

BUYER'S

GUIDE



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Table Of Contents

buyer's guide

The Buying Process	01
Understanding Every Step	02
The Individual Steps Of The Purchase	03
Contrato de Promessa	04



Escritura Pública - Final Deed	06
Occurring Costs	07



Buyer's Costs	08
Sole Mandate - Your Winning Advantage	08
Simplified Timeline	09
Location & Price Guide	10
Who gives legal advice on real estate law?	11
Representations Abroad	12



The Buying Process

Portuguese real estate law and the contractual practices based on it differ significantly from the law of English-speaking countries.

We are confident that this guide will enable you to complete your purchase successfully and risk-free, while being confident at every stage of the purchase. We will take care of all the documents and gently guide you to legal ownership of your dream residence in the Algarve.

Buying a property abroad can be an exciting experience for you. That's why we are here for you!

Buying a property abroad can be an exciting experience for you. We are here to help you make buying your Algarve property an informed and enjoyable experience. A professional real estate agent should represent you and take responsibility for looking after your interests.



The Importance To Instruct A Lawyer

The safe completion of the real estate purchase in Portugal is accompanied by a lawyer who is commissioned by the buyer. Unlike in the UK, the notary in Portugal only performs a purely notarising function. The lawyer is responsible for advising the buyer and drawing up the contract.

The lawyer's tasks initially include applying for the buyer's obligatory tax number (NIF).

The appointed lawyer has the task of checking the documents of the property, such as the absence of encumbrances, the legality under building law, the extract from the land register, the extract from the register of the tax office, the floor plans, the certificate of use from the building authority, the technical certificate of habitation and the energy certificate.



Under standing

EVERY STEP

Our unwavering guiding principle is to be a boutique company focusing on a select number of exceptional villas and flats.

Share our extensive experience and passion in the industry to make an informed decision.

*Agnieszka
Kijonka*

Founder & CEO



The Promise We Give

Since our inception, we have followed a simple idea: to provide exceptional personal service at an unparalleled level to high-net-worth individuals and businesses from around the world.

THE INDIVIDUAL STEPS OF THE PURCHASE

What's habitual for us might be new to you



FERNANDO COSTA
COO & LLB

Explain to your agent what properties you are looking for, how and where they should be located and compile a list of what is most important to you. Your agent will then only select properties that match your criteria. Compile your wish list.

VIEWING OF PROPERTIES

Have us provide you with a list of properties to consider and book the viewings. Do not look at more than 3-4 properties per day. This will only confuse you. During the pandemic, realtors should be able to offer virtual viewing tours. Ask your Agent!

MAKE A BID

You have found the property that best suits your criteria? Then make sure and visit it a second time at a different time of day. When you are sure that you want to make an offer, ask your estate agent to advise you on the price at which you should enter into negotiations.

OFFER ACCEPTED

Has the seller accepted your offer? Have your estate agent confirm this in writing. Ask your estate agent to recommend an English-speaking lawyer, a surveyor and, if desired, an architect or builder.

If you've fallen in love with Portugal, you may have decided that it's time to buy a property here. That might be a second home that you'll visit occasionally, a rental property that you'll use as an investment or a house or apartment that you'll make your main residency.

CONTRATO DE PROMESSA

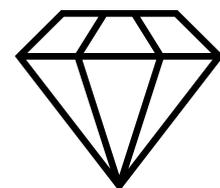


Buying in Portugal is similar to many other countries, perhaps with the exception of how the promissory contract (CPCV) works. Another issue is the potential legal and structural pitfalls you need to be aware of (for example: swimming pools and parts of the property may not be completely legal and some properties may have been built on land that's not designed for residential use). Most first-time buyers have no problems, but **it's essential to work with a lawyer and to consider working with a buyer's agent** as well.

The promissory contract (Contrato de Promessa de Compra e Venda or just CPCV) is of great importance in Portugal when purchasing real estate. The promissory contract of sale and purchase is expressly provided for by law in Portugal and is subject to **complex provisions**.

The promissory contract makes it difficult for either the buyer or seller to pull out. The terms of the promissory contract usually state that if the buyer pulls out, they lose the deposit. If the seller pulls out, on the other hand, the seller usually has to pay the buyer double.

CPCV Contrato de Promessa



The promissory isn't a legal requirement: you can jump straight to the final deeds, however, it offers a lot of **protection to the buyer** as it forces the sale to go ahead.



CONTRATO DE PROMESSA

Although ownership of the property does not pass to the buyer until the final deeds are signed, the promissory purchase contract serves to secure the property and all conditions associated with the purchase.

There is no priority notice of conveyance that secures a claim to the acquisition of ownership in Portugal. The promissory contract can, but does not have to, be entered in the land register.

After registration, the promissory contract has urgent effect and is also valid vis-à-vis third parties.

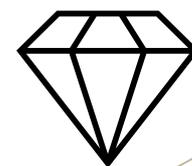
Although putting down a deposit is a normal part of the buying process in many countries, in Portugal this is a much bigger step.

When signing the promissory, the buyer will typically need to put down a deposit (10% to 25% of the agreed sales price).

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The promissory isn't a legal requirement: you can jump straight to the final deeds, however, it offers a lot of protection to the buyer as it forces the sale to go ahead.

***10% deposit
is most common***



ESCRITURA PÚBLICA - FINAL DEED

Signing the promissory contract means the sale is more than likely going ahead. It could still fall through, but at least you'll have doubled your deposit.

Another important aspect of the promissory contract is that it gets everything down on paper and signed by both parties. In case you have spotted some problems when you were viewing the house or there may be some paperwork missing. This kind of problems warrant getting a **survey** done, something we stress as pivotal when purchasing a property. . It's also common to state that the sale is contingent on your mortgage being approved for the sale amount and contingent on the survey or property inspection not revealing any major problems.

It's also common for the CPCV to state what will and won't be left in the property when the sale is complete. Also, the date of the Final Deed (Escritura) will be mentioned in the CPCV.

Final Payment at Final Deeds

The deposit is normally paid by cheque or bank transfer and made out either to the seller or seller's lawyer (escrow isn't typical in Portugal). The Deed takes place at the Notary and



The final deeds are only signed when all the requirements listed in the promissory contract have been fulfilled and all documents are confirmed as valid.

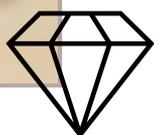
Your lawyer will inform you when he will book the notary appointment and you can be present or, if you have given your lawyer power of attorney in advance, he will sign on your behalf.

In order to attend the notary appointment, your lawyer must first have the difference in the purchase price and the IMT tax and any other additional costs in his account. Then he has the obligation to pay the IMT at least 24 hours before the notary appointment.

Ownership of the property is transferred to the buyer at the notary's office when the purchase contract is signed.

After signing the contract, you will receive the keys and can move into your property immediately. The deed of sale will be sent to you by your lawyer about six weeks later.

Costs



These are the costs that the buyer has to pay when buying a private property in Portugal:

- **IMT** (Land Transfer Tax) is levied on the purchase price of the property, on a sliding scale. Usually you can expect around 5.5% for residential properties. If the property has a purchase value of more than 1 million €, it will be 7.5%.

- The **fees for the notary** are fixed by law and are on a sliding scale depending on the sales price, but should not be more than 1,000 € to 2,000 €. If you buy a building plot, you will have to pay notary fees for two titles, one for the land and one for the building.
- **Stamp duty** of 0.8% of the purchase price is payable on each property in addition to IMT
- **Legal fees** are usually 1- 2% of the purchase price. It is always advisable to get a quote for legal fees before committing to the lawyer.
- **Maintenance costs:** In addition to the fees associated with buying a property, you should also consider ongoing costs. These include local property taxes (IMI), income tax on earnings (if you rent out your property) and tax accountant fees. In addition, there are garden and pool maintenance (for a private villa), building and contents insurance, resort fees in gated communities and a management fee if you hire a company to maintain and/or rent out your home.

BUYER'S COSTS

The buyer of a property in Portugal has to pay the following costs:

- Surveyor
- IMT
- Stamp duty
- Notary
- Lawyer



INFORMATION: Brokerage Fees

In Portugal, conveyancing fees are payable by the seller.



SOLE MANDATE-YOUR WINNING ADVANTAGE

The issue is of particular importance in Portugal which has a poorly controlled market. This system is adopted in the Anglo-Saxon countries, yet widely unused in Portugal.

Once he accepts a sole mandate, the real estate agent will do even more to find a buyer, in particular in terms of communication and file constitution. For the buyer, this means that he will receive very special attention and a high quality of documentation, prepared in professional and efficient manner in association with the notary, the architect and the usual counsel of the owner. This is due in particular to the fact that the real estate agent, who is fully aware of the seller's expectations and the margin of negotiation he is willing to grant, will focus on presenting the property only to buyers who really have the possibility, and the desire, to make a convincing offer.



THE SALES PROCESS IN PORTUGAL

SIMPLIFIED TIMELINE



DAY 1

We find a suitable property for you and start negotiating the price.

DAY 2

key You and the seller reach an agreement regarding the price and the key points of the sale. You decide who is to represent you legally. We draw up an agreement letter and state all key points clearly. This document will be sent to both lawyers to draw up the promissory contract accordingly. The document is not legally binding and can be changed later. Agreement document, house documents and all relevant information will be forwarded by us to the lawyers.

DAY 5

You contact your lawyer and confirm the key points and the price. You obtain a Portuguese tax number. You instruct a surveyor. After you agree to the surveyor report, your lawyer draws up the promissory contract. This is a legally binding document and should be drawn up with the help of a lawyer.

DAY 7

After you and your lawyer agree on the promissory contract which then is also accepted by the seller, you transfer the agreed deposit to your lawyer's client account so that he can schedule a meeting to sign the promissory contract with his colleague.

DAY 14

PROMISSORY CONTRACT is signed. 10% to 25% deposit is to be paid to the seller. Your lawyer checks all documents and arranges an appointment with the notary with all parties involved.

DAY 20-60

ESCRITURA - FINAL DEEDS are signed at the notary. The difference in the purchase price, the IMT, stamp duty and the notary are payable by you. You are the official owner of your property in the Algarve!



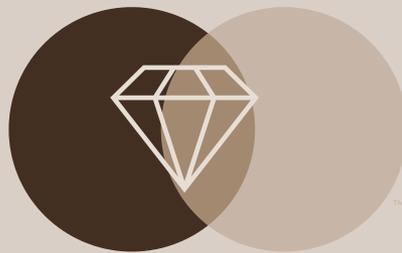
LOCATIONS & GUIDE PRICES FOR HOLIDAY PROPERTIES IN THE ALGARVE 2022



LOCATION	APARTMENTS	VILLAS/HOUSES/QUINTAS
Excellent location	900k to 8m €	€ 4.5m to 25m
Very good location	800k to 3m €	€ 2.8m to 5m
Good location	600k to 1m €	€ 1.3m to 3m
Moderate location	400k to 800k €	€ 850k to 1.2m



Who gives legal advice on real estate law?



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Phone +351 21 392 40 00

24/7 support is available by telephone for all routine enquiries and emergencies: 00 351 21 392 4000

For other enquiries, please email: ppa.lisbon@fcdo.gov.uk

The British Ambassador to Portugal

Chris Sainty took up his appointment as Her Majesty's Ambassador to Portugal in September 2018. Previously, he was the Deputy Head of Mission for Italy from August 2011 to August 2015.

The Deputy Head of Mission

Ross Matthews is the Deputy Head of Mission at the British Embassy in Lisbon since May 2018. Before coming to Portugal he was Head of the NATO Section at the Foreign Office.

British Vice Consulate Portimão

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TEL: +351 282 490 750

Their staff are working remotely. When calling, you may therefore hear a message stating that our offices are closed. However, we are available 24/7. If in need of urgent assistance, please stay on the line and select the option for 'calling about an emergency involving a British national' to speak to an officer.



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Web: <https://www.Canada.ca/Canada-And-Portugal>

Book your appointment online: <https://cts->

[ca.anzus.solutions/infoschedule?](https://cts-ca.anzus.solutions/infoschedule?)

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Phone: +351 289 803 757 :

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Web: <https://www.Canada.ca/Canada-And-Portugal>



U.S. Embassy in Portugal

Avenida das Forças Armadas, 1600-081 Lisbon

Phone: 351-21-727-3300

Web: <https://pt.usembassy.gov/embassy-consulate/lisbon/>

The Chancery

The U.S. Embassy in Lisbon represents an example of the historic Portuguese-American friendship dating back to 1791, when the first American Resident Minister in Portugal was officially appointed.

The Ambassador

Randi Charno Levine is the Ambassador at U.S. Embassy Lisbon as of January 2021. She is a member of the Senior Foreign Service, Class of Minister-Counselor.

The Deputy Chief of Mission

Rebecca Neff arrived in Portugal as the Deputy Chief of Mission to the U.S. Embassy in Lisbon in June 2022. She is a career member of the Senior Foreign Service. Over the course of her career, she has focused primarily on U.S. policy toward Europe but also on issues of energy security, economic growth and women's entrepreneurship.





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