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## **The Buying Process for a New Off-plan Property**

When buying a property that has not been built yet – i.e. buying 'off-plan' - you will need to be prepared to wait for your property, as normally building doesn't start until some of the development is sold. You will be able to view the site and situation of your property. You may also be able to view similar properties that the developer has completed.

Occasionally we can offer a development in a refurbished property, in which case you can view the building. There is also the possibility that you will be buying one of the last few in which case the building will have started.

The buying process differs from buying re-sale property in that you will pay a smaller deposit and then stage payments as follows. The regulations governing developers when selling off plan are extremely protective of the purchaser and they must offer a bank guarantee that ensures that should the developer get into financial difficulties the bank guarantee that you will get your finished property.

Once you have decided on the property you will sign a 'Contrat de Reservation' and pay a deposit of up to 5%. The contract will specify the building schedule and payments to be made at each stage of the construction. Normally the first stage payment will be due once the foundations are laid, at which time you will be asked to pay 25%, making your payments so far add up to 30%.

At this time you will sign the 'acte authentique' and become the owner of the property; the Notaire's fees are payable at this time. For new properties there are reduced Notaire's fees: between 2.5 – 3.5% of the purchase price. Also when buying a property under five years old from the first purchaser who originally bought off-plan, the purchaser will pay approximately 2.5-3.5%.

The lower fees are due to the fact that there is TVA (VAT) included in the price that you are paying for the property and the government therefore do not take any further 'stamp duty' taxes.

When buying with a mortgage the notaire will make a further charge to register the lenders' interest on the property – this will be approximately 1.5% of the mortgage amount which is the same as with re-sale property.

A power of attorney 'PROCURATION' can be provided allowing either or both parties to be represented by the Notaire's clerk or other named person. It must be arranged in advance of the agreed final date. If the power of attorney is signed in the UK, it must be witnessed by a notary public and then sent to the Foreign & Commonwealth office in London for an apostille.

As the property construction progresses, further stage payments will be requested until 95% has been paid, you should then visit the property to check that all is in order and give the developer a snagging list if necessary, before paying the final 5% and receiving the keys.

If you are taking a mortgage to purchase the property, the lender will pay the stage payments as necessary once you have paid your contribution; they will however check with you prior to handing over any money.

New properties are built to comply with modern regulations and will have a 10 year guarantee. Good insulation and low maintenance materials mean that the upkeep is likely to be low and easier to budget for than an older property that needs continual maintenance.

New developments provide a ready to move into property and also offer the possibility of making friends, as most purchasers will be taking possession of their properties at the same time, so it is an opportunity to meet like-minded people of different nationalities. They are also very popular as investments as it is easy to let a new property.

We have seen the prices of these properties rise so that their value is often higher before you even take possession. You need to be aware that some developers may increase prices every few months for the properties not yet sold on a development. Prices for new developments are not usually negotiable.

#### **Other Costs:**

There are no other purchase costs.

You will be responsible for paying the equivalent of annual council tax on the property. These are split into those collected by the local council and those collected by the government: Taxe d'habitation and Impot Foncier. They are collected annually in arrears and are usually lower than for comparable properties in the UK. For new properties you have the first year free and will only pay at the end of the second year so in effect you will have nothing to pay for almost three years.

**Insurance of the property is not your responsibility until you receive the keys and with new developments there will be a block building policy so that you will only have to take out contents insurance.**

**There is also the possibility of buying a plot of land and then having your house built. You would need to complete on the land purchase**

**before building starts and would be able to choose your own builder. He should offer you a bank guarantee in the same way and comply with all new build legislation. It is wise to check what his estimate will include. When building privately you will be responsible for checking things are going as planned.**