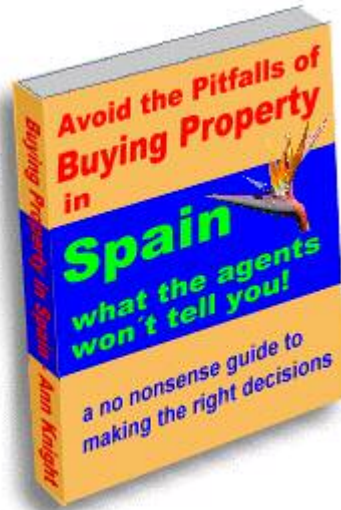


Find out the True Facts About Buying Property in Spain



by Ann Knight

The pleasures, the pitfalls, the facts and the figures. You'll find it all here.

Read what the estate agents and developers don't want you to know! Learn from the mistakes and a wealth of sound advice given to you in this book by Spanish property owners who have gone before you.

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INTRODUCTION

It's another bleak, blustery Bank Holiday weekend in Britain.

You're wet, you're fed up. You look optimistically skywards but you have a sinking feeling that the only change that's going to take place in that sodden ceiling is that it may deteriorate into an even darker shade of grey.

Or maybe you're fighting your way back across London after a particularly frustrating day at the office.

You're wedged into a human sardine can posing as a London underground train and your nose is thrust against an unsightly fellow traveller's armpit.

You're sick of everyone talking about how stressed they are (they should try being in your shoes!) and how they'd rather be doing something different.

Perhaps you're a retired couple who simply can't seem themselves condemned to another 30 years of wet weather, youth violence on the streets and pub prices you can't afford.

Maybe you're simply a sharp investor who's decided there's probably a more lucrative, safer and more interesting way to make your money grow than playing the stock market.

Whatever the reason, one glorious word suddenly springs to mind

Spain.



A Mediterrean Minefield

Yes! Here lies the answer. The land of endless sunshine, warm Mediterranean waters, *al fresco* meals in affordable restaurants, cheap wine...and your very own villa with a swimming pool.

You've cracked it. You'll buy a property in Spain and live there, holiday there, retire there, or simply make huge amounts of money out of it.

And why not? That's exactly what more than a million foreigners have already done before you.

Many have found the paradise of their dreams. Some have found themselves in a living nightmare.

This book sets out to give you clear guidance and facts on buying property in Spain – whatever your reasons for doing so.

You've already bought the book. We're not trying to sell you anything else. We're not mortgage lenders, estate agents, developers or solicitors. We have absolutely no vested interest in your potential property purchase.

What we do have is a genuine interest in warning you about the problems and pitfalls which you should avoid as you embark on this adventure.

Many free pamphlets and booklets are already available, especially on the Internet. But dig deeper and you'll find the advice is far from impartial; if it's free you can bet your bottom dollar someone in the property industry is hoping to make some money out of you further down the road.

This book contains the hard facts you need to know when buying property in Spain, along with many cautionary tales and case studies from buyers who have gone before you.

Buying into the Spanish property market can be a minefield. Our aim is not to deter you – our mission is to help you avoid treading on one of those mines before you reach the point of signing on the dotted line.

ABOUT THE AUTHOR



Ann Knight is an award winning British journalist who has owned property in Spain for the last 15 years.

She lives on the Costa Blanca with her two teenage daughters.

The material for this book has been drawn from her own experiences and those of the many owners she has met in both a personal and professional capacity during the years.

A survey of 300 foreign owners of Spanish property was also conducted as part of the detailed research for this book. Many of those owners have contributed valuable advice and warnings which have been included here.

Ann says:

“I first started thinking about writing a book about the dangers of buying property in Spain about 10 years ago.

I’d already bought a house here but I made some mistakes and wish I’d had the benefit of the kind of advice I’ve since gleaned from other owners and my own research.

There were lots of horror stories at the time – people buying houses from developers only to find the developer had gone bust or already mortgaged their property.

I was working as a freelance journalist and selling features and news stories to the British press.

I contacted a leading British newspaper with a story I thought they’d be interested in. I’d interviewed an elderly couple who’d spent their lifetime’s savings on their dream home only to find it wasn’t legally theirs. Their lives were completely shattered – they were destitute and homeless.

I’ll never forget the news editor’s response. He said: “Thanks love, but that happens all the time in Spain. We’re not doing property stories any more but we’d love to hear about anything else happening over there.”

The 1980s saw a run of similar horror stories – many were never reported in the media because they were so common. I've since found out that around 50% of foreign buyers were failing to take even basic legal advice so no wonder they ran into trouble.

And, unbelievably, around 20% of foreigners are still thought to be buying property without a lawyer.

Even if you do use a lawyer, there are still many other pitfalls to avoid besides the legal ones.

The newspapers may think it's all "old hat" now but sadly buyers continue to keep falling into the same traps when they head for the sun.

I live in Spain and I love it. And so do hundreds of thousands of other foreigners. In no way would I want to put anyone off buying a home here because Spain offers a fantastic lifestyle for people of all ages.

This book is designed to help smooth your initiation into the Spanish property market and help you to enjoy the adventure – rather than live to regret it.

Here you'll find all the things that I know now...and wish I'd known 15 years ago.

In many ways Spain really is a paradise on earth. But even the Garden of Eden had snakes!"

CHOOSING THE RIGHT LOCATION

There's the well worn saying about the 3 most important factors when it comes to buying property – location, location and location.

This is just as true when buying property in Spain as it is in your own country – in fact far more so.

When you're looking for a property to buy in your native land you're already well armed with a wealth of background knowledge... whether you realise it or not.

From your own experience, from people you know, from media coverage you've been exposed to, from the books you studied at college - you already know the upmarket areas, the most desirable (and expensive) areas, the places you wouldn't wish on your worst enemy.

You'll know how the weather varies from one area to another, you'll know the top tourist spots and you'll know which areas appeal to "the masses" and which ones have more appeal for the "discerning few".

You'll know the best areas to invest in for holiday letting and you'll know the kind of areas which are ideal for retirement.

But the chances are you won't have much of a clue about any of these things when it comes to buying a property in Spain. That is unless you've either lived or holidayed in many different areas of this vast country over a number of years.

So it may sound obvious, but think very, very carefully about possible locations before taking your first tentative step into the bewildering world of the Spanish property market.

To choose the right location, you need to be crystal clear in your own mind as to what you actually want the property for. Again, it sounds so obvious but many a Spanish property venture has ended in tears simply because people missed this very fundamental point at the outset.

Take, for example, retired couple Bill and Sonia who decide to spend their nest egg on a home in the sun. They buy a lovely villa with a pool near a popular holiday resort they visited the year before.

They're both over the moon with their purchase.

At the time of buying they hadn't quite made up their minds what they were going to do with it. It didn't worry them unduly because they both saw it as a good investment.

Bill is keen to move to Spain lock, stock and barrel. Sonia is loath to leave the family, especially while the grandchildren are still young. She envisages using the new villa for regular family holidays.

Sonia gets her way initially and the couple spend several happy two-week holidays in their new villa, often accompanied by family and friends, during the first 12 months of ownership.

Sonia loves it all so much – the villa, the sun, the lifestyle - that she's persuaded that Bill is right. They sell their home in England and move to Spain.

Disaster.

They now discover that the villa - perfect as a holiday home when they turned up with just a couple of suitcases - is impossibly cramped for year-round living.

There's zero storage space. No garage, no handy under-the-stairs cupboards, no garden shed. They're forced to sell, and in most cases give away, many of the prized possessions which they brought with them from England.

As winter looms they find the villa - on a steep mountainside urbanisation of 300 similar holiday homes – becoming increasingly chilly and inaccessible.

The urbanisation practically becomes a ghost town after September as the majority of owners only use their properties for holidays. It suddenly seems a rather lonely and unnatural place.

And the 20-minute drive down the steep and winding mountain road, so novel and exciting on holiday, starts to lose its allure for Bill who has to make the trip each day just to get a newspaper or loaf of fresh bread.

The villa has no wall-to-wall carpeting or central heating. The cold tiled flooring is a god-send in the summer but damned uncomfortable when the chilly nights start to draw in.

And Bill and Sonia haven't budgeted for any more big expenses after the costs of the house purchase and removals which turned out to be far higher than they expected.

The couple realise they've made a serious mistake on location.

They want to stay in Spain but can't face the hassle – and costs - of selling up and buying another property more suited to their needs. So they stick it out for another 18 months, both highly dissatisfied with their new life in the sun.

Finally they decide to sell up, move down the mountain to a residential area which is populated all year round and has easy access to shops, bars, restaurants and fellow expats.

Here they buy a smaller villa and with the spare cash released from the sale they install central heating and some very large thick rugs!

They have friends and neighbours nearby throughout the year, they've joined the local bridge club and are perfectly happy.

All's well that ends well but the moral of this sorry tale is obvious – be absolutely sure about what you want out of your new Spanish property.

Read the following sections carefully before making any hard and fast decisions about where to start looking.

THINK ABOUT THE WEATHER

Think carefully about the weather when choosing the area in which you wish to buy.

If this is going to be either a holiday or permanent home for your own use, you need to buy property where the weather suits you (and your partner and family if they're joining you).

If you're buying purely to let, you'll need to consider what most holidaymakers want i.e. sun, beach and more sun!

The sheer vastness of Spain and its diverse geographical features give rise to a range of very different climates.

The stereotypical image of this magnificent country is one of endless beaches, year-round sun and eternal eating *al fresco*. Whilst this is (almost) true of some coastal areas, there are other areas of Spain where the climate is very similar to that of other western European countries – i.e. often wet and always unpredictable.

Take northern Spain – the stunningly beautiful provinces of Galicia, Asturias and Cantabria for example. The winters are cool and the summers mild; the sea is ice cold and you'll never be guaranteed a long run of hot sunshine.

Average temperatures in Santander on the north coast range from 7°C-12°C in the winter to a manageable 16°C-22°C in the summer. The gorgeous greenery of the region is down to the fact that it rains...a lot of the time! This really is a stunning stretch of coastline but is obviously not the place to buy if you're dreaming of a home in the sun.

Madrid and other inland cities such as Toledo, in the middle of the vast plains of La Mancha, and Soria, in Castilla Leon, have a typically continental climate with gruesomely hot summers and extremely cold winters.

There's an old saying about Madrid: "Tres meses de invierno y nueve de infierno". That's three months of winter and nine months of hell!

About two thirds of Spain is warm and dry with very scarce rainfall most of the year. When the rain does come it's often in short, violent bursts with fierce thunderstorms, raging seas and high winds.



The Costa Blanca on the east coast, regarded by the World Health Organisation as one of the most desirable places to live, basks in sunshine for the vast majority of the year. Average temperatures in the provincial capital Valencia range from 6°C-15°C in the winter to 20°C-29°C in the summer.

In Malaga on the Costa del Sol, one of the most favoured and expensive areas to buy holiday properties, temperatures go from 8°C-17°C in winter to 21°C-29°C in the summer.

Be warned, however, that these temperatures are only averages. Temperatures can drop below freezing, even in the warmer coastal areas, and can nudge 40°C in the summer.

Many people find summer too hot to handle on the *costas*, especially if they're spending more than a couple of weeks at a time in their Spanish property.

New homeowners are also often surprised by how chilly and damp Spanish properties can be in the winter; especially those built purely as holiday homes i.e. to withstand the heat rather than the cold.

GOING NATIVE!

The idea of heading into the mountains to spend the rest of one's days renovating a charming but run down *finca* can seem wildly exciting and romantic.



You could completely “downscale”: living in a mobile home while making your little paradise habitable and befriending the locals in the pueblo bar of an evening.

Think twice before you go native.

Yes, Derek Lambert did it in *Spanish Lessons* and former Genesis guitarist Chris Stewart did it quite spectacularly in *Driving Over Lemons*.

Both made a point of learning Spanish but neither had an easy time of it. The fact that they endured long enough to write the books means they're the exception rather than the rule.

As a foreigner it's almost impossible to become truly integrated within an entirely Spanish community. It's a bit like someone from London trying to become a Cornishman.

Learning the language fluently will of course go a long way towards breaking down barriers. It will even help you to forge some strong friendships. But it will never make you one of the locals.

And the experience of many of my more “mature” friends and acquaintances shows that if you're of retirement age and you don't already speak Spanish, the chances are you'll find it incredibly difficult to pick up anything other than a few basics of the language.

Language is a major consideration if you're planning to buy a property away from the main tourist areas. Don't forget that in parts of Spain the local people speak different languages other than the main Castilian (or *Castellano*) and they can be fiercely proud of the fact.

Catalan is spoken by several million people living in Catalonia, parts of Aragon and the Balearic Islands. In fact there are more native Catalan speakers than there are either Norwegian or Dutch.

In the Valencian community on the Costa Blanca, *Valenciano* – a language very much akin to Catalan, although the locals would kill me for saying so – is the predominant language.

Gallego is the language spoken in Galicia in the north west corner of Spain and *Basque* is the ancient language of the Basque Country in the north.

The vast majority of Spaniards speak Castilian equally as well as their local language. But beware: some are not prepared to try, especially if they feel you're not making enough effort to speak Spanish.

In some areas, these communities are battling for greater autonomy and feel passionately about their local language (especially as all languages other than Castilian were banned under Franco's dictatorship).

Road signs written in Spanish are defaced and you'll often find that many publications - local menus, fiesta programmes, town hall bulletins - are only written in the local language.

So bear all this in mind before you take to the hills and decide to live a wonderfully Bohemian lifestyle in a totally Spanish village in the back of beyond.

Before long you could find yourself feeling lonely and isolated without any regular contact with any of your fellow countrymen (even if at this particular moment you're thinking to yourself that you wouldn't care if you never saw a fellow countryman again.)

Life in the Pueblo



The problems highlighted above can arise even if you set up home in a traditional town house in the middle of the *pueblo* (village).

The Spanish, generally speaking, are extremely hospitable and easy-going people.

If you did decide to opt for the Spanish *pueblo* life you'd undoubtedly find the vast majority of villagers being warm, friendly and unashamedly fascinated by your every move.

However, it's not uncommon to encounter a certain amount of resentment towards foreigners, especially in Spanish villages which are within spitting distance of the coast.

The reason for this is probably the fact that the villagers have witnessed the unbounded tourist takeover of the *costas* over the last 30 years and some of them are terrified the same thing will happen to their own community.

Elderly residents may regard your arrival “in town” as the thin end of the wedge; the start of a slippery slope of foreigners (“*extranjeros*” or “*foresteros*” as they call us here) invading their territory and threatening their long cherished culture and traditions.

Carla’s Story

Carla, from Bromley in Kent, moved to a small Spanish village 11 kilometres inland from a major Spanish coastal resort a few months ago.

This is her experience of “going native”:

“I’m buying a new villa from a developer down in Torre Vieja. It won’t be ready for a few months yet but anyway I’m going to be renting it out for most of the year as I need the income.

I couldn’t afford to live anywhere right on the coast so I moved to this small Spanish village where I found a big apartment at a good price.

It’s a nice village and I’m happy with the apartment. But I get the feeling that the locals don’t really want me here, especially the older ones.

There are only a few foreigners here and they feel the same.

People stare at me all the time and the Spaniards are always telling me off for things they do themselves – like not keeping my dog on a lead or not parking my car in the right place.

It’s difficult to put my finger on it but I definitely don’t feel welcome here and I think I’d be much more comfortable in more of an ex-pat community.

I don’t speak Spanish very well which doesn’t help matters. I’ve been trying to learn but I find it difficult because I’m working full time and anyway all the villagers speak the local language Valenciano which is completely different to Spanish.”

Carla’s story is not unique though it must be stressed that many foreigners – especially those who learn to speak the local language – have enjoyed much more positive experiences of Spanish village life.

Negative Influences

While many Spaniards have welcomed the latest foreign “invasion” of their land, bringing as it has enormous new wealth to their country, some blame us for what they see as many negative influences.

As foreigners, it can be disconcerting sometimes to find ourselves being held directly responsible for everything from the breakdown of family life and the “theft” of rural land to the introduction of drugs and obesity among teenagers.

We’re also, of course, to blame for the advent of McDonalds!

Think about these points and consider whether you’re really up to “going native”. The bolder few manage this highly successfully and integrate through sheer force of personality.

They’re able to win over the indigenous population with warmth, friendliness, and enthusiastic – if sometimes dire – attempts to master the local lingo.

The majority of foreigners, however, settle more comfortably either in or close to an established community of their fellow countrymen.

Spain has experienced a proliferation of *urbanizaciones* (urbanisations or housing developments) along its coastline since foreigners started moving here in droves in the 1970s.

In tourist areas these housing developments have exploded along the coastline to meet an insatiable demand from foreigners all more or less wanting the same things – nice villa, preferably a sea view, a swimming pool and...people of the same nationality living next door!

The older, more established urbanisations have been developed over a period of 20 years or more and are often populated by a mixture of foreigners – Brits, Germans, Dutch, Scandinavians.

In more recent years the Spanish, including many wealthy *Madrileñas* (people from Madrid), have benefited from a major upturn in their economy and started to buy holiday homes in the country and coastal tourist resorts. This had redressed the balance in what used to be purely foreign enclaves.

Sticking Together

But it's still common to find an urbanisation of 400 villas, 80% of which are owned either by either Brits, Germans or another national group.

This is for two reasons – one is that the developer specifically targeted a national group and responded to their needs when he planned and built the urbanisation. Another is simply that national groups simply like to stick together.

Living on an urbanisation surrounded by your fellow countryman can be an attractive proposition, especially for retired people.

You'll be able to join the local bridge club (where they all speak your language) and you'll find yourselves inundated with requests to go to the weekly quiz nights, whist drives and Mah Jong evenings!

The staff in the local supermarket will probably speak your language and you'll be able to get all those “must haves” from home (like marmite, crunchy peanut butter and Ploughman's Pickle!) which most Spaniards have never even heard of.

That said, the last 10 years have seen huge changes on Spanish supermarket shelves which are now starting to stock everything from sauerkraut and pickled herrings to Christmas pud, sage and onion stuffing mix and Jaffa Cakes in direct response to pressure from foreign consumers.

You'll have no trouble finding a local handyman who is either from your own country or who speaks your language. He (or she) will be able to sort out your garden, swimming pool, maintenance jobs etc. And if there's something he can't do, he'll be able to deal with the local Spanish firms - for a cut of course - on your behalf.

All this will be hard, if not impossible, to find if you bury yourself away in the “real” inland Spain.

BUYING A RETIREMENT HOME

If you're buying a Spanish property for your retirement home, take heed of Bill and Sonia's story in the previous section on choosing the right location.

I've come across plenty more similar tales of woe from retired couples while I've been living in Spain.

If you're a couple planning to retire to Spain the key to success is to talk to each other about it!! Talk endlessly about your individual hopes and expectations...and pray you've got some common ground.

Don't just ignore the fact that you've got different views on the subject, hoping that any disagreements between you will just melt away in the heat of the Mediterranean sun.

They won't.

I've met many couples – not only retired – who've moved to Spain in the vain hope of leaving behind all their previous relationship problems.

It's a common self-deluding syndrome which, rather peculiarly, makes people believe that sunshine and plentiful cheap wine will make everything all right.

If one of you isn't totally committed to the idea of a new life in Spain, DON'T DO IT! It'll end in tears.

One of the most common scenarios is the one where the husband is more keen to retire abroad than the wife who is loath to leave the family. Husband puts increasing pressure on reluctant wife until she finally succumbs to his somewhat optimistic predictions of life happily ever after in a Mediterranean Utopia.

This is NEVER a good idea. If wife isn't totally committed to the idea she usually ends up feeling homesick, miserable and bitter towards the hapless husband who assumed all would be well once he'd installed her on the sun-bed with a jug of sangria.

Not a good start to a new life in Spain. The couple end up rowing and living a life of discord and dissatisfaction with each other, the marriage may fall apart completely or the couple simply give up and return to their homeland – a little wiser but considerably poorer.

So...talk till you're blue in the face about what you both want and expect from your retirement. And if you are both certain that retiring to Spain is what you both want, make sure you're also in agreement about the kind of place and lifestyle you're both seeking.

Think carefully about all these factors and decide what's going to suit you BOTH best. Even if you're fairly sure at the outset what your requirements are, don't make any snap decisions.

Sitting at home in the UK listening to the incessant rain beat down on your window pane for the fifth day running, any home in Spain may seem like a welcome escape.

Rent Before Buying

Some of the best advice you'll ever hear is to rent for at least a few months before you buy. Think about all the above pointers then choose an area which you think best suits your needs.

Then find a place to rent – for anything up to a year so you get a real feel for how the place is (not just in those happy, holiday carefree months when the weather and tourists may be skewing the normal way of life in your chosen area).

If you don't want to rent for a full year before buying, rent over the winter months when rental prices are a fraction of high season prices, particularly in popular coastal resorts.

But make sure you've also visited the area, even for a short time, in high season. It's important to know just how madding the crowds can be...and don't forget it's different living among them than holidaying with them.

You can find long-term rentals on the Internet (via villa advertising sites, the classified ads of on-line newspapers etc) or simply jump on a plane to your preferred destination for a "working holiday" with a mission to find a place to rent.

Visit the local estate agents, scour the local newspapers - most tourist areas have English language newspapers - and check the notice boards in supermarkets and bars where the adverts are normally free so they can prove a goldmine of useful local information.

Once you're "*in situ*" for a few months, not only will you get a good feel for the place you've chosen for your retirement, you'll also meet people who will be able to give you valuable advice about where to buy, what to buy etc.

If it's not for you, move on until you find an area that feels right. It might mean a delay in finding your dream home; but if you make a rushed decision and it's the wrong one you could spend years regretting it.

BUYING A HOLIDAY HOME



The majority of foreigners who buy holiday homes in Spain go for the popular coastal areas, particularly the Costa Blanca on the east coast and Costa del Sol in the south.

That's because we're generally all looking for much the same thing from our Spanish holiday – plenty of sun, a nearby beach, a nice villa with views, a barbecue and a swimming pool.

Of course there's the discerning few (and you'll know if you're one of them) who view all of the above with abject horror. You'd rather plump for an attic apartment in Barcelona from where you can explore the many and varied delights of this most extraordinary of cities.

Or you'd rather be in a mountain village at least 100 kilometres away from the nearest whiff of suntan oil.

If the latter is the case just make sure you read our section on "Going Native" first; and if you can't speak good Spanish now be prepared to learn before buying that rural retreat.

If you can't speak the local language (and don't forget there are several regional languages which are very different from mainstream Spanish) not only will you struggle to enjoy and maintain your holiday home, you'll also make yourself unpopular with the locals.

All that said, if you really are this exceptional animal who wants to buy an alternative holiday haven, you're one of the lucky ones.

Land and property prices plummet when you get away from the hot tourist spots and you can still pick up a real bargain at a fraction of the prices you pay in coastal areas.

Some friends of mine recently picked up a charming mountain hideaway for just £8,000 (\$12,000) – only half an hour's drive inland from Benidorm, one of Spain's biggest and brashest "Brits abroad" enclaves. It really is delightful and they absolutely love it.

The drawbacks being that there are no mains services whatsoever.

But they enjoy fresh water from their own well, they eat by candlelight in the evenings and though there's no hope whatsoever of getting a landline phone in the foreseeable future, their mobile works and can be used for emergencies.

It suits their own needs as a holiday home – but they'd have no chance of letting it on a commercial basis!

Even along the coast, prices vary dramatically. Get away from the most popular tourist resorts and start exploring the Spanish coastal towns and villages and you can still pick up some real bargains.

At the time of writing I'm looking at the adverts in my local English language newspaper which advertises a town house with a terrace in Oliva (a Spanish non-tourist coastal town on the Costa Blanca) for just 4.7 million pesetas. Yes, we're still stubbornly talking pesetas here despite the advent of the Euro. That's under £18,000 (\$27,500).

OK, it needs renovation but something similar in nearby Javea – a top holiday destination just 20 kilometres down the road – would fetch three times that amount.

Both places have beautiful beaches – in some respects Oliva's are far more inviting because they stretch for miles and don't get packed with tourists in the summer.

The difference is that one town is very Spanish and the other is completely geared to tourists.

So it just depends what you want: to improve your Spanish and eat in ridiculously cheap *tapas* bars, or is it important to have pedaloes for the kids and a line of international beachfront restaurants in which all the waiters speak English (usually German, French and Dutch to boot!)

There's something for everyone – so just make sure you're clear in your own mind what's right for you and pick your location carefully according to your own particular needs.

The prices between popular tourist resorts also vary dramatically, simply because they're different types of resorts which appeal to different types of tourists.

I mentioned Javea before – this is one of the most pricey places to buy on the Costa Blanca because it's an upmarket resort with few high rise buildings. It consists largely of select developments of privately owned villas.

Starting prices for an average 3-bedroomed villa with swimming pool are in the region of £150,000 (\$229,000) – and you can double that figure if you're going for a sea view.

But go to Torrevieja, an hour and half's drive south beyond Alicante, and you'll see the prices of similar properties drop by at least a third. It's still a popular coastal resort – but not as upmarket and the surrounding countryside is rather bleak when compared to the hinterland of somewhere like Javea.

It's a very different resort but it's still got what many people want: cheaper properties, beaches, international restaurants.

And if you're going to be sunning yourself by the pool all day and living it up in the beachfront bars at night, who honestly gives a fig about the hinterland?

But move further south to the Costa del Sol and you'll find property prices soaring again. The exclusive areas of Marbella and Malaga for example are even pricier, generally speaking, than Javea on the Costa Blanca.

Only you know what you really want – an estate agent doesn't.

So don't fall for any high-pressure sales talk and don't listen to the agent who tells you it's simply not possible to buy a Spanish holiday home for under £200,000 (\$305,000). It is.

So do your research, take your time...and make sure you read the section on "Should I Use an Estate Agent?"

You could save yourself a fortune!

Consider whether you'll be using your holiday home two or three times a year for a couple of weeks at a time. Or will you be dividing your time between your Spanish home and your own country?

Buying For Long Holidays

If you plan to spend several months of the year in your Spanish property it might be feasible to go for something which needs renovation and improvement.

It'll be a cheaper option for you, it'll give you something to keep you occupied – either doing the work yourself or organising contractors – plus you'll end up with something of considerably more value (both sentimentally and financially) than if you'd gone for a more standard model holiday home.

Believe it or not, sitting by the pool with your gin and tonic can begin to pall after the first few weeks (hard to imagine I know when you're picturing the scenario from beneath your brolly on yet another blustery day in dear old Blighty).

If you're planning to spend several weeks or months of each year in your Spanish property, it's important to make sure you're in the right place to satisfy your interests (after the novelty of two weeks of sun-soaking has worn off).

Spain has got it all – whether you're a golfer, gardener, mountain climber, caver or simply a lover of haute cuisine (yes, Spain has restaurants to rival the best in the world).

Just make sure you pick the right spot to indulge your passion.

Buying For Short Holidays

If your Spanish property is only going to be used for the occasional holiday, chances are you'll be looking for somewhere which is in good order when you buy it and easy to maintain afterwards.

You'll be looking for a low maintenance garden (unless you're prepared to spend a fortune on gardening help) and you'll need to be sure that there's someone on the spot to keep an eye on the place, maintain it and report any problems while you're away.

In tourist areas there are plenty of high street agents who provide property management services including pool cleaning, gardening, repairs etc. But they can be costly and you don't always get the kind of personal service you'd like.

You'll be much better off finding a reliable person who lives locally who can look after the place for you in your absence.

In Spanish communities it's usually easy to find a housekeeper and handyman - often a husband and wife team - who will provide a good service at a very low cost; 7 Euros an hour (£4.50 / \$6.80) at current prices.

Of course you're going to have to have some basic knowledge of the language to organise it – yet another good reason to buckle down and learn.

In ex-pat land you can also usually find plenty of people to do basic maintenance work for you at a fraction of the price you'd have to pay in England.

A lot of retired people are prepared to do gardening and pool cleaning for a minimal fee, simply because it gives them something useful to do and earns them a bit of extra pin money to top up their pensions.

Younger people will also do labouring work for you for much lower salaries than they would in the UK because work is hard to come by for foreigners and wages are generally low in Spain.

BUYING A PERMANENT HOME (Pre-retirement)

This section is aimed at younger people not yet ready, willing or able to retire.

You're in a different boat than those looking to retire to Spain - and the water can be a little more choppy. So just make sure you're armed with all the right life-saving equipment before you take the plunge.

There's no space in this book to advise on all the things you'll need to consider if you're an individual, family or couple thinking of giving up your job, house, life and family to work in Spain (these topics will be covered in forthcoming E-books).



But when it comes to buying your Spanish property, you're going to have to bear in mind some important factors other than just where you fancy living.

There's plenty of valuable advice in the preceding sections "Going Native" and "Buying a Holiday Home".

But on top of that, you're going to be restricted in your choices, probably by your need to work and certainly if you have children, by their own needs - educational and otherwise. There's a myriad of things you'll have to think about before you consider moving a young family to a foreign country

Generally speaking, it's not going to be an option for you to bury yourself away on the inland plains of La Mancha or in a remote mountain village with a population of 150 Spaniards.

Permanent work is not easy to come by for foreigners - your best chances are in the big tourist centres where you can target summer visitors and the resident ex-pat population.

Your best bet is to go where your fellow countrymen are going (in large numbers) so you can find work meeting their needs.

Wherever you find a big group of English speaking ex-pats you find a need for English speaking estate agents, gardeners, construction workers, maintenance staff, cleaners, restaurateurs, mechanics etc.

The drawback is that you'll be paying the higher property prices commanded in these ex-pat zones.

If you can afford your own dream villa with pool and garden slap bang in the middle of your prospective clients...well, you're laughing. And this kind of stereotypical holiday villa is a great investment for the future.

All the indications are that your property is one of the best possible investments you can make in the present economic climate.

If you do go for the standard holiday style villa, do read the case study in the section above: "Choosing a Location". It's a cautionary tale highlighting the differences between an ideal holiday villa and a perfect permanent home.

But if, like many who fall into this category, your budget doesn't stretch to a villa in the middle of an expensive resort there are plenty of good bargains to be had nearby. Take a look at the example of the Oliva house mentioned earlier.

If money is tight, you've probably left it about 20 years too late to snap up a run down old *finca* in the countryside, a few kilometres inland from the coast. Generally, the best places have been snapped up by developers and individuals; even prices for donkey sheds on prime pieces of land have been going through the roof.

There's a 4,000 sq metre piece of land, with planning permission to build a 400 sq m house, currently on sale in the Jalon Valley. This is one of the most popular ex-pat havens 20 minutes drive inland from the Costa Blanca resort of Javea.

The land is on sale for a staggering £118,000 (\$180,000) and, judging from recent sales in the same area, that's not an unrealistic figure.

Consider going for a town or village house in a Spanish community within easy driving distance of your prime source of work.

Still going for a song are two and three storey town houses which are habitable but need some renovation. As the tourists and ex-pat residents slowly encroach inland, these properties are also becoming sound investments.

Villages where foreigners feared to tread 15 years ago are now becoming more desirable and prices are slowly starting to creep up as a result.

So snap up a bargain now, take your time on a well thought out and well executed renovation project and you could well find yourself sitting on a goldmine in 5 years (while at the same time providing a decent home for your family).

If you're planning to put your children through the Spanish state education system then finding a local school won't be a problem as long as you're within easy reach of a decent sized town.

The quality of the school, of course, is another matter which you'll have to do your own research on. Again, there's no space here to go into any depth about this subject which will be one of the topics covered in future E-books.

If you want your children to go to a good international school your property hunt is going to be severely restricted by the location of your preferred school.

Sounds obvious but it's not a great idea to buy your property and then start thinking about the school. I know plenty of young families who've done it and sorely regretted it later.

BUYING TO LET

Buying a Spanish property is one of the soundest investments around today – as long as you follow a few basic rules.

- Pick the right location
- Buy the right kind of holiday home with good renting potential
- Get top quality legal advice



If you follow those few simple steps you should be laughing all the way to the bank.

Location

Get the location right (same old story but one worth repeating) and you shouldn't go too far wrong.

If you're buying solely as an investment it makes sense to invest in a holiday property - so you generate a healthy income while you're waiting for that (hopefully) huge return on your capital.

So find out where the holidaymakers are going – and buy there. The *costas* are the obvious places to start looking.

Buy a beautiful mountain retreat where discerning travellers can sample the delights of the real Spain and sure – you'll get a handful of takers over the year.

But this is no way to make serious money from your investment.

Decide how much you want to invest and see what you can get for your money in each of the tourist hot spots.

Your money will go much further, for example, in Torrevieja at the southern end of the Costa Blanca than it will in exclusive Marbella on the Costa del Sol.

But if you can afford a top of the range rental property in an upmarket area you'll be able to charge much higher rental prices.

You'll also have to consider whether or not you and your family will be wanting to use the property yourselves for holidays. In this case your own personal preferences will influence your buying decision as well as the investment potential.

Personally, you may prefer a secluded villa in the countryside well away from the summer madness of beaches, bars and karaoke. But what you expect of a holiday home is not necessarily what the masses are looking for.

You may have to compromise. It's not only the beachfront apartments which do well in terms of rental opportunities.

There's an increasing demand for self-catering family villas and many holidaymakers don't mind if they're a few kilometres from the beach (as long as they have the use of a swimming pool).

The advice from property owners who have been in the rental business for years is: Go as upmarket as you can possibly afford because you'll see a much greater return on your investment.

Prices

You can pick up a Spanish property with good letting potential for anything from £50,000 (\$76,000) to well over £500,000 (\$762,000). If you can afford any more than that you probably won't need to think about letting!

Realistically, a decent quality three-bedroomed villa with pool within easy reach of the sea in a popular tourist spot is currently fetching around £180,000 (\$274,000).

As for rental prices, as a rough average holiday properties in Spain are rented out for around £150 (\$229) per person per week (excluding agents' commissions). Prices obviously vary according to location, quality of the property, facilities and season.

Buy a top of the range property eight-bed villa on the Costa del Sol and equip it to the highest standard and you'll easily be able to charge £2,000 (\$3,000) per week for it throughout the high season months of July and August.

A recent survey - from Spanish estate agents and surveyors *Tinsa* - showed rental prices rose by between 3-5% from June-August 2001 to the same period in 2002. In the most popular areas - such as Costa Blanca's Benidorm - the increase was higher than 5%.

Tinsa also reports that resale property prices rose by an average of 50% in Spain between 1996 and 2001. In the Balearics, prices jumped by an incredible 90.8% in that period with the Canary island of Tenerife seeing a 82% property price hike.

But if you're thinking of buying in the Canaries be aware that the local tourist authority regulations in the Canaries are now so stringent and so rigorously applied that it's becoming almost impossible to gain approval to let your property.

This is because of a backlash from the local hotel industry towards the increasing number of villa owners who have exploited the surge in demand for self-catering holiday rentals.

If you're thinking of investing in a holiday property, don't delay. *Tinsa* also reports that resale property prices have jumped by 25.7% in the last year.

This increase is not what most of us in Spain were expecting to see a few months ago. Many would be investors were holding off until January 2002 because the "experts" had predicted that the demise of the Spanish peseta would see property prices stabilising and even falling along the *costas* after the advent of the Euro

Prices in many areas were soaring in 2001 due to the feverish last minute rush among foreigners to spend peseta black money.

Then came the plummeting stock market indexes which sent investors scurrying off in search of more sure-fire investments.

And there's one thing that people with money to invest all seem to agree on at the moment – the Spanish property market is a very attractive prospect indeed.

Some "must have" and "highly desirable" features

A swimming pool

Either private or communal...just make sure there's a pool.

This is the single biggest demand from holidaymakers visiting Spain. You can invest in the most beautiful and well-equipped villa in the world but if it doesn't have a pool you won't have much chance of a fully booked rental season – and practically no chance at all unless you're within a stone's throw of the beach.

Even if there's a beach nearby, holidaymakers are still keen to have access to a pool.

So if you've got your eye on a well-priced villa without a pool, make sure it's got space to put one in (a standard 8 x 4 metre pool will set you back about £12,000 (\$18,000)).

A heated pool will greatly increase your chances of year round bookings – especially over Christmas, New Year and Easter when demand for Spanish rentals is so high you can usually charge the same prices as in July and August.

Access to the beach

Even with a swimming pool, the holiday rental properties which secure the most bookings are those on or near a beach.

Go more than 10 to 15 minutes drive back from the coast and you'll severely restrict your target audience.

Many holidaymakers are prepared to drive up to 15 minutes to the nearest beach in order to enjoy the other benefits of a tranquil villa, possibly with a garden, away from the hustle and bustle of the seafront.

But if you're looking to target the lucrative family holiday market, think about what most normal kids want on holiday...beach!

Transport links

Ideally, your holiday property will be no further than an hour's drive away from the nearest airport with regular charter flights to countries which will provide your biggest source of income (the UK and Germany currently being top of the list in terms of sheer numbers of visitors pouring into Spain every summer).

If there are good, fast road links between the airport and your property, so much the better.

You can be safe in assuming that your clients are not, in the main, going to be Lonely Planet travellers. They want to get to their destination as quickly and painlessly as possible so they can get stuck into some serious sun and fun.

If you're buying an apartment in the middle of a resort, are there convenient public transport links from the airport?

People who rent villas usually expect to hire a car for the week. Holidaymakers who rent apartments often don't want to be bothered with a car because everything they want out of a holiday can be found within the resort.

Equipping your property

The advice from seasoned owners who have been letting for years is the same here as it is when coming to your initial purchase. Spend as much as you possibly can without breaking the bank.

Holidaymakers expect their holiday home to be more luxurious than their own home. One of the biggest mistakes an investor can make (and it's a common one) is to try to cut costs by skimping on external paintwork, pool maintenance, furniture etc.

If you give your visitors "tat", chances are they'll try to get their own back. Experience shows that owners who try to do things on the cheap suffer greatest from "missing" and damaged items.

If you don't respect your visitors, they won't respect your property.

A friend of mine recently paid £500 (\$762) to rent a villa for a low season week's holiday on the Costa Blanca.

The villa was pleasant enough – sea views and a private pool. But the furnishings were basic to say the least and the kitchen equipment seemed to have been acquired from the local charity shop.

The handles were falling off all the saucepans. The owner appeared to have stretched himself to the limit on purchasing the villa, then skimmed on the finer details. Needless to say my friend won't be returning or recommending the villa to friends.

One of the most successful owners I know makes close to £1 million (\$1.5 million) a year from letting luxury holiday properties on the Costa del Sol. He furnishes all his properties to the highest possible standards and even leaves valuable personal possessions and antiques "*in situ*".

His wife recently bought £2,000 worth (\$3,000) of the most gorgeous bed linen I've ever seen in my life. And that was just for one villa.

This type of luxury goes down a bomb with clients. They're amazed at the beautiful personal touches they find in these villas and they tend to treat them with due deference.

They also tend to come back year after year.

Incidentally, this particular owner has been highly successful in attracting American visitors as well as renters from several European countries.

You'll have the occasional disaster, breakage, customer from hell. But the more upmarket you go the less likely you are to suffer from such problems. Make sure you're properly insured and as long as you don't leave items of huge sentimental value lying around, you can't go too far wrong with this approach.

BUYING A DEVELOPMENT PLOT

There are some obvious attractions in buying a plot on which to build.

First and foremost this can work out much cheaper than going for a resale plus you get a brand new home built to your specification.

But there are drawbacks so look into the subject thoroughly before going down this route.

Buying from a developer

Paying a developer for a plot of land and a tailor-made home is a popular option. It's known in the trade as buying "off plan".

If you choose to go down this road you'll find yourself spoilt for choice as developers scramble over each other to urbanise the last available stretches of coastline.

You agree a price, specification and timescale then sit back and watch your capital increase before you even take possession.

Sounds perfect. But beware! There have been endless horror stories in Spain relating to rogue developers who have:

- sold plots of land which were already mortgaged
- gone bankrupt before completion of the development
- disappeared after taking substantial down payments
- completed months / years after the agreed deadline
- failed to fulfil the agreed specifications

That's not to say there are no success stories – of course there are many satisfied customers who are now happily living in the villas of their dreams after buying plots directly from the developers.

The key, as always, is to take good legal advice (see chapter below: “Should I Use a Lawyer?”) and don't rush into anything without researching your subject first.

Some of the owners interviewed for this book have had their fingers so badly burned that their advice is *never* buy from a developer. Well, that's one point of view!

But considering the advantages, in terms of affordability and enjoying a brand new home built to your own requirements, my advice would be not to steer clear of developers completely; just be wary.

Avoid expenses paid inspection trips

Those who have gone before you strongly advise that you must never go to Spain on an inspection trip organised either by a developer or an estate agent linked to a development company.

The sales pitches can be extremely high pressure and you could find yourself signing on the dotted line after a sangria-soaked, slick conference presentation before you've had time to really evaluate the pros and cons.

Look at plots of land on offer but make your own travel and accommodation arrangements and take the time to examine the alternatives.

Above all, take legal advice before signing anything.

Follow these steps to avoid the horrors mentioned above:

Legal checks

Get your lawyer to carry out some basic but essential checks before you sign anything.

You need to know:

- does the builder / developer own the land?
- are there any outstanding loans on the land?
- does he have a building permit?
- are there any other planned developments in the area which may affect your property?
- does the developer have a bank guarantee or insurance bond to ensure the return of your money in the event of failure to complete the project? This is a legal requirement.

Sales Contract

Having satisfied yourself on the above points, you'll be ready to sign the sales contract.

This should include:

- Total price (including the cost of the various licences which the developer must obtain and should pay for before you take possession)
- Completion date – with a built in financial penalty which the developer must pay to you if the date is not met. This might be a set amount for every day that completion is delayed.
- Payments – normally you pay an initial deposit of 25%, another 25% on completion of the roof, a further 25% on completion of building work and the last payment when the final sales contract is signed. The developer may insist on a clause declaring the deal null and void if you are late with any of your payments.
- Guarantee – under which your money plus 6% will be returned to you in the event of non-completion
- Description – a detailed plan and description of the property specifying dimensions and including quality and standards of fixtures and fittings. Ensure details of communal facilities – pool, gardens etc – are also specified.
- Utilities – a clause stating that the developer is responsible for the installation of all main utilities: gas, electricity, water and sewerage
- Community fees – the share that you will be expected to pay towards maintenance and repair of communal areas

Ideally you should hire an independent architectural engineer who will check each stage of construction to ensure that it meets the agreed specifications and has been built to a satisfactory standard.

You can then get your lawyer to build a clause into the contract stating that up front payments will only be made once you've got the all clear from the architect.

The developer is responsible, under Spanish law, for any defects in the building structure and any failure of installations such as the electricity and water supplies.

As an extra safety net you could try including a clause in your sales contract whereby you withhold a certain amount of the purchase price (e.g. 5-10%) for some months after you take possession, in case any serious faults materialise.

The developer may not be over enthusiastic about this idea but some buyers, especially those with a good lawyer, have managed get this kind of clause built into the contract.

The money should be held in a safe Bonded Client's Account – your lawyer will be able to arrange this for you.

If you buy into a development which is going to be part of a community of owners it's absolutely vital that you understand the laws governing such communities (see section below: "Buying Within a Community of Property Owners").

Be absolutely sure what ongoing costs you are going to incur for maintenance of the development via your community fees.

Buying a plot and building your own property

Buying a plot of land independently of a developer can be a highly cost effective way of realising your dream of a home in the sun – while avoiding many of the potential pitfalls highlighted above.

However, this does mean that you – or your lawyer – is going to have to take on many of the onerous tasks that the development company would normally handle for you.

Think about the following points before you go down this particular bumpy road:

- You'll have to find a suitable plot and establish whether it falls within a zone earmarked for development.
- You'll need to find out what restrictions the local town hall (*ayuntamiento*) has placed on development - then you'll have to obtain planning permission.
- Planning permission alone (*permiso de obra*) may cost you as much as 5% of your construction costs.
- You'll have to establish whether essential services can be put in place readily and at an affordable price – electricity, water and phone.
- Your lawyer will need to make various checks on your behalf (see section below on using a lawyer) – e.g. are there any public rights of way across the piece of land you plan to buy?
- Does the local Town Plan allow for any major development in the foreseeable future – e.g. a new apartment complex alongside your (currently unspoilt) plot?
- You'll have to employ an architect and construction firm. And you'll want to be sure that your architect is keeping a close eye on building progress to check that it's both on time, built according to specification and that no corners are being cut in your absence.

Note: Expect to pay another 6% or more of construction costs for the services of a good architect.

Many of us fancy ourselves as amateur architects. But one of the most common mistakes DIY home designers make is to rush into the creation of their dream home, failing to heed the advice of professionals, only to realise that the design is totally impractical.

“Oh, I never thought about the morning sun – I wish we'd put the kitchen on the other side of the house!”

Make sure you draw up a cast iron contract with the architect and builder with the same safety clauses highlighted in the section above.

NEW OR RE-SALE?

One of the first big decisions facing buyers is whether to go for a brand new or re-sale property.

There are no hard and fast iron rules here.

The advantages of a new property include the reduced likelihood of experiencing problems with damp, leaking roof, faulty electricity etc – and if you do find structural problems, the builder will be responsible for rectifying them, under Spanish law.



You may get the chance to be involved in the design but that means “buying unseen” which inevitably involves an element of risk.

You’ll have all the advantages of moving into a brand new, “virgin” home – and let’s face it some people just don’t like buying anything second hand.

If you’re buying as an investment, it’s generally easier to find buyers willing to pay a good price for a newer villa than it is to sell an older property.

But many buyers are devotees of re-sales.

They’re often cheaper, what you see is (normally) what you get. But it’s advisable to have a survey done just in case there are things you can’t see!

The house has been lived in, tried and tested.

If it’s survived 15 years of floods, storms, mudslides and earthquakes (and yes, we get all of those in Spain!) without obvious signs of disintegration then that’s a major point in its favour.

If it’s “character” you’re looking for, you’re more likely to find it in an older property.

There’s something special about buying a property which has clearly been “loved” over the years.

There are the mature fruit trees and palms, the vine-covered *naya*, the extensions previous owners built when they realised they didn’t have enough storage space.

If you're a garden lover, this is a particularly important point to bear in mind.

Yes, if money's no object you can go out and buy a brand new garden – complete with ancient olives and 30 foot palm trees – but it won't have the same feel about it as a garden which has matured over the years.

Brand new developments can sometimes be rather soulless places – concrete jungles without a mature bougainvillea or hibiscus in sight (a far cry from the architect's impression drawings!).

There are plenty of instances where communal gardens have been beautifully thought out and landscaped before the first owner takes up residence. But this is not always the case.

And on new urbanisations where owners have individual plots of land, it's going to take at least 5 years before people's gardens start to take shape and mature.

During that time you may well find yourself subjected to the incessant sound of JCBs drilling, digging and droning from 8am to 8pm whilst swimming pools, pump houses, garages and extensions are installed on behalf of hundreds of eager new owners.

It's just something to bear in mind – not put you off completely.

Many people are much happier with plenty of paving and concrete in place of high maintenance lawns and plants, especially if the property is going to be used solely for short "sun and swimming pool" summer breaks.

An attractive garden can be a major plus point if you're planning to let your property – a bougainvillea bedecked villa with mature hibiscus and palms is the image many holidaymakers have in mind when they book a self-catering property.

But then you're going to need someone to care for your garden all year round, especially in the heat of the summer.

Tubs full of dried out geraniums and a patchy brown lawn will have little appeal for either you or your renters.

BUYING A RUIN!

Many an ex-pat has hot-footed it to Spain with a rosy image of buying a crumbling *finca* nestling amid the orange, olive and almond groves with the Mediterranean glistening in the distance.



We'll buy it for next to nothing. We'll live in it and love it. We'll spend years lavishing care and attention on it, restoring it to its former glory and creating a veritable goldmine in terms of its capital appreciation.

Dream on!

The best buys – especially those within easy reach of the most popular *costas* – were snapped up years ago by discerning individuals, developers and speculators.

They're still to be had – but Spanish farmers aren't daft and they're now demanding huge sums of money for a plot of rural land with nothing more than a crumbling donkey shed on it.

The rule of thumb is that the further you venture inland, the more likely you are to pick up a bargain.

Whether your bargain will have access to mains water and electricity is another matter and even if it does it's not likely to prove the soundest of capital investments if you're too far from the madding crowds.

If it's a question of realising a personal dream rather than making money, then fine – proceed, but with caution. And please read our earlier section about “Going Native”.

Near to the sea, landowners are generally charging such ridiculously high prices for land with an old *finca* that experts advise that you're better off buying a plot and starting from scratch. This is especially true when your *finca* is so dilapidated that the architect's best advice is to demolish it.

One of the advantages of buying a *finca* is that you may already have a basis on which to start work if it's not too run down.

Also, with most local town halls you will automatically have planning permission to build a new residence of the same square meterage. And if there's sufficient land your planning application for a larger residence has a good chance of being approved.

But before you sign anything, get your lawyer to do some essential preliminary checking (see section below on using a lawyer).

Questions he should be asking include:

- Does an *escritura* (official title deed) exist for the land and property? Often there's no *escritura* for older properties which means you'll have to stake your claim through the *Boletín Oficial del Estado* (Official Gazette).
- What are the exact boundaries according to the local authority records? Have local farmers done any private deals amongst themselves over the years? What local people consider to be the boundaries may conflict with the official records and you could find yourself embroiled in a legal dispute over the ownership of the land.
- Will you receive permission to renovate the property?
- Will you be able to extend it and increase the height?
- What meterage will you be allowed to build on? Just because there are no neighbours for miles around doesn't mean you'll automatically get planning permission for an extension.
- Are there any public rights of way across the land?
- Are there any developments planned for the area under the local Town Plan? If it's an area zoned for development and not a protected "green" zone you can be fairly sure that the rustic wilderness all around you will be making way for the bulldozers before too long.

The town hall makes the rules and the town hall can normally change the rules – although tighter controls are now being introduced at a provincial and national level to curb the worst cases of unbridled development.

So even if the area where you plan to buy has been designated as rural land or “green”, consider whether it’s the sort of place which lends itself to an urbanisation of the future.

An accessible hillside with sea views, near to a popular tourist resort is a prime target for a developer. And he may just have enough clout – and money! – to get the local rules changed.

If you’re serious about your purchase, get your renovation / extension plans drawn up and officially approved before signing the final sales contract.

Bear in mind that opportunities for letting a countryside *finca* – however beautifully you’ve renovated it – are more limited than they are with a standard villa near the beach and local shops, restaurants etc.

A SPANISH LAW TO BEWARE OF!

If you're thinking of considering buying a property on a substantial plot of land in the Costa Blanca region run by the local government of Valencia...watch out!

You need to know about an insidious and rather extraordinary law that allows developers to grab your land, build on it and then demand that you help fund the development.

Unbelievable as this may sound, it's true and it's a law that has caused uproar in this particular area of Spain.

It's now being challenged in Spain's constitutional court in Madrid but it's likely to be many months before a judgement is made. Meanwhile if you buy a sizeable chunk of land in the Valencia region, be aware of the risks.

The law, passed by the provincial government of Valencia in 1994 is called the *Ley Reguladora de la Actividad Urbanística de la Comunidad Valenciana* (LRAU) ie. the law regulating urban activity in the Valencian community.

It was designed to cut through the endless red tape formally confronting developers wanting to construct urbanisations on rural land.

Now a developer can apply to the local town hall for permission to construct a holiday complex on your land.

Under the LRAU the town hall can grant permission – even if it had previously designated the land as agricultural – and the developer is able to sequester as much as half your land for project, paying a fraction of the market value.

Not only that, but you can also be forced to contribute thousands of pounds towards the development costs.

In several instances owners are now facing financial ruin after being told to cough up sums ranging from £60,000 (\$92,000) to £500,000 (\$798,000).

The Valencian government argues that the law is justifiable as owners whose land is appropriated supposedly benefit from improvements in local infrastructure.

Until the court in Madrid makes a ruling on the issue – which lawyers representing affected owners argue infringes European law – it's probably a safer bet to steer clear of property with large tracts of land which could be sequestered for development.

No other regional government has passed such a law and none is likely to, pending the court hearing.

BUYING WITHIN A COMMUNITY OF PROPERTY OWNERS



Buying a community property within an established or new urbanisation (housing estate) has its attractions.

You'll move into a ready-made community of neighbours who will probably include many of your own countrymen.

The development will have communal facilities which may include extensive gardens, swimming pools, tennis courts, shops and bars / restaurants.

The community will, by law, have a committee of residents who will organise such things as exterior house painting, gardening, pool maintenance etc.

However, buying a community property can be fraught with problems and many owners have lived to regret it.

As ever, forewarned is forearmed.

It's important to understand the definition of a community property.

You can buy a property on an urbanisation where there are no communal responsibilities and fees whatsoever. In that case you'll look after your own property, pool and gardens and pay your local tax to the town hall who'll take care of such things as rubbish collection, street lighting etc.

But when you buy into a *Comunidad de Proprietarios* (Community of Property Owners) it's a whole different ball game.

Now you're talking about being subject to the rules and regulations laid down by a committee of owners who can decide everything from whether you can have a dog, to what colour you're allowed to paint your own house.

The committee levies an annual community charge and decides what services it's going to provide out of that fee.

By law, the committee must hold an annual general meeting and the minutes must be made available to all residents.

So, before buying into a community, get hold of last year's minutes to see if there are any problems you need to know about (such as the communal pool having a terminal leak meaning it will have to be replaced at considerable cost to local residents).

Preferably get hold of several years' worth of back copies.

Find out who the committee are and arrange to meet the president and other members. Grill them about the way in which the community is being run and don't be afraid to mention any gripes you may have heard from local residents.

It's worth taking the time and trouble to do this because a badly run committee – just like a bad neighbour – can turn your dream home into a living nightmare.

Committees make their own rules and these are usually reasonable and reflect the wishes of the majority. The rules might include a ban on keeping pets, pool opening and closing times, a ban on ball games in the gardens etc.

So find out what the rules are and make sure you would feel comfortable abiding by them before you make your purchase.

Otherwise you could find yourself in an uncomfortable situation whereby a neighbour has issued a "*denuncia*" (i.e. reported you to the local police) for breaking the rules. Yes, there are cases in which this has happened.

There have been occasions where these all-powerful committees have come up with some draconian rules and regulations.

If you feel there's a problem with the committee this doesn't necessarily mean you should avoid buying into that community.

But it's something to be aware of - talk to other residents within the community about what's bothering you and get their views. They may well air their own dissatisfaction with the present committee and reassure you that they intend to join forces to oust the current members at the next AGM!

But if you encounter complacency about the status quo from fellow residents you're going to have a hard time making any changes as an individual – so perhaps you should consider resuming your house hunting efforts in an area less fraught with difficulties.

As always, get a good lawyer to check the fine print before you buy.

Legally constituted communities of property owners in Spain are governed by something known as the Law of Horizontal Property. This rather peculiar name comes from the expression “*division horizontal*” which refers to the splitting up of a development into individual properties.

This horizontal law sets out the rights and responsibilities of owners, the function and powers of the committee, responsibility for repairs and maintenance of communal areas etc.

You can ask your lawyer to obtain an English translation of this document so that you know exactly what you’re getting into when you buy into a community. But this is no substitute for reading the community’s own statutes and back copies of their AGM minutes as these will give you a greater idea of what you’re confronting locally.

It’s a good idea to get hold of a copy of the Horizontal Law for future use because you may need it even after you’ve bought the property.

For example, article 5 states that each owner’s community charge must be fixed at the time when the community is legally constituted – say, for example, each owner pays £500 (\$767) a year.

Afterwards that figure can only be changed by a unanimous vote of all members.

So if your committee suddenly decides to bump your fee up to £700 (\$1,074) without a decision to this effect being taken at the AGM you know that you’ve got a strong case for legal action

The Horizontal Law also covers such important issues as your legal rights as an owner to demand necessary improvements to your urbanisation.

All is not doom and gloom of course – a well-run community can save you a lot of headaches, especially if you’re an absentee owner.

It can also add a great deal of value to your property in terms of both its sale value and letting potential.

Many owners are delighted with their community-run homes. In their absence the gardens are still tended, the exterior of their property will still be painted, the pool will be cleaned, repairs will be carried out and neighbours and maintenance staff will be around to keep an eye on the place.

If you decide to go ahead with your purchase, the key to success is to take an interest in your community and get involved.

Remember the old saying:

“All it takes for evil to triumph is that the majority of good men do nothing!”

A useful truism when applied to committees.

So get to know your committee and chat up some fellow residents. Find out when the next AGM is and, if you want to make changes, rally support from other likeminded residents so you can make your voices heard.

You CAN make changes – but not by sitting back doing nothing.

A good or bad president can make all the difference to the successful running of a community.

The annual meeting elects the president, secretary, treasurer and administrator. The president may also act as administrator and in any event has wide ranging powers granted under Spanish law.

You’ll find a salutary tale about a couple who came a cropper when they bought into a community of property owners (see “Case Studies” at the end of this book).

BANK REPOSSESSIONS

Here's a great way to pick up a bargain. A Spanish property repossessed for non-payment of the mortgage can sell for a fraction of its real market value.

Having repossessed a property, most banks don't really know what to do with it. After all, they're bankers not estate agents.

Occasionally, you may spot an advert for repossessions in your local English language newspaper – in which case you'll be up against some fierce competition which will inevitably force the price up.

An alternative is to pop into your local Spanish bank and simply ask the manager if he has any repossessions you can take a look at. You may well find he pulls a pile of papers out of his filing cabinet listing a goldmine of properties waiting to be snapped up at a less than half the market price.

You're in a stronger position if you can speak Spanish and either phone round, or visit a number of banks in different areas.

If you're a Spanish speaker, you could also find out from the local courts if any properties are being auctioned off. There are regular property auctions ordered by the courts for various reasons – e.g. to clear debts, resolve marriage disputes etc.

Ultimately the court is forced to accept the highest bid, no matter how low it is – so if your Spanish is good enough to get the inside information and do the bidding, you may pick up an incredible bargain.

You could also hire a Spanish-speaking agent to act on your behalf.

SHOULD I USE AN ESTATE AGENT?

It's vital to use an estate agent when buying property in Spain.

That's what that the estate agents say! I've lost count of how many times I've seen that statement on property agents' web sites.

I disagree.

By-pass the agents and you could save yourself thousands of pounds worth of commission, which is generally far higher in Spain than in the UK and other European countries.

It's easy to find properties for sale direct from owners – on the Internet and in the printed media both in your own country and in Spain.

If you're on the spot, you can simply drive around and you'll see private *se vende* (for sale) signs on the outside of countless properties.

English language newspapers in Spain include:

THE ENTERTAINER

(Costa Blanca / Almería)

Telephone: (+34) 965842777

E-mail: theentcds@computronx.com;

Website: www.theentertainer.net

SUR

(Costa del Sol / Almería)

Telephone: (UK office): 020-8464-5577

E-mail: sureng@surinenglish.com;

Website: www.surinenglish.com;

COSTA BLANCA NEWS

Telephone: (+34) 965855286

E-mail: cbnews@ctv.es;

Website: www.costablanca-news.com

You'll find owners' private property ads on notice boards in supermarkets, bars, clubs (even sellotaped to trees in the streets!). Owners are keen to sell privately because of the sheer greed of some agents.

You have to do more donkey-work this way. But you've got little to lose and much to gain. So if you've got the time and energy, hunt down that perfect property yourself – but whatever you do, don't buy it without using a good lawyer.

There are advantages in using an estate agent of course.

They have a ready pool of properties on their books, they'll take you to view the properties, they'll negotiate on your behalf and, if they're experienced, they'll have a wealth of knowledge and advice to give you.

But at the end of the day they want you to buy and they want their commission. And they want it as quickly as possible.

A good estate agent will be thinking of the long-term survival of his / her business and recognise that a good reputation is worth gold in what can be a cut-throat industry.

That's fine if you're dealing with the boss of a long established, reputable firm.

He knows it's not worth his while in the long run giving you the hard sell and convincing you to buy an entirely unsuitable property, whilst studiously avoiding all mention of any subject likely to discourage you from your purchase.

You may, for example, have told the agent it's vital for you to have a telephone to keep in touch with the family. Rather than lying to you, the agent may say something like: "Oh I'm sure that won't be a problem. You just phone *Telefonica* after the purchase and they can usually arrange it within 4 working days."

In fact, he knows full well that neighbours have been waiting for more than a year for a line to be installed.

It's his job to accentuate the positive and avoid the negative.

Of course an individual owner is naturally inclined to do the same thing if you go for a private purchase...but they're not quite as adept at it as the professional agents!

There are a lot of cowboys out there so beware.

Many agents are in it for short-term gain and high commissions. Competition is huge – in one small town on one of the Spanish *costas* there are 79 different *inmobiliarias* (estate agents) falling over each other to make those all important sales.

Average commissions are around 6% but some agents will take over 10% - and that's after they've already bumped the sale price up over and above what the owner actually wanted.

If you decide to use an agent for convenience, make sure you shop around.

Ask other people in the area for the benefit of their experience. Avoid the new boys on the block and go for an established agent with a good reputation.

It's never a good idea to fall for the temptations of a "free flight and accommodation" inspection trip where you're tied to one agent.

These trips can be exhausting and mind numbing with some very high pressure (and effective) sales techniques. You may find yourself signing on the dotted line simply because you've overdosed on slick sales speeches (or sangria!).

Don't try to save yourself a couple of hundred quid on a flight – as this could cost you thousands in the long run if you end up buying a property you didn't really want. Book a cheap out of season flight and rent a villa or apartment for as long as you can.

There are some great rental bargains to be had on the Internet where you can book direct from owners and avoid paying hefty high street agent commissions.

Make contact with at least three different agents and give them a comprehensive list of your requirements. Immediately dump any agent who ignores the key points on your list and wastes your time dragging you round to view unsuitable properties.

They may be having a quiet day and they're convinced they can talk you into the purchase even though it's not what you really wanted – and sometimes they can.

Estate agents in Spain don't need any qualifications, so it's advisable to look for an agent who is a member of a professional body - either an "API" (*agente de la propiedad inmobiliaria* – Property Sales Agent), or a "GIPE" (*Gestor Intermediario de Promociones and Edificaciones* – property development and buildings representative).

Normally these agents will automatically have indemnity cover provided by their professional bodies. Check that this is the case.

If you are buying from an estate agent in the UK, make sure they're a member of either FOPDAC (the Federation of Overseas Property Developers, Agents and Consultants) or NAEA (the National Association of Estate Agents). Members of these bodies are bound by a professional code of conduct.

If you're paying a deposit to the agent to secure your property, make sure it goes into Bonded Client Account. This is a blocked account which can't be touched until completion of the sale.

Never make out a cheque or hand over cash directly to the agent or the seller – you may never hear from either of them again (except for a postcard from the Caribbean).

An agent's professional indemnity policy should cover any misuse or "misappropriation" of money paid on deposit.

When you go to view properties, take a notebook with you and a camera or video camera. Make copious notes of the pros and cons of each property and take plenty of photos.

After a couple of days of viewing, take a morning or afternoon break to review what you've seen so far and discuss it with your other half if you're buying with a partner.

Don't rush into anything even though the agent tells you they've got other buyers waiting in the wings (one of their favourite routines!).

If you like a property, go and view it a second time – even a third and fourth time if necessary – before making an offer.

Even when you're convinced you've found your piece of paradise don't sign anything until you've consulted a lawyer.

SHOULD I USE A LAWYER?

An absolute must.

Not all owners would agree and many have successfully completed a Spanish property purchase without a lawyer and without any hitches.

My own advice – and that of hundreds of other foreign owners – is that a lawyer is essential.

There are key differences in the property laws, taxes and administrative procedures in Spain which are hard to fathom even for those of us who have been living here for years.

Maybe it's the strong sun; maybe it's the cheap wine. Whatever the reason, many a foolish foreigner has lived to regret buying a Spanish property without the benefit of professional legal advice when they would never have dreamt of doing such a thing in their native land (where they understand the language and culture).

As I mentioned in the introduction to this book, during the 1980s “run for the sun” more than half the foreigners buying property in Spain did not use a solicitor. And the figure is still thought to be around 20% - so it's hardly surprising that so many dreams turn into horror stories.

The owners who advise against using a lawyer tend to be those who've had bad experiences of legally qualified low lifes (and of course the legal profession has its fair share of them just like every other trade.)

When asked for his advice on this particular subject, one disillusioned owner of a villa in Javea on the Costa Blanca, told me:

“If possible, cut out the Solicitor. Go direct to a notario who speaks English. Why pay the solicitor when you will, in any case, have to have his work 'notarised' by the notario?”

Since I have had THREE solicitors, and all three have been fined or struck-off by the Law Society, to me all solicitors are 'dirt' and I have yet to find an honest one. Purely my opinion, of course, to which I am entitled, and I love taking them on in Court myself.....it's better fun than watching "Eastenders" when an un-qualified person wins!”*

* a popular British soap opera.

Well! As he says, he's entitled to his opinion but it's not one I personally agree with. This particular owner agrees that he made the common mistake of not doing his research properly before choosing a lawyer to handle his purchase.

Don't make the mistake of thinking the Spanish notary will do the legal checks for you that your own lawyer will.

There are plenty of good lawyers fully conversant in the sometimes mysterious workings of the Spanish legal system.

It's rare, though not impossible, to find an English lawyer practising in Spain but there are law firms in England and other European countries which specialise in Spanish property law.

Be wary of taking the recommendation of an estate agent when it comes to legal advice – the lawyer they recommend may be a perfectly good one but if you're using an agent it's a good idea to hire a lawyer who's completely independent of that agent.

There are plenty of excellent Spanish lawyers and many of them in the popular ex-pat areas speak perfect English. You'll find many of them advertising in the English language press.

But a far better route to a good lawyer is the golden rule of asking around. Ask friends, neighbours, people in local clubs and restaurants where your fellow countrymen meet. Listen to their experiences, recommendations...and warnings.

The local consulate may be able to provide you with a list of English speaking lawyers in your area but they won't actually recommend a lawyer to you.

My advice is to find a good lawyer who's based in the area where you want to buy. He'll probably be well in with the local *notario* (notary public) and will be able to play the local system to speed your purchase through as quickly as practically possible.

He or she is also likely to be aware of any drawbacks to purchasing in your chosen area – even before the essential local searches are done.

Having found your lawyer, make sure you agree a price up front and get it in writing along with exactly what services he or she will be providing for the money.

Generally, lawyers' fees are around 1% of the purchase price but if unforeseen complications arise you'll be charged more – that's why you need to know what's included in the price up front.

Standard services that your lawyer should provide within his normal fee include:

- Checking with the local town hall that the property is legal and registered
- Obtaining a copy of the all important *escritura publica* – the title deed of the property giving details of the property and its owner
- Checking that the *escritura* includes the house as well as the land – this is often not the case. If the house isn't on the *escritura*, your lawyer should ensure that the seller gets the property registered before the sale goes through.
- Checking the local town urban plan – to make sure a dual carriageway is not about to be built through your swimming pool
- If the property is on or near the beach, your lawyer will need to check if it complies with regulations laid down by the national *Ley de Costas* (Coastal Law). The Spanish Government *Costas* department restricts building within 100 metres of the beach and has a zone of influence up to one kilometre inland.
- Checking that the house is registered with *Hacienda* (the tax office) for the annual property tax known as IBI
- Checking that there are no outstanding debts on the property. In Spain, all debts on a property stay with the property when it is sold – a very good reason, if you're not already convinced, to employ a solicitor!
- Obtaining copies of paid-up receipts for all utility bills
- Ensuring the sales contract is water tight and in accordance with your wishes
- Obtaining a copy of the “*catastral*” certificate from the local land registry office – this will show you the exact boundaries and square metrage of your plot
- Accompanying you to the notary's office for the final completion of your purchase
- Arranging payment of the relevant fees and taxes

The Notario

Notario is a word you'll come across frequently when you're buying a Spanish property.

This is the notary public – a qualified lawyer, appointed by the state and a revered figure in every town in Spain. It's not like the UK where many high street lawyers are also notaries.

In Spain you can't buy or sell a house, start divorce proceedings or even take out a bank loan without getting the approval of the all-powerful notary.

When you go before the notary to complete your purchase, he will check that you understand the key points relating to the transaction – location, description and price of the property – before both sides sign.

You'll have to pay him for the pleasure (see fees below). But, as I mentioned earlier, in no way is he a substitute for hiring your own lawyer to do the more detailed work highlighted above.

A STEP BY STEP GUIDE TO THE BUYING PROCESS

You've found your perfect home – or the best compromise you can afford! This is what happens next.

Initial Down Payment

If you want the property immediately removed from the market, you'll need to pay a small deposit – for example between 1-2% of the sale price.

The exact figure and deadline (after which the property will be put back on the market) will be agreed either with the agent or directly with the vendor.

Don't hand over cash – unless you do it in front of a notary – and make sure the money is deducted from the sale price (and doesn't end up in the estate agent's pocket).

Make the down payment through a lawyer who should then make some essential legal checks on your behalf to ensure there are no skeletons in the cupboard e.g. the property was illegally built, not owned by the person claiming to be the owner, is subject to a compulsory purchase order etc.

NIE Number

Any non-resident foreigner in Spain wanting to buy a property (or even a car!) needs a NIE number - *Numero de Identificacion de Extranjeros* (Foreigners' Identification Number).

This is your Spanish tax identification number and you'll need it for any dealings you have with the Spanish tax office.

You obtain your NIE from the local police but if you don't speak Spanish (and even if you do!) this can be a frustrating and long drawn out affair. You could face long delays in the police station simply trying to hand in your application and then another 28 days or more of phoning up trying to find out if you're application has been processed.

Yet another good reason to hire a lawyer who can do this for you.

Many foreigners use the services of a local *Gestor* (expert in Spanish administrative procedures) *asesor fiscal* (or fiscal representative) to help them through the minefield of Spanish administrative procedures and taxes.

These people can arrange your NIE number, advise you on taxes, remind you when payments are due, make payments for you, advise you of changes in taxes etc. You'll find them in every town (look for *Gestoria* and *Asesor* signs). In popular tourist areas you'll usually find one who can speak good English.

Because of the time delay in obtaining a NIE number it's a good idea to start this ball rolling even before you've found a suitable property.

10% Deposit

If, after this initial "holding" period, you still want to go ahead with your purchase it's common practice in Spain to pay a 10% deposit to secure the property.

It's also common to have a clause (called an "*arras*" clause) built into the contract. This means you lose your 10% if you pull out but the vendor pays you double that amount if they pull out.

It's a popular system which works well because it prevents the distressing practice of gazumping which we see all too often in the UK (sometimes encouraged, sadly, by less than honourable estate agents chasing higher commissions).

Make sure the 10% is paid into a safe, blocked account – known as a Bonded Client Account – so the money can't be released until the sale is finalised. Your lawyer will be able to arrange this for you.

There have been cases of foreign vendors pocketing the 10%, selling their properties to higher bidders and then jetting back to their native country (considerably better off and safe in the knowledge that there's little chance of the Spanish legal system ever catching up with them).

The Initial Sale Contract

When you make your 10% deposit, this is the point at which you'll need to sign a private contract with the vendor (or their estate agent / lawyer if they have power of attorney).

This contract is called the *Contrato de Compraventa* (purchase / sale contract). It doesn't mean the property is yours but it's a legally binding contract reserving the property and detailing all the key points relating to your purchase:

- names of the buyer and seller
- description of the property
- description of what is included in the sale
- terms and conditions of the sale – price, deposit, exchange date
- who is responsible for the payment of various taxes

If either side pulls out, the other party will be able to sue for breach of contract. So if you've built in an *arras* clause as mentioned above you'll get 20% of the sale price off the vendor. It's a great deterrent to people taking the Mickey!

The Final Sale Contract

Your lawyer's happy with all his pre-sales checks, you've got your mortgage arranged (if necessary) and your NIE number's finally come through from the police...you're ready to go!

Now comes the big day when you go to the notary's office to sign the final document which makes the property yours.

This document is called the *Escritura de Compraventa* (the sales / purchase document) and must be signed by both you and the vendor - or whoever has power of attorney - in the presence of the notary.

If you're buying the property with a mortgage, a bank representative (or someone with power of attorney) must also be present.

The notary's job is to make sure that both parties have signed and he'll check your passports to make sure you are who you say you are. He ensures that the money has been paid and usually runs through the basics of the contract to ensure that both parties understand what they are signing.

Many notaries these days speak English otherwise you will need your lawyer or someone else to translate for you.

If your Spanish isn't good you should already have a copy of this final document translated into your own language so you know exactly what you're signing.

Only AFTER both parties have signed the *escritura* should the deposit be released to the vendor.

The Copia Simple

Once the *escritura* has been signed, the notary will give you a "*copia simple*" (simple copy) which you may be asked for when you go to pay your various local rates and taxes and set up your utility accounts for telephone, electricity and water services.

Escritura Publica

The final registration of your property only takes place after it has been stamped by the Spanish property registry (*Registro de Propiedad*).

The notary will send the signed *escritura de compraventa* to the registry which will (eventually) return it - registered in your name and stamped - to the notary's office where it is then an official public document called the *escritura publica* (public title deed).

You will never be given the original document but you can obtain an authorised copy from the notary should you ever need it to prove your ownership of the property.

All the above may sound time-consuming, cumbersome and complicated. That's because there are legal terms and procedures which are unfamiliar to foreigners.

In fact you'll find that in many respects the system is fairer and faster than in the UK. It's not unusual for purchases to be completed in five to six weeks.

FEES and TAXES

As a rough guide, brace yourself for total fees of around 10% of the purchase price.

If you're lucky, you may get away with slightly less but if there are any complications you may face even higher fees.

The costs break down as follows:

- **Lawyer** – usually around 1% of the sale price for his services plus fees for any official documentation obtained on your behalf (e.g. *property registration certification, nota simple* etc)
- **Notary fee** – The notary charges according to a scale, fixed by law, depending on the size of the property, its price, whether a mortgage is involved etc - likely to be between £200-£400 (\$307-\$614)
- **Property Registry Fee** – approx. 40% of the notary fees depending on the same factors as above. Expect to pay between 0.3-0.5% of the sale price for the notary, registration and “handling” fees (arranging official documentation etc).
- **Resale property transfer tax** – 6% of the declared sale price
- **New property tax** - 7% VAT & 0.5% Stamp Duty. If you buy a new property and intend to have a pool or garage built, try and have it included with the sale of the property, as if you build later, you will attract tax at the higher rate of 16%
- **Plot/Land purchase** - 16% Vat & 0.5% Stamp Duty.
- **Plus Valia** – like a capital gains tax. Levied by the local town hall which calculates the increase in the value of the land since its last sale (you or your lawyer should be able to get this information from the town hall in advance of the purchase)

If you need a mortgage there will be a 1% fee for registering the mortgage with the Spanish authorities (that's 1% of the mortgage rather than the actual purchase price).

Your lender will probably charge a valuation fee together with a fee of around 1% of the mortgage value to cover their costs in arranging the loan.

If the seller is not an official Spanish resident you will need to deposit 5% of the sale price with the local *Hacienda* (tax office). Your lawyer will be able to arrange this deposit which acts as a safeguard against the seller disappearing back to his own country without paying his capital gains and other taxes.

The seller won't receive this money until he has paid any taxes owed to the authorities including 35% capital gains tax on the profit from the sale.

Under declaring the property's value

A somewhat dodgy but very common practice.

It's a very bizarre sight to sit in the notary's office watching people take out huge wads of money from their briefcases and count it out laboriously in front of each other before signing the sale documents.

This is the "black money" which has not been included in the official sale price – because the seller is trying to reduce his capital gains tax and the buyer is trying to reduce his transfer tax.

It's a common practice and one to which the authorities tend to turn a blind eye.

It's a strange system and in a country which has one of the most thriving black economies in Europe it often works to the mutual benefit of both parties.

Take an example of a villa costing £180,000 (\$276,000).

The 6% transfer tax, normally paid by the buyer, is £10,800 (\$16,575) and the seller has to pay tax - both the *plus valia* and capital gains tax - on his profits from the sale.

The buyer and seller agree to declare a sale price of £150,000 (\$230,000) thereby halving the buyer's transfer tax burden by £1,800 (\$2,762) to £9,000 (\$13,810).

The declared value is lower so the seller's capital gains tax is also reduced accordingly.

The buyer gives the seller £30,000 (\$46,036) in cash or a bank guaranteed cheque when both sides go to the *notario*.

The *notario* pretends he hasn't noticed what's going on and rubber-stamps the sale transaction at the reduced price and everyone goes away happy.

It's important to bear one or two points in mind before you go down what seems to most foreigners to be a rather shady – but quite attractive! – avenue.

Firstly, the Spanish tax authorities are starting to clamp down on this practice and a completely unrealistic declared value will often no longer be accepted and can incur heavy financial penalties.

Secondly, if the sellers are not liable to capital gains tax because, for example, they're pensioners or the property is owned by a company, they probably won't be interested in doing a deal on the declared value.

Finally, and most importantly, if your declared value is substantially less than the actual value you could be hit with a painful *plus valia* and capital gains bill yourself when you come to sell the property. By then this practice may have disappeared completely or you may not be able to find a buyer who agrees to it.

A cautionary note on the Plus Valia

Here's another quirk in the decidedly quirky world of Spanish property sales.

In Spain, the law doesn't specify who's responsible for paying which taxes when it comes to a property sale. So it's important for you and the seller (or your lawyers if you're using them) to decide in advance who's footing the bill for the various taxes mentioned above.

It's an all too common problem to find the seller agreeing to pay the *plus valia* – or the buyer simply assuming this is what will happen as the seller is obviously the one to have benefited from the increased value of the property.

Don't forget:

Debts stick with the property even after it's been sold.

So if the seller doesn't pay up the buyer is stuck with the bill – and in the worst-case scenario ends up having the house repossessed because the bill wasn't paid and the buyer didn't even realise!

So your sales contract should specify exactly who's paying what. Make sure you understand the full implications of the final costs before you sign.

The *plus valia* tax can be anything from 10% to 40% of the increased value of the land depending on the type of property and the length of time since the last sale.

A small apartment in a community development which last sold a few months ago would attract minimal *plus valia* compared with a country *finca* with a lot of land which was bought for a snip 25 years ago but now has permission for urban development.

BUYING PROPERTY THROUGH AN OFFSHORE COMPANY

Setting up an offshore company purely to buy Spanish property has been a popular practice in the past.

It had the dual advantages of protecting the true owner's identity – as the company rather than the individual owned the property – as well as legally allowing the avoidance of Spanish taxes on the purchase.

This practice still takes place in Spain but has become less attractive since the Spanish authorities, understandably miffed at missing out on huge amounts of property transfer taxes each year, decided to clamp down on this particular form of tax avoidance.

Offshore companies are now charged a flat rate of 3% of the rated value of the property each year – as opposed to the 6-7.5% of the sale price which the company owner would have paid if he'd bought the property as an individual.

As rated values are increasingly being calculated nearer to the actual market value, the offshore company option is starting to lose its appeal; especially as the costs of setting up and maintaining an offshore company – in a tax haven such as Gibraltar, the Caymans or Panama – can run into thousands of pounds.

Individuals are still going down this route for various reasons – sometimes to protect their anonymity or to avoid inheritance tax.

Transfer and inheritance taxes are avoided when the property changes hands because it's the ownership of the company not the property which has changed and as the company is registered offshore this is of no concern to the Spanish tax authorities.

CASE STUDIES

The following are true stories from Spanish property owners, interviewed as part of the research for this book. In some cases, names have been changed at the request of individuals.

1. THE RETIRED COUPLE

Richard and Eileen, from Kent in England, retired to Spain 10 years ago. This is Eileen's story:

“We chose a coastal resort which we knew well, having spent many happy holidays there over the years.

But when we started house hunting we knew we didn't want to live right on the sea front. Beachside properties were horrendously expensive considering what you got for your money and anyway we knew from our holidays how busy the seafront areas were in July and August.

We loved all the hustle and bustle when we were on holiday but we knew it would probably drive us mad if we were living there all year round.

We were looking for a permanent home, not a holiday let, and we wanted somewhere with plenty of space for visitors, a sea view but in a quiet spot away from the crowds.

We found a beautiful three bedroom villa on a hillside 10 kilometres inland from the coast. We had our sea view, a large garden and English neighbours for company just a few yards down the road.

We drove down the hill to town most days to do our shopping – Richard always drove because I never passed my test. We'd potter along the sea front, explore the local area a bit and usually stop in a cheap and cheerful bar somewhere for a tapas lunch.

It was lovely – just the way we always dreamed it would be. We thought we'd died and gone to heaven.

Then Richard got sick. He was 76 at the time – 16 years older than me. He'd always been a heavy smoker and our worst fears came true. He was diagnosed with lung cancer and his health deteriorated very quickly.

We had to sell up in a hurry and dropped the price of the villa quite substantially just to get rid of it quickly. Neither of us wanted to go back to England at that stage as we'd both fallen in love with the Spanish lifestyle. We rented an apartment in the town for a while so I could get to the shops.

But as Richard's health went down hill it was becoming a nightmare with an endless series of hospital visits for check ups, tests, operations. We had to rely on friends and neighbours to get us to the hospital which was an hour and a half's drive away.

Richard's children took it in turns to come out from England to help out but the situation became unmanageable in the end and we had to admit defeat and return to the UK. Richard died there 5 years ago.

I tried to settle down again in England but I was pining for Spain. Now I've bought an apartment in a very nice community development; it's a quiet spot but within walking distance of the sea and local shops.

I'm surrounded by friendly neighbours of all different nationalities so I never feel isolated. I pay a community charge of £650 pounds a year which I feel is money well spent as the place is beautifully maintained. There are lovely gardens and a big communal pool but I don't have to think about looking after any of it.

I spend about half of the year here and the other half visiting family and friends, mostly back in the UK. I like having a foot in both camps because although there's so much I love about Spain, I'd miss the family – especially my grandchildren – if I lived here all the time. You miss strange things when you live here permanently – even the rain, believe it or not!

I don't regret moving to Spain but with hindsight I think we should have thought more carefully about where we bought initially, especially considering Richard's age and the fact that he wasn't in the best of health when we made the move.

Neither of us really wanted to face the fact that there was a good chance that I'd be left to cope alone. But it would have been better if we'd faced it together at the outset because then we'd probably have bought a different type of property – probably more like the apartment I'm in now."

2. THE INVESTORS

Louise and her partner wanted to buy a Spanish property with a view to using it as their own holiday home and as a high season holiday let.

“We definitely wanted to buy in a community of villas because we didn’t want to be worrying about things like gardening and cleaning the pool.

It had to be something we wanted ourselves as a holiday home but which would also appeal to other holidaymakers. The main aim was to make some money out of it.

A nice communal pool was a top priority because that makes all the difference in the world when you get into letting. We also wanted a big terrace where we could eat out, do our barbecues and sunbathe in privacy.

We’ve bought a lovely villa apartment on an urbanisation near Nerja on the Costa del Sol. We didn’t know anything about the community rules and regulations before we bought but we’ve been lucky and the place is very well run.

We’ve got good neighbours who live here all year round and keep an eye on the place for us when we’re in England.

The only real problem I’d say we’ve had is that some of the other owners – especially the permanent residents – don’t like us letting.

Our best and most helpful friends in our community are very against renters but they live in hope that we’ll stop I think! You have to reassure those people that you are careful who you rent to and never try and squeeze eight people in an apartment for four. Some agencies (especially the foreign ones) try this and that does annoy the neighbours. Sometimes the infrastructure just can’t support it when done on a wide scale in a small community.

People tend to behave differently when they’re on holiday – all night revelling etc – and that doesn’t always go down well with the people who live next door on a permanent basis. We always try to choose our renters very carefully to avoid upsetting the neighbours.

We’re now into our second year of renting. Last year we were booked solid from mid-June to the middle of September. People were clamouring to rent the place at Christmas and Easter and we also got about six weeks worth of bookings for the rest of the year.

We made just over £6,500 in total which we were delighted with for our first year. We also used the villa ourselves for four weeks. Meanwhile it’s market value is shooting up beyond all expectations so all in all we’re pretty pleased with our investment.”

3. THE VICTIMS

Tony and Hazel weren't so lucky when they bought their two-bedroomed villa in a community of owners on the Costa Blanca 10 years ago.

Hazel explains: *“We bought our villa apartment direct from the developer. It was in a beautiful hillside setting with fantastic view of vineyards, orange groves and the sea.*

It had great letting potential and it was just what we wanted as a retirement home – Bill was due to retire five years after we bought the villa and we both agreed this was the place we wanted to be when he finally stopped work.

It had a huge communal pool and a smaller kiddies' pool together with landscaped gardens, two tennis courts and a bar and restaurant alongside the pool area.

At the time we bought, around 190 villas had been constructed out of a total of 250 planned by the development company.

We were told that on completion of the development, all the villa owners would have an equal share in the communal facilities and have control over the way they were run via a committee elected by a majority vote.

Unfortunately the development company went bankrupt before the project was complete – though the directors immediately set up another company and embarked on a similar project down the road!

Then came the bombshell when we found out that the community didn't in fact own the swimming pools, tennis court or the bar and restaurant all of which we'd been told would be strictly for the use of residents.

Everything was auctioned off – private buyers took over the restaurant and the local council bought the pool and tennis courts.

The new restaurant owners immediately built a huge wall screening the restaurant and bar, which they were also using as their private residence, from the main pool area. They decided their own opening times which were not at all in keeping with what the majority of local residents wanted.

They were often closed at lunchtime which is when people wanted to be able to get a drink and snack while they were using the pool. And they took Sundays off which was a day when many people wanted to have lunch there and lounge round the pool. We had no say in the matter whatsoever.

The pool sprung a leak and was out of action for six months including over the Easter holidays when many owners had rented out their properties. I know several people had to give refunds on the basis that the properties were rented out with the use of a communal pool.

Our residents' committee took legal action on the basis that the community owned the pool and restaurant and they should never been auctioned off.

But to be honest they were quite ineffective and took bad legal advice. The fight went on for three years and cost us all thousands of pounds in extra community charges. It turned out that we never had a legal leg to stand on as the community had never owned these communal facilities in the first place.

The whole thing turned into a fiasco. Everyone started falling out with each other because we all had different opinions on the best way forward. There was lots of infighting and unpleasantness among the committee members and the whole urbanization became quite an unfriendly place to live.

The committee seemed to become totally power mad and were refusing to listen to the rest of us. The community was just pouring good money after bad instead of accepting that we'd received bad legal advice in the first place; there wasn't a damn thing we could do about it except cut our losses.

At the moment the town council is making a good job of running the pool area and they've assured us that it will remain strictly for residents' use – but as they own it now there's nothing to stop them throwing it open as a municipal pool at any time they choose.

That would be a disaster for people who bought their villas mainly to let.

We were among the first to jump ship and a lot of our neighbours are now selling up too. They're just praying that there are foolish buyers out there who won't ask too many questions of the committee or seek good legal advice!

We've now moved to a small Spanish pueblo a few miles from the coast – we've bought a lovely town house on the edge of the village; no communities and committees to tell us what to do and no doubts about exactly what we own and don't own.

Many of our friends have been perfectly happy living in community developments but our motto is "never again!"

4. THE SUCKER!

Beryl bravely decided to make a new life for herself in Spain at the age of 55 after an acrimonious divorce from her husband.

“It was a bit foolhardy I suppose – I found myself alone in a foreign country, unable to speak the language and reliant on taxis because I never passed my driving test.

I tried a few agents but couldn't find what I really wanted which was a beachfront apartment within a community, near to all local facilities so I wouldn't have to worry about driving.

I joined the local British Bridge Club to try and make some contacts and new friends. I got talking to a nice man, Robert, who said he'd lived in the area for years, had lots of local contacts and could find me just the right place. He said he'd just charge me a small finders' fee for his time rather than the outrageous commissions being charged by the local agents.

I went for dinner with him and his Spanish wife, who worked in the local town hall, and was greatly relieved to have the help of someone who knew the area, could speak the language and was prepared to devote the time to driving me round to view various places.

I found just the apartment I wanted but Robert said a Dutch couple had already viewed it twice and were about to put in an offer so I'd better be quick if I wanted to secure the property.

I didn't want to be rushed into anything but on the other hand I didn't want to lose the apartment. So I made a down payment of £2,000 and made a cheque out to Robert who assured me that the property would be taken off the market straight away.

Foolishly, I didn't take legal advice at that point – I trusted Robert completely. He seemed very genuine and I suppose the fact that his wife was quite high powered in the local town hall gave me confidence.

I felt it would have been a bit churlish to have insisted on a formal legal contract before handing my cheque over, especially as he'd been so helpful.

Talk about naïve! He banked the cheque then told me the Dutch couple had put in a higher offer which had been accepted by the owners. He refused to refund my money saying that was to cover his expenses in showing me around.

I went to see a solicitor at that point but it didn't seem worth pursuing. I had no contract with Robert and even if I did, pursuing him through the courts would probably have cost me more than the £2,000 he owed me.

I've since found out that he's quite a well-known local shark. If I'd asked around a bit more at the time I would have realised that he wasn't the kind of man you approach with a very long barge pole, much less hand a cheque to.

I've learned my lesson now. There's nothing wrong with using a middleman with local knowledge to find you a property. Friends of mine have done it with no problem. But of course I should never have parted with any money without taking legal advice and getting a proper contract drawn up.

I was in a hurry to move into my new apartment and wanted to cut corners – I've had plenty of time to lick my wounds!"

AND FINALLY...HOT TIPS FROM OWNERS

This book has relied heavily on a survey of 300 Spanish property owners. Much of their advice has already been included.

But here are some useful extra tips from owners who wanted you to benefit from their experiences...and mistakes!

Sam Hall who owns a beachside casita in Estepona on the Costa del Sol says:

“Make a specific decision as to whether you want to live in the mountains or by the sea (each has pros and cons). Mountains for example usually mean lovely views but isolation and a long way to the shops. The sea means beaches - and damp.

Have a survey of the property done - especially if the property is older than 15-20 years. Have an electrician make a thorough check of the electrics.

If you're buying on an urbanisation check how much the annual urbanisation fees are.

Can you afford them? Is water included? Is outdoor painting included? And gardeners? If not, how much do they cost. Ask the owners for copies of electricity, gas, water and other bills so you can assess how much the property will cost you per annum.

Does the urbanisation have satellite TV? If it doesn't, are there plans to install it? (It can cost up to £1,000 to get Sky, BBC, ITV etc in Spain).

Be prepared to spend wasted hours at the Notary's office. Also at the local rates office.

If you have plans to alter the property in any way, especially externally, check with the urbanisation president or administrator whether this needs permission from the other owners. If they say it does not - get that IN WRITING. Failure to do so can involve you in long and often very unpleasant battles with neighbours who object to your planned window, balcony or whatever.

When checking the property, check specifically for leaks and damp. Does next door's balcony form a flat roof over your bedroom or lounge? If so, expect leaks and hassle. If there are signs of leaks, do not buy the property until the neighbour has rectified the problem. This may well mean a very expensive fibre-glass coating.

Once you have purchased, spend time to make sure that your electricity, telephone, gas, water, rates and 'basura' (rubbish collection) bills are domiciled with your bank. Failure to do so frequently means that when you run out of money (perhaps because the bank hasn't bothered to send a statement) you can find yourself cut off. I make sure I always have a minimum of 500 Euros in my account at all times to protect against this.

That's it - after that you can enjoy!"

Angela Branston, who owns a beautiful *cortijo* (farmhouse) in inland Andalusia, says:

"Our estate agents (useless) told us that we could definitely get a telephone. This was untrue as we are too far from a line and cannot even get a radiophone. This has meant that as our business is Internet-dependent we have to use a mobile (expensive).

They also told us that the land immediately next to our property is common land on which we could park, but it was untrue and we had to build our own car park. We've had many more problems with these agents."

Richard McCann, who owns a villa overlooking a golf course in Torrevieja, says:

"We bought off plans and had to wait 15 months for completion despite a 12 month contract. So be prepared for delays as this is not at all unusual.

I would suggest developing a relationship with somebody in the developer's office, get a name and an email, so you can get progress reports on the building work. I even got photos at various stages which were great to receive."

Faith Powell, who owns a villa near Nerja on the Costa del Sol, says:

“We bought through private sellers who advertised on the Internet. We engaged a solicitor who sorted out the 10% deposit and taxes etc as all that can be a minefield.

The only minor hassle is waiting for the NIE number (Foreigners’ Identification Number) as most people, including insurance companies, need it from you.

Advertising the property for rent on the Internet is a big boon, as people can see pictures and availability before they book.”

Nick Rhodes, who owns a luxury villa near Torrevieja, says:

“Never buy off a Spanish builder. They don’t understand the concept of the word schedule and you never get what you want.

Buy a resale - at least you know what you are getting and when you are getting it.”

Sue Broderick, who owns a seafront apartment Denia on the Costa Blanca, says:

“Save yourself time by making sure you advise estate agents of all your criteria, i.e. villa, apartment, with or without pool etc. Let them know your preferred location, price ceiling, whether you want a new build or resale etc.

Tell them those areas where you’re not interested in viewing properties.

Don't forget to do your homework in England before attempting to go out to Spain and start looking.

Arrange appointments for a day of viewing with each agent before you fly out to Spain and do all of your pre-planning before departure. That way you stay in control of the situation rather than the agent.

Let them know in good time when you will be arriving, and where you will be staying. If they are keen they will keep in close contact with you before you even depart for Spain.

Leave a day to yourselves in between each day of viewing properties. This allows you to take stock of what you've seen and also what you like and don't like.

Get all the preliminary viewing in the first week. At the end of the week you should have a shortlist and be in total control of the situation. Sift through the properties into your final selection and arrange a second viewing - preferably at a different time of day to the initial visit, without the agent, even if you can't get in.

Talk to prospective neighbours and get as much information as you can about the area. Remember that location is your top priority.

Don't travel to Spain under a property developers' scheme whereby you are offered subsidised flights and free accommodation - this nearly always leads to you being placed under extreme sales pressure to purchase whilst in situ.

Travel independently. Cheap flights are plentiful and you can either hire an apartment or go for a cheap bed and breakfast deal in a hotel.

When we were property hunting we found that the density of build per acre is such that in some areas the situation is already claustrophobic, with people's terraces ridiculously close to their next door neighbour's.

I think some of these developments will turn into ghettos in five years' time.

Finally, don't get caught in the sun with too much sangria as this can cloud issues. Be warned!"

Rosemary Jaworsky owns and manages several properties through the Mijas Investment Corporation based in Fuengirola on the Costa del Sol. She says:

"I had to buy the hard way, four years ago, before some of the Internet companies had their web sites so it was much more difficult to find the right contacts.

With the Internet it does make it easier to see properties, but more difficult to assess who really represents whom!

My advice is to locate three or four agents who speak English but are conversant in Spanish, know Spanish law/customs, etc. Plan a visit to meet with these firms first.

Then select a couple you are comfortable with. Ask for recommendations from previously satisfied clients and contact them.

*When looking for a property, make a list of what is important in advance
Do you want beach front? It'll be EXTREMELY noisy and busy in the high season and on the Costa del Sol the traffic is horrible and parking's atrocious!*

Is the property for permanent or occasional living? Will it be leased out when not in use? Find a good company to manage it for you. Getting maintenance done in Spain is always mañana!

Will the property be paid for with cash or partial finance? Use a bank you know is a good one. Go for a well known name.

Make sure you hire a lawyer (independent of the sellers or promoter).

Finally, spend time looking at plenty of properties. I spent eight months looking at more than 200! Only because I knew what was important to ME! I do highly recommend at least three or four separate trips before buying. Try out different areas and see what they're like in high, low and mid season."

Jeff Ogden, who owns a villa in the popular seaside resort of Moraira on the Costa Blanca, says:

"My advice is come to Spain out of season and rent a property for one or two months. This will enable you to have a good look around and see if the area is suitable for your needs.

People have all sorts of criteria: i.e. do we need to be close to a hospital? Are there schools for the children etc?

If you are not going to be living in Spain then the type of let you require is an apartment or community villa situation. This way the gardens and pool get looked after by the community fees and it leaves you free when you come out on holiday. If you're buying in a community check what they're doing about the painting and upkeep of communal areas.

I'd advise using a solicitor in Spain - they know all the latest laws and they don't seem to draw things out as long as UK lawyers!"

David Knight, who owns a town house near Torrevieja, says:

“I would recommend always taking a mortgage in sterling so as not to be exposed to exchange rate fluctuations.

Also, when properties are listed in pounds sterling, always determine what rate of exchange has been used. The property will normally be priced in euros for contract purposes and sometimes the sterling equivalent has been calculated at a non-commercial rate of exchange to make the property appear cheap.

We bought a property partly for our own use and partly as an investment to let out. If we were buying a house to retire to we would be looking for something entirely different so decide for what purpose you are buying before looking at properties.

We found it useful to have a check-list of what we wanted in a property (e.g. terrace, number of bedrooms, number of bathrooms, parking, pool, proximity to beach etc) which we scored each property against. We also videoed each property because when you have seen a lot of properties you confuse them in your mind.

When you have narrowed down the choice, go back on your own and look at the area at different times of day to see how the sun moves around the property.

Also talk to neighbours to find out about the area. Check on closeness to the beach and other facilities in your own time.

If you want something immediately you will almost certainly have to look at re-sales. But if you are prepared to wait you can buy a new property off plan and often make a useful capital appreciation as the property is built.

However, always visit the plot you are buying to assess the locality.

Finally, if the property is for letting explore the letting market. Are there managing agents locally who will manage the property for you. What do they charge and what do they let the properties for. Beware of exaggerated claims about the number of weeks of letting potential.

If in doubt, look at similar properties in the same area on a good Internet web site which advertises holiday villas and you'll be able to see how full their availability charts are!”

Kathryn Hickey, who owns a villa overlooking a golf course on the Costa Blanca, says:

The only thing that I would stress is to legitimately pay the full contract price on purchase. What I mean by this is try to avoid paying any amount by cash or under the table.

This has implications for re-mortgaging your property, etc but particularly for when you go to sell, due to capital gains tax.

We bought from the wealthy and reputable developers of a golf course - even they wanted us to pay for about 25% of the property on a cash basis. We refused and they backed down. As you are aware, it's the norm out there."

Jackie McMahon, who owns an apartment in Almuñecar on the Costa Tropical in southern Spain, says:

"You should buy in the best area you can afford and think about whether you would like to rent that property. We were viewing one with about 40 outside stairs up to the apartment and watched a family with two big cases, two toddlers and a pushchair trying to reach their holiday home - we didn't buy there.

If you feel at home in a place you are viewing and you like it as soon as you go in, other people will too.

There are pros and cons for new or old. We bought old and now have to think about updating the bathrooms and kitchen so it's best to think about future expenses and upheaval if you buy an older property.

Problems of all kinds arise when you buy in Spain if you don't speak the language - you can't afford to antagonise the local residents who are naturally friendly and can be tremendously helpful if you're considerate to them.

The people who show you round properties will, if they know you need to rent, tell you that you can make a lot of money and pay off a mortgage on the property. It might be possible but you should never rely on it just in case. It's not always that easy.

Because of the cost of an agent to look after things, laundry and cleaning after visitors, the extra electricity costs, replacements and improvements etc. you're unlikely to make your fortune. This won't matter a jot if you don't need to but don't be conned into buying dearer than you can comfortably afford unless you're a daring investor or don't have to rent anyway.

This shouldn't put people off but hopefully it will make them think not to overstretch themselves and end up with a worrying misery instead of a great pleasure. We were fortunate to buy without a mortgage and it's proved a good investment because of the rise in prices. We rent out and cover all our expenses plus a flight out every now and then!

This advice may seem a bit obvious to some but we were never warned about these sorts of things and I'm sure they wouldn't occur to a lot of other people before they bought.

Oh, and one last thing...never but never buy from friends or relatives, however close, without using a reputable solicitor."

Jo Heyland, who owns a villa overlooking the sea in the pueblo of Punta Lara on the Costa del Sol, says:

"I can only give advice on buying of property to rent in Spain as this was what we've done.

I'd advise using a variety of estate agents to show you round different types of properties which you can assess for rental purposes.

This way you can get a feel for the price of property in the area and adjust your budget accordingly. Some properties come with all the furniture - which is good as long it as it to your taste!

If you intend to rent out the property then it's essential that it has a pool or communal pool. We went for the communal pool which was the cheaper option but also meant we didn't have to think about maintenance whilst renting.

Visit as many urbanisations as you can as they are very different in the upkeep which is reflected in the community charges – this depends on things like the gardens, the painting of the houses and availability of shops. Expect to pay from 500 Euros upwards for the annual community charge.

We went for the re-sale option as we wanted to buy as quickly as we could. We didn't want to wait for 2 years for a new property to be ready and this seemed to be the average wait time.

Also the communal pool and amenities are the last part of a development to be completed and we didn't want to go through a summer without a pool. We also didn't want to get involved in choosing the tiles and decor, etc - we just wanted to see something that we liked and could buy straight away. The whole process only took 6 weeks."

Lars Hjorth has an apartment on the coast in Catalonia. He says:

“My advice is -

- *learn Spanish*
- *look out for a trust worthy lawyer*
- *seek advice / assistance from friends or contacts who know the area where you want to buy*
- *don't under estimate the importance of getting a good agency to look after the property if it's for investment or you want to rent out..*
- *select a bank with a strong service sector to pay bills etc.*
- *make a budget for maintenance and repairs. Spain is not that cheap any more”*

Hal Perkins, who owns a stunning mountain top villa in Javea on the Costa Blanca, says:

“Beware what you sign. I was asked to sign a contract in which the agent could claim a minimum (yes, that's right...minimum, not maximum) of 10%. In other words, if I had signed the agent could in theory have demanded 80% commission!

Some agents in Spain are notoriously greedy so have a look around the Internet and visit the area. Pop into the 'local' for a pint to see what gems of valuable information you can gather.

Read the ads in the local English paper and get a feel for what is a fair price for your type of accommodation...you can save yourself a fortune!

I know of a vendor who wanted £80,000 for their property. The agents listed it at £95,000. If anyone had agreed to pay that price the agents would have taken the extra £15,000 and still charged the vendor 10% of the £80,000 as well. It's a great game being an estate agent!”

Olga Gussing, who owns an apartment on the Costa Brava, says:

“Purchasing in Spain can be a minefield as often land does not have the right title deeds so it is important to make sure that a good lawyer is employed. Choose one by recommendation from another person who lives in the area or check with a different estate agent to the one from which you are purchasing.

Beware of rogue estate agents and again choose one that comes recommended.

One way to have some sort of comeback is to pay by credit card for a deposit; then if later a fraud has been discovered the credit card company, with a lot of pressure, does cave in and pay back at least most of the money unless the purchaser has been terribly negligent .

A couple of friends of mine have suffered very substantial losses in the past year and have been embroiled in huge difficulties in trying to retrieve their money.

My suggestion is that if anyone wants to buy in Spain, they should rent there for at least 3 months, before making such a big investment - especially retired people.

Life is great in Spain - but it does not suit everybody and I have met many people who have not coped well after a while.

I have owned my home there now for 40 years - so have seen and heard much from ex-pats.

On the positive side, the cost of living is cheap and in my opinion the quality of life is far better than in somewhere like the UK. The sunshine has a terrific influence on people.”

EDITOR'S POST SCRIPT

I hope you've found plenty of useful nuggets and food for thought in this book.

And I do hope it hasn't put you off your plans to purchase a Spanish property!

Of all the people interviewed for the book, none said they wished they'd never entered the Spanish property market. But most said they wished they could have done things differently.

So go in with your eyes open, armed with the knowledge and advice given to you by those who have trodden this path before you.

With your newfound knowledge you can now

Enjoy the experience!

I'd welcome your feedback so if you have any comments to make on this book, please don't hesitate to contact me.

And if you have any experiences of your own which you think would benefit prospective buyers I'd love to hear about them.

You can reach me at

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