



The legal aspects of buying abroad

TAKING INDEPENDENT LEGAL AND PROFESSIONAL ADVICE AND STICKING AS CLOSELY AS POSSIBLE TO CERTAIN PROCEDURES, SHOULD ENSURE YOU HAVE THE BEST CHANCE OF GETTING THINGS RIGHT.

Thinking about buying property abroad or already started the process of buying? You may be confident about your chosen location and it may well be one that promises substantial investment potential. At the same time however, if you are buying in another country, you need to be aware that things can go wrong and bring you all kinds of legal headaches or financial problems.

SO WHAT NEEDS TO BE PAID, WHAT SHOULD BE SIGNED AND WHEN?

1. You've found the property you like and you've agreed a price. You should ask to sign a Reservation Contract under which the property should be taken off the market for a reservation period in return for you paying a Reservation Deposit, typically £1,000 - £2,000 for a £100,000 property. It's during the reservation period, which is usually two to four weeks; your lawyers would carry out your legal checks.
2. If you want to go ahead with the purchase, the Reservation Deposit will usually form part of the price. But before signing the Reservation Contract, you should be sure what will happen if you or the seller pulls out, what would be a sensible level of Reservation Deposit to pay for a less or more expensive property and whether, in your particular case, the reservation period might be shortened or lengthened.
3. Once the checks are done, your lawyer should issue you with a full legal report on the results of those checks.
4. Following their advice, you'll hopefully be happy to proceed and you should only then be fully committing yourself to the purchase by signing the Preliminary Contract and paying a further amount – typically 10-20% of the agreed price and, possibly the first of a number of payment instalments, if the property is a new build. You'll often be asked by the seller or agent to pay substantially more at this stage and your lawyers should guide you on the potential risks and rewards of doing so.
5. You should then usually expect to wait a while depending on whether the property is built or not, for official permissions to be granted in your favour or any other timescale agreed between you and your seller.
6. If everything is in order, the Title Deed often called the Final Contract should then be ready to sign on Completion or Closing of the purchase. This is usually when the taxes and any other official expenses are paid ... and you become the proud owner!
7. Because of the wait, your lawyers should make fresh title checks just before Completion to ensure that the situation hasn't changed since you signed the Preliminary Contract. If it has, they should tell you what should be done.
8. When signing the title deed, you would usually pay the balance of the purchase price. In many cases you'll have paid most of the purchase price before completion, but it's still a good idea to hold some back until signing the Title Deed. Your lawyers should advise you why and how much.

AND WHAT CHECKS ACTUALLY NEED TO BE MADE?

Your lawyers should give you the results of a number of checks as well as other issues you should consider before deciding whether it's safe to proceed. Among other important things, they should be telling you whether:

- The sellers have the right to sell you the property.
- There are any financial or legal burdens registered against the property and whether these will be removed before you become the owner.
- It's likely that, after completion, you'll be asked to make any future (and otherwise unexpected) payments or, worse still, have your property pulled down if it was built without the appropriate permission.
- The contract is sufficiently thorough and whether it protects your interests. Or if it's unfairly biased in the seller's favour and what you can do about it.
- It's safe to pay your money.

In addition, further checks might be needed depending on the particular property you are buying or the area you are buying in. What's more, other issues can often arise including:

- What to do if you're being asked to under declare the price and pay

'black money'.

- If you're buying new or off-plan property, are your payments protected should the seller become bankrupt or otherwise be unable to deliver you the property?

SHOULD YOU USE A LOCAL OVERSEAS LAWYER OR A SPECIALIST UK SOLICITOR?

Of course, any independent lawyer whether in the country you're buying in or UK-based should carry out the main checks I mentioned earlier. However, there are some key reasons why many people still prefer to use specialist UK solicitors.

First, although their charges are generally higher than those of a local overseas lawyer, UK solicitors may offer better value.

Secondly, and just as important, with a specialist UK solicitor you'll have the safety of knowing that they are registered with the Law Society of England and Wales. As such, the standards to which they are obliged to deliver their service are generally higher than those of local lawyers and you'll also have the added protection of their compulsory professional insurance. You won't always have this protection with local overseas lawyers.

And finally, with specialist UK solicitors you'll have access to advice on tax and the best ownership structures available to you. Certainly, local lawyers may know about the local tax rules. But they are unlikely to have an understanding of the way these rules interact with your tax legislation back home. This is very important and, by getting this advice, you'll very often save yourself many times the cost of their fees in taxes alone. 🇬🇧

• **Dennis Phillips is Solicitor and Principal of Phillips International Lawyers, a UK based law firm specialising in helping people buy in Croatia, Dubai, Spain and Turkey. For more information, visit www.phillipsinternationallawyers.com.**

Buying property in Croatia, Dubai, Spain or Turkey? Let Phillips International Lawyers protect your interests abroad

Thinking of buying property abroad or just started the process of buying? Then you should talk to Phillips International Lawyers.

- ✓ We are a team of highly experienced solicitors and overseas lawyers who specialise in helping people buy properties in just a select few countries.
- ✓ We have a major advantage over our competitors: we speak your language. Unlike some international law firms, we always ensure that your day-to-day contact is an English solicitor.
- ✓ Where some law firms may charge you twice for your legal work both at home and abroad, with us there's just one all-inclusive fee.
- ✓ In short, we're giving you double the legal support and advice, but not at double the cost.
- ✓ Finally, we're also regulated by the Law Society of England and Wales. This means we are generally working to higher service standards than those of local lawyers, and you'll also have the added protection of our compulsory professional insurance.



For a free no-obligation estimate, call 020 7198 7907. You'll find we speak your language.



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