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## **Costs Involved when Buying a Property in France**

There are two types of costs involved here, those that apply to the purchase of the property and then the costs of owning and using the property.

The purchase costs are once only costs and it essential that you allow for these so that you are not short of money to complete. The costs of owning and using the property can be calculated approximately and these costs can often be covered by renting out the properties for just short periods.

When buying new, off-plan properties, the commission is included in the price of the property unless clearly stated, and your agent in France or the UK will receive this direct from the developer. Where agents in both countries are involved, they will share this commission.

When purchasing resale properties you should confirm whether the price quoted includes the agency commission. You should then confirm your offer including agency commission. In fact, when the purchase contract is written (compromis de vente) it may say that you, as the purchaser, will be paying this commission. This is not a problem as long as the total amount of the purchase, i.e. commission and cost of the property, adds up to the amount you have agreed to pay. This is often done so that you will not have to pay notaire's fees and taxes on the amount of the commission, so saving you a little. Agency commission in France is normally between 5 – 8%, and sometimes higher on smaller properties and plots of land, but as stated above, this will not be an extra cost to you.

There should not be any extra costs charged by the agency and the percentage commission that they charge should be clearly displayed in their offices. Agency commission in France is normally between 5 – 10%, and sometimes higher on smaller properties and plots of land where there may be a minimum charge, but as stated above, this will not be an extra cost to you.

Should you be working through a UK agency such as Latitudes, who are associated with agencies in France, they will be sharing the commission received between the agencies and have a fixed agreement to do so. Consequently neither the UK or the French agency should be charging any further amounts for their services. It is not ethical to take commission from both parties to the contract.

You will then have the notaire's fees and taxes to pay. When buying a new property you will only be paying notaire's fees of 2.5 – 3.5%. On resales you will be paying the same notaire's fees plus tax, (similar to UK stamp Duty) will vary according to the price of the property but ranges from 4 – 6%. If you are taking a mortgage you will have extra notaire's fees of around 1 – 1.5% (hypothèque) which is a cost to register the charge on your property for the bank.

If you are buying with a mortgage, then you will have to pay a small fee to the bank or broker for setting up the mortgage for you

You may ask the notaire any questions you may have regarding ownership of the property which might vary according to the set-up of your family and this advice will not be charged extra for.

Should you wish to take further legal advice, then I would suggest you make sure that you use a qualified solicitor who is also qualified in law in France so that he or she can advise you correctly from the point of view of the UK and France tax and legal systems so that there is no conflict of interest. There are a few in the UK.

You should also consider the financial aspects of your purchase. If you are buying for cash then you will need to send the money to the notaire in France in Euros. Bearing in mind the fluctuations in the exchange rate, it is a good idea to deal with a currency exchange company. Some of them will fix a future rate for you. When you agree your purchase price in Euros you will of course translated into sterling to know whether you can afford it and I would suggest that you immediately buy your euros at that rate or fix a future rate so that you don't end up paying more than you expected when you buy your Euros.

The currency companies are in watching the market all the time and therefore are in a good position to be able to advise as to the most likely best time to purchase Euros. The companies that we recommend make no transfer charges. It is definitely worth comparing their rates and charges with your bank.

The currency companies can organise regular transfers to your French bank account for mortgage repayments.