qualifications.

They'll issue you with your Residence Certificate and tax identification number (NIE), which you need to buy property and communicate with the taxman.

If you live outside the EU, there are three main visa options:

- combined residence and working visa
- student visa
- residence visa (for those living with or near family, or retiring to Spain).

You can double-check your visa requirements on your country's Spanish embassy website.

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How does the purchasing process work?

Once you know how long you'll be able to stay in your new overseas property for, or if you're just looking for a Spanish property investment, Spain Buying Guide recommends looking for a trusted property agent. Make sure they belong to a professional association like SNPI (National Association of Real Estate Professionals), and have a registration number that you can look up.

After consulting the expert and finding a selection of properties you like, a Spanish property search will generally follow these steps:

- 1 Agree a mortgage in principle.
- 2 Visit your shortlisted properties and make an offer for one through the estate agent.
- 3 Finalise the mortgage and make a deposit.
- 4 Complete the paperwork and payment.
- 5 Have the contracts notarised and the property registered with the Spanish Land Registry, a body that will help protect your rights as a property owner.

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To help you through the process, hire a local, independent solicitor who's fluent in your native language. They'll navigate any country-specific quirks on your behalf, and you won't need to worry about complications caused by the language barrier.

How much will any extra expenses add up to?

Although the exact cost will depend on the details of your purchase, Spain Buying Guide estimates that you should prepare to spend around 10-12% of the property price on other charges. They can be broken down into:

- valuation fees of about €350
- stamp duty of 1.5% of the purchase price for a new build, or 1.5% of the mortgage deeds as a general rule
- lender's commission (if you have a mortgage) of around 1% of the amount you've borrowed
- transfer tax (ITP), generally levied at 8%, except for the Costa Blanca, excluding the city of Murcia, where it's 10%. For new builds, ITP is replaced by a 10% VAT charge
- solicitor fees of €1,000-2,000
- notary fees of €400-900
- Land Registry fees, which are typically 50% of the notary fee.

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It's a good idea to arrange your overseas property mortgage three or more months before the move. It also pays to shop around, looking at providers in Spain and your home country. Mortgages in Spain have become tougher to get since the financial crisis, with foreign nationals now expected to provide a deposit of at least 30%, and more commonly 40%, before a loan is granted. If you're paying for your mortgage in euros with your home currency, and are worried about the effects of fluctuating exchange rates, you can ask a foreign exchange broker (also known as an FX or forex broker) to create a 'fixed payment plan'. These guarantee your future payments will be made at the current exchange rate for up to two years, taking the guesswork out of your mortgage budget.

The final cost to think about is property insurance. The main things that can affect your insurance premiums and policy are:

- Whether it'll be empty for more than 30 days a year, in which case you'll need a specialist policy.
- Whether the area is prone to flooding, coastal erosion or other natural problems, which will need extra cover.
- Whether you're letting your property out, and what that means for the contents insurance.

Bear in mind that you'll need to give two months' notice before cancelling a Spanish insurance policy.

What about exchange rates?

Using a bank or online payment system like PayPal can be a quick and reliable way to make payments abroad. However, this is likely to cost you more due to the exchange rate and fees. Forex brokers are usually the cheapest way to send money, tend to process payments faster and are regulated in exactly the same way. Compared to a bank, they'll typically deliver clients an extra £4,000 per £100,000 transferred abroad, and their fees are generally lower, at £0-10 per transaction, compared to £15-25 with a bank.

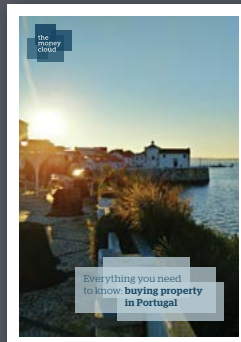
Forex brokers can also help protect your purchases against volatile currency exchange markets. To see this in action, imagine you were buying your Spanish villa with a budget of £200,000 on 18 March 2014. On that day, your budget would have been worth about €238,000. But on 13 June of the same year, your £200,000 would have been worth around €250,500 – a difference in budget of roughly €12,500. A forex broker can advise you on how to manage these kinds of fluctuations, so they don't compromise your plans for the move. Regular payments can be managed with a 'fixed payment plan', but single payments like a deposit can be handled using a 'forward contract', which locks a fixed amount of money in at the current exchange rate, to be transferred at a set date. ■

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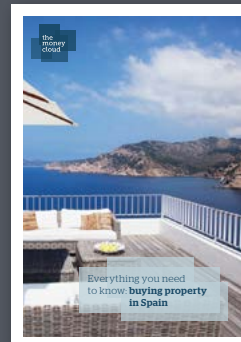
If you'd like to find out more about buying a property in Spain, from finding your home to maintaining it, click here for Spain Buying Guide's in-depth guide. If there's anything else you'd like to know about international money transfer, whether you're emigrating or planning that once-in-a-lifetime holiday, take a look at the rest of our guides here.

Our guides

In this series of comprehensive guides, you'll find everything you need to know about all areas of international money transfer. We've designed them to provide clear answers to your money transfer questions, whether you're putting down a deposit on a beachfront villa in Antigua, packing up and moving across continents or paying for a Serengeti safari. They cover all the essentials, from the costs you'll need to account for to the processes you'll need to follow.



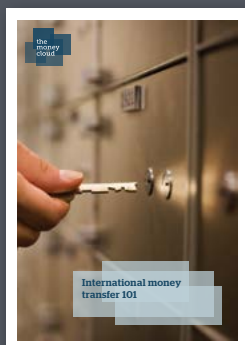
Everything you need to know: buying property in Portugal



Everything you need to know: buying property in Spain



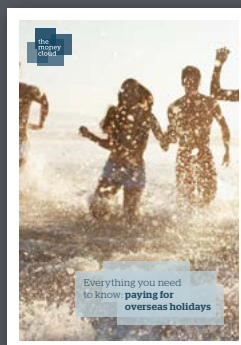
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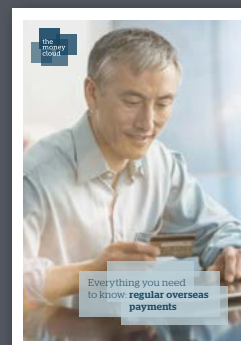
International money transfer 101



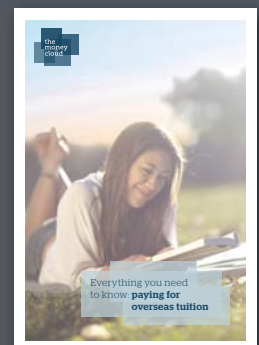
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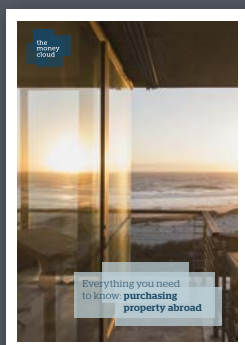
Everything you need to know: paying for overseas holidays



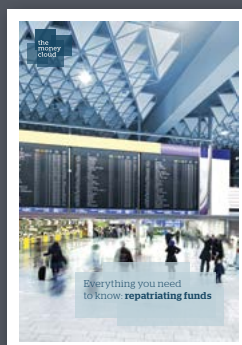
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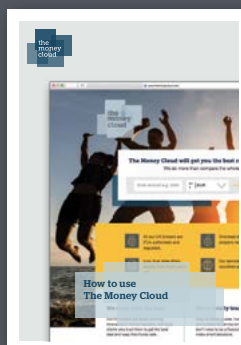
Everything you need to know: paying for overseas tuition



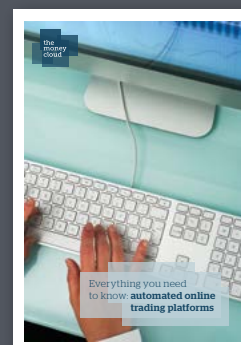
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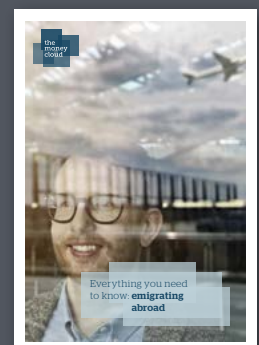
Everything you need to know: repatriating funds



How to use The Money Cloud



Everything you need to know: automated online trading platforms



Everything you need to know: emigrating abroad