

# Buying A Property In France....You've Found A Property – So Now What Happens.....

## Initial Agreement



An agreement on price is negotiated between buyer and seller and the initial contract which is called a *Compromis de Vente*, if prepared by the Notaire, is then signed by both parties. This is a legal document, **which binds both parties** and you should be sure of your purchase at this stage. The **buyer pays a deposit** of 10% of the purchase price which remains held in a special account at the Notaires office until either final completion takes place or the purchase is aborted. The purchaser will usually forfeit the deposit if they do not go ahead.

**At this stage the property is taken off the market.**

There are other kinds of less familiar contract such as the *Promesse de Vente* where the contract is not binding on both parties to the same extent as the *Compromis*. By signing it the vendors still commit themselves to selling the property to the purchasers, but this commitment takes the form of promising not to sell it to anyone else within a stated period, usually 3 months. A deposit of between 5% and 10% is again paid and again the purchaser will most likely forfeit the deposit if they do not go ahead.

There exist other forms of **preliminary contract** such as the *offre de vente* or *offre d'achat* - none of which are recommended in preference to the *Compromis* (or the *Promesse*). **La Tour strongly recommends the *Compromis de Vente* over all these other contracts.**



**Surveys** of the condition of the property you intend to purchase by professional surveyors or '*experts*' are unusual in France. It is more usual to request local builders to give an opinion as to the condition of say the roof, or the walls and for them to give quotations for the work. Detailed property surveys are not obligatory for all house sales, however it's certainly a good idea if you have any concerns over the structure of the property to carry all this investigative work **before signing the *Compromis*** as once this agreement has been reached - as mentioned above - it is binding for both parties.



Once the *Compromis* has been signed there follows a period of generally **6 - 8 weeks** in which the **searches** are carried out to ensure that the property is not subject to any

imminent environmental changes and during which time the purchaser will also need to have proved they can finance of the purchase i.e. have a confirmed mortgage offer.

These local searches and the other contractual matters such as land registry are carried out by the **Notaire**. The Notaire different to most European Solicitors/Lawyers as he is not appointed to act for either party in the transaction but rather he is a public official whose duty is to the State. Their function is to ensure that the transaction is carried out legally and accurately and in accordance with the proper processes and to give the transaction absolute validity that cannot be contested. It is unnecessary to appoint a second Notaire to act for yourselves, although you may feel more comfortable having your own Notaire or perhaps European Lawyer to explain some of the points that arise which may be unclear as it unusual for Notaires to volunteer advice.



If the buyer intends to take out a **mortgage** then this must be declared at the time of the *Compromis de Vente* and a clause in the *Compromis* protects the purchaser's interests in the event that a loan is not made available. In this event that the sale does not proceed, the 10% deposit is returned. In the event of the discovery of a 'planned nuisance' through the searches, the buyer can withdraw and the deposit is returned. Should, however, the buyer break the contract, the deposit is paid to the vendor as an indemnity - conversely, should the vendor break the contract, the deposit is returned to the purchaser. This does not rest there however. Be warned! Vendors breaking the contract without due cause have in the past been taken to court by their buyers for this. The courts have been known to make the vendor pay a fine, pay indemnities to the buyer and force the sale of the property to go ahead anyway.

## *Final Contract*



At the end of this period, which can be extended at the agreement of both parties, the **final contract**, the *Acte de Vente* is signed at the Notaire's office and the property passes at that moment to the buyer, who must pay the balance of the purchase price to the Notaire who then pays the vendor. It should be noted that the balance must be in the Notaire's possession before the contract is signed – usually this is a bankers draft from the mortgage company. If you turn up to sign the *Acte de Vente* without this cheque, the signing will not go ahead.

It may also be necessary to provide to the Notaire before completion a copy of your birth certificate translated into French and, if applicable, a copy of a Marriage Certificate also in French. Check this is required in plenty of time before completion.

Early advice should be sought in order to understand fully the complexities of **French succession law** which does not allow you to leave your share of the property to whom you wish - even if you have an existing Will. E.g. For a non-married couple, if one partner dies the state will claim up to 60% of the share in taxes – if there are no children to inherit the property, the remaining amount will go to the deceased's parents. A will cannot alter this procedure. We suggest you seek advice on this matter for your own piece of mind.

From the signing of the Contract the **purchaser is responsible for the insurance of all the buildings** on the property.

## *Fees and Commission*



The buyer pays the **legal fees and registration taxes** which amount to approximately 7.5% of the purchase price. The seller usually pays any geometrist's costs that might have been incurred such as establishing boundaries, repositioning boundaries and preparing plans for the Acte de Vente, plus the obligatory\* surveys for *Amiante* (Asbestos), *Plomb* (Lead) and the *Loi Carrez* (surface area of a property – usually only applies to apartments) . These fees are paid to the Notaire on the day of signature of the Acte de Vente and are paid as an 'all encompassing' sum together with the balance of the purchase price.

If a property is less than 5 years old when you agree to buy, you will pay **significantly reduced** notaires fees.

The vendor pays the **Agency's commission**. Under certain exceptional circumstances these are paid by the purchaser but if this is the case this should be agreed in advance and included within the *Mandat*, the official instruction from the Vendor to the Agent, and made known to the purchaser at the outset. **Don't forget that La Tour can offer you up to half price agency commission on a 'sole agency' basis.**

\*depending on age and type of property

