



**HOMEHUNTS**  
LUXURY PROPERTY SPECIALISTS

# The French Buying Process

I M P O R T A N T I N F O R M A T I O N



**THE LUXURY PROPERTY SEARCH SPECIALISTS**  
LET US DO THE HARD WORK FOR YOU

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# WELCOME

**Congratulations on your decision to look at buying property in France and thank you for allowing us to guide you through the process.**

We started **HOMEHUNTS** so that we could assist buyers with the purchase of their dream property in France. We are a fully registered and legal French estate agent, but we work specifically for you, the buyer.

Part of our service is to search the entire marketplace on your behalf while offering you unbiased advice and useful information on all aspects of the French property buying process.

**HOMEHUNTS** is continually evolving so we can offer the highest possible level of service to our clients. Our team of international consultants is constantly growing, but we ensure that we all work to the same values and principles and pay particular attention to your needs.

We understand that every client is different and it is important to us to make sure that the buying process runs as smoothly as possible for you, whatever your situation.

This document is designed to give you an insight into the French property buying process.

At **HOMEHUNTS** we are here to help you every step of the way and the head office is contactable by email or telephone 24 hours a day.

We wish you every success in the purchase of your property and look forward to working with you.

Welcome to our buyer's guide.

Tim Swannie  
**Director**



Francois-Xavier de Vial  
**Director**



## IMPORTANT NOTE :

France is a large country and although rules and regulations are largely the same throughout the country, they tend to be open to local interpretation. We cannot recommend strongly enough that you check any facts and figures with an official and reliable source before making major decisions. Although the authors, researchers and HOMEHUNTS have taken all reasonable care in preparing this document, we make no warranty about the accuracy and completeness of its content. Any reliance on any information in this guide shall be at the reader's own risk.

## THE BUYING PROCESS

**Buying any type of property or land in France is strictly regulated and *HOMEHUNTS* is here to offer you advice through every step of this process.**

You should first decide on how you will buy your property.

There are three main options:

**Buy for cash** – a straightforward route, but once capital has been invested in a French property it can be difficult to release equity.

**Remortgage your main home to raise the cash** – this is, again, a simple process and one that doesn't involve you having to deal with any French banks, but you will probably find that the interest rates charged by lenders in other countries may be higher than the interest rates in France.

**Get a mortgage** – finance your property with a mortgage from a French bank or lender.

## PREPARE YOURSELF FOR THE INITIAL COSTS

### PURCHASE DEPOSIT

On the day you sign the compromis de vente (the sales agreement contract) you will be required to pay your deposit, which is usually 5-10% of the purchase price for older properties. It is advisable to pay your deposit cheque to the notaire or agent who is representing you and not to the vendor. The deposit is held by the notaire or the agent until completion.

### MORTGAGE DEPOSIT

The minimum amount you need to provide as your deposit for a mortgage depends on your nationality, the country you live in and where you pay income tax. For tax payers in France it is possible to arrange a 100% mortgage. For non French nationals, you would usually need to provide a deposit of at least 25-30% of the purchase price depending on the lender.

**HOMEHUNTS** work with independent financial advisors who can help to find you the best deal available for your needs.

### NOTAIRE FEES

Be prepared for the cost of legal fees and associated taxes on an existing property to be around 6.7% of the purchase price (allow 3-4% for newbuild), plus 0.5% of the amount borrowed for registering the mortgage. Fees due to the notaire can only be funded by a mortgage for French tax payers and you will have to fund them yourself if you pay tax abroad. The notaire fees pay for the land or property registration (stamp duty) and the actual payment to the notaire for his services. All notaire fees are calculated on the same basis, so you cannot 'shop around', although you are free to choose your own notaire.

### AGENCY FEES

An agent's selling fee is around 5-7%. It is usually built into the sales price and paid by the vendor from the proceeds of the sale, but there is no hard or fast rule. The important thing is to make sure that the price stated by the agent is the price you pay – your **HOMEHUNTS** consultant will be able to confirm this for you.



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# THE PROFESSIONALS INVOLVED

## WHO ARE THEY?



### THE ESTATE AGENT

Estate agents (agents immobiliers) usually work locally and therefore only have properties for sale within a certain area. The agent earns commission from the sale of the property and will try to obtain the best possible price for it, but will know what price the vendor will accept.



### THE MARKETING AGENT

Marketing agents are companies that publicise properties on behalf of estate agents. They are usually only internet based, and do not offer advice or support for buyers. Once a client has made their initial enquiry about a property, the marketing agent will hand over their contact details to the selling estate agent, in return for a fee



### BUYER'S AGENT

Buyer's agents, such as **HOMEHUNTS**, will search for a property on your behalf that matches your requirements and price range. Many offer a

personal service and take you to view the properties they have shortlisted for you. Some will charge a fee, others will take a percentage commission from the immobilier instead.

**HOMEHUNTS** provide a tailor-made property search at no cost to you because we are paid an introducer's fee by the estate agent. The price of the property we show you or what you see on our website is the price in the estate agent's window. You do not pay a penny more for our service.



### THE NOTAIRE

The notaire is a public official and given the title of Maitre. The notaire is highly qualified in the French legal system and is able to advise about property, family and succession, and corporate laws. The state confers powers on the notaire to legalise property purchase transactions that cannot be enforced by any other means. A notaire is deemed to be a public official, provides security to the contracts he supervises and is liable for his professional acts. A notaire is responsible for the conveyance, preparing the various documents and confirming the seller's title to the property, such as checking that there are no other mortgages on the property. The notaire also has indemnity insurance, which provides a financial guarantee to the client.

The purchaser is free to choose their own notaire, but can use the same notaire as the vendor. As the fees are fixed, using two different notaires will not increase the total fee as it will be split between the two notaires.

We are able to recommend multilingual notaires.



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## MORTGAGE BROKERS

A mortgage broker acts as an intermediary between you and a French bank or mortgage provider and understands how they react to certain cases and circumstances. Legislation requires mortgage brokers or advisers to have their own professional indemnity insurance and be registered with each bank and mortgage provider they represent.

With all the banks and lenders having different lending criteria and products, your mortgage broker should save you time when finding a lender that is suitable to your particular needs.

They should be able to advise you on the various different mortgage products, and offer you quotations from the lenders, life insurance forms and guidance on which documents to provide. A good broker will liaise directly with the lender, foresee and prevent some of the problems that can occur and guide you through the French mortgage procedure.

Mortgage brokers receive their commission direct from the bank or the lender they introduce business to. Most of those who are registered in France will not charge you fees for their services, but it is advisable to check beforehand.

**HOMEHUNTS** can recommend a range of French mortgage brokers, ask for more details.



## ARCHITECTS / SURVEYORS

An architect or surveyor should be consulted if you are considering the purchase of an older property or a renovation project. They will have experience of planning and obtaining the necessary permissions and certificates, and be able to give an estimation of the costs involved. They should also know of reputable registered builders who have their own insurances to cover their work, which is essential if you are using mortgage funds for renovation or improvement works.

**HOMEHUNTS** is able to provide a list of recommended surveyors and architects.



## TAX PLANNING SPECIALISTS

It is often advisable to speak with a tax specialist when considering an overseas property purchase. All countries have different tax laws and France is no exception. Speaking to a professional tax planner will ensure that the correct decisions are made regarding capital gains tax, wealth tax and other issues.

Please speak to a **HOMEHUNTS** consultant if you would like to be put in touch with a tax planning specialist.



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# WORKING OUT YOUR PRICE RANGE

**If you need a mortgage to buy your property, you should first establish your price range and consider whether you have enough funds for the deposit and legal fees.**

Very strict rules are imposed by the Banque de France on all the French banks and mortgage providers. These rules govern the amount a person can spend each month on a mortgage.

Only one third of your monthly income can be used to service any existing mortgage or rent, other loans, maintenance payments (if applicable) and credit card repayments. What is left from your third of monthly income can be used to service a mortgage and must also include the cost of life insurance. If you are not in the French system already, for this calculation use your gross monthly income, if you are then deduct the social charges, but not the tax.

You should now be seeking professional advice about the basic lending criteria and the various mortgage products available to you. There are two main routes:

Speak directly with French banks and mortgage providers – each has its own lending criteria, so how much you can borrow, the length of the mortgage term and the costs involved will vary. A potential problem is that not all providers have English speaking staff, so it could be best to check this in advance if you do not speak French.

Use the services of an established mortgage broker – a broker will know what lenders to approach on your behalf, offer advice on how much you can borrow and suggest the mortgage products most suited to your circumstances. They can save you a considerable amount of time and will provide you with quotations from the most suitable lenders. Throughout the mortgage procedure your mortgage broker will liaise between you and the lender, which is very useful if you are still working on your French language skills.



## FINDING YOUR IDEAL PROPERTY

Information on French property is abundant in magazines and websites so it is very easy to get an idea of the type of properties available and their prices before you actually start your search.

You have already made the right step by contacting us, we are here to help you on your property journey, but most decisions need to be made by you. Ask for a **HOMEHUNTS** questionnaire if you have not already filled one out as it will help you to focus on what you really want.

Think carefully about the location and type of property that will be most suitable for you. Take into consideration whether it will be your main residence, holiday home, rental property or an investment for the future.

Make a list of the most important elements: location, purchase price, overall size and number of rooms. Ask yourself what you really want out of your property. Do you want a cave (cellar)? Is a garage important? Would you prefer a garden, terrace or balcony? Do you want to live in a lively town or the countryside? These considerations will keep you and **HOMEHUNTS** on the right track to find your ideal property.

The condition of a property is also an important consideration. There are certain types of properties that are not acceptable for mortgage – property should be classed as habitable, meaning structurally sound.

The property should also have electricity, mains water and sewerage systems that conform to the current regulations. It will be very difficult, if not impossible, to raise mortgage finance on buildings constructed of wood, stone cabanons (hut), derelict barns and properties with agricultural land. In addition, some lenders will not accept properties that have been registered for commercial use, such as gîtes and chambres d'hôtes (self-catering holiday accommodation and bed & breakfast businesses).

Buying to renovate or build a new property demands careful pre-planning. Certain French building regulations are very different from other countries and permission has to be granted from the local mairie (town hall). Detailed applications must be completed for the certificat d'urbanisme (certificate of town planning and urban development) as well as other documents, which state what developments are permitted on the property and its land.

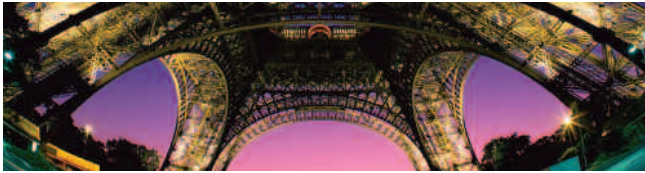
You will need the advice of an expert, such as an architect or surveyor, and if you are relying on mortgage finance for renovation work then this will have to be completed by a registered artisan (tradesperson). Correct insurances that cover the work are the essential guarantees required by the bank or lender.





# PURCHASING YOUR PROPERTY

Once we have found a property that is suitable and your offer has been accepted by the vendor, you will be required to sign a sales contract, the *compromis de vente* (sometimes called the *promesse de vente*).



## COMPROMIS DE VENTE

The notaire or agent can draft the *compromis de vente*, which will be written in French, but may also have an English translation. Whoever is named as the purchaser in this contract must also be named on the mortgage application. The *compromis de vente* is a legal contract; you should read it carefully and consult your notaire before signing to ensure that all the details and conditions are correct. Areas to pay particular attention to include:

- **Details and identities of the vendor and the purchaser (you).**
- **A full description of the property.**
- **The surface area of the property and land.**
- **The purchase price, the breakdown of fees and those responsible for payment.**
- **Details of the notaire and sales agent.**
- **Details of any fixtures and fittings included in the sale.**
- **Results of report on energy consumption (DPE), asbestos, electricity, lead, and termites.**
- **Natural risks - report on avalanche risk, earthquake, flooding and landslides, provided by the commune.**

- **Details of your mortgage, including the dates for when you should have your mortgage and when you should complete.**
- **Any let-out clauses (clauses suspensives) and the penalties that will be incurred by you or the vendor if completion doesn't take place.**

For you, the purchaser, the clauses suspensives protect the deposit you gave to the notaire or agent as part of your agreement to purchase the property.

The most common is a clause stating that your agreement to purchase is subject to you obtaining mortgage finance.

Other clauses can be inserted, such as the vendor having to carry out necessary repairs or the dimensions of the property corresponding to what is detailed in the *compromis de vente*. Expert legal advice is useful in the negotiation of these clauses.

On the day of signing the *compromis de vente* you will be required to pay your deposit to the notaire or agent. Once you have signed the clock starts ticking. There is now a set date by when you should complete on the purchase and a seven-day cooling off period begins.

Even though you may have a clause suspensive in the *compromis de vente* stating your agreement to buy is subject to mortgage finance, if you do not make reasonable efforts to obtain mortgage finance in time then you could lose your deposit.





## COMPLETION DAY

Once the mortgage offer is received, and the notaire has carried out the legal aspects of the sale, we can arrange a time and date for completion to take place. It is your responsibility to instruct the notaire to request the mortgage funds from the lender. **HOMEHUNTS** can deal with your broker to help you make sure that this happens.

Once you know when you will be completing on your property purchase you will need to ensure your French bank account is up and running so funds can be transferred and cleared in time for the completion date. Proof of building insurance must be provided on the day of completion. **HOMEHUNTS** will work with your broker and help you with this process.

The final deed of sale, which is signed on completion, is known as the acte de vente. It will contain much of the same information as the original compromis de vente along with the date you may move into the property, but check it through carefully. Usually a translator will be requested for you if you have problems reading and speaking French. You will be asked to produce your birth certificate and passport together with a marriage certificate or divorce decree, if applicable.

If you are unable to attend the meeting to sign the acte de vente, you can give a trusted person a mandat (power of attorney), which authorises them to act on your behalf.

The acte de vente is signed by you, the vendor and a notaire – if both you and the vendor have a notaire, only one needs to witness the acte de vente.

Once the acte de vente has been signed and witnessed, the notaire has to pay the taxes, settle

the accounts of the purchase and sale, and register the deeds and mortgage. A few months later you will receive a certificate informing you that the title has been registered. The original title deed is kept by the notaire, but he is able to make authorised copies.



## AFTER SALES SERVICE

Our service does not stop once we have found you the property. **HOMEHUNTS** is a founding member of Ellisium Partners, the luxury property network.

The network includes specialists covering all aspects of property purchase including rental and sales processes. We can help you to get the best financial, legal and tax advice, as well as assistance with currency exchange, surveys, architects, builders, interior designers, landscape gardeners, home technology, security, rental, management and much more. We continue to provide the highest level of support into the future.





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# PROPERTY TAXES & RELATED ISSUES

**Taxation is a very specialised area and if you need some in-depth tax advice and information, we can put you in touch with our tax partners.**

There are two taxes on all residential property in France which are collected by the state for the local authorities. These taxes are assessed at individual rates according to location and can vary substantially. It is advisable to ask your estate agent for these details when you are looking at properties to buy.



## TAXE FONCIERE (LAND TAX)

Whoever occupies a property on the 1st of January is responsible for paying the tax fonciere for the entire year, which is usually paid around October. Once a property has been sold, the buyer must re-imburse the seller pro-rata for the amount paid on the day of the sale act, and the seller remains liable for paying the full year.



## TAXE D'HABITATION (LOCAL TAX)

The occupant of a property on 1st January is liable for the payment of taxe d'habitation, and has no right to be re-imbursed by the buyer, as for taxe fonciere. If the property is only used occasionally, if it is furnished and supplied with water and electricity then the tax must be paid. The amount will vary from one region to another and depend on the size of the property. (If you rent your property to someone else and they are living

there on the first day of January for the year, they are liable for this tax.)



## CHARGES DE COPROPRIETE (COMMUNAL CHARGES)

If you own a property such as an apartment within a complex there will be maintenance and service charges, charges de copropriété, to pay. You should consider these costs carefully before signing the compromis de vente. The charges will depend on the size and quality of the complex, such as whether there are lifts, a pool, gardens, tennis courts and other facilities.



## FRENCH SUCCESSION LAWS (INHERITANCE)

French succession laws apply to properties in France, even if the owners are not French nationals. Under French law you are not able to leave your assets to anyone you please. Blood relatives come first, while your partner is treated very differently. You should take advice from your notaire before signing the acte de vente as it is difficult to make changes once it has been registered and can cause serious consequences.

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## SCI – SOCIETE CIVILE IMMOBILIERE

An SCI, Société Civile Immobilière, is a property company. Although it can be used to minimise succession tax by gifting shares to your children during your lifetime, they are usually used by a group of unrelated people to purchase a property as co-owners. An SCI is meant to be non-trading, therefore it is not the right solution if you are planning to run gîtes or chambres d'hôtes. From a UK tax perspective, a director of an SCI – and having free use of a property in France for holidays – can mean you become liable for income tax on the assessed benefits in kind. Taking professional advice is essential.



## CAPITAL GAINS TAX

Capital gains tax only applies if you are selling a secondary residence. There is no capital gains tax incurred if you sell your main home to buy another. Calculating any tax due on the resale of a property is complicated and professional advice should be sought. The tax is applied to the difference between the sale price and that of the original purchase price plus the transaction costs – in other words: the gain.



## WEALTH TAX

Those who are resident in France on 1st January and non-residents who have assets in France are taxed on the basis of their assets as at 1st January each year. Wealth tax only affects those with assets over a certain figure and is calculated in bands.



## LIFE INSURANCE

It is a requirement that all mortgages in France are covered by life insurance. Many of the French lenders insist that you use their policies and that it covers all the terms of your mortgage. Some lenders have different policies and insist that full disability cover is included as well as life cover.

Life insurance policies are medically underwritten and with a good medical record the premiums will be at standard rates. If the medical history is not good, then the premiums may be rated higher. There could be further problems if the premium is increased to a level where the cost of the mortgage and the life cover exceed the third of income ruling.

IF YOU HAVE ANY QUESTIONS AT ALL REGARDING YOUR UPCOMING PURCHASE  
HOMEHUNTS IS MORE THAN HAPPY TO HELP

# THE NINE STEPS TO BUYING YOUR FRENCH HOME

**1 - DECIDE ON AREAS** - We are here to offer advice on areas but one of the most important things you need to do is to VISIT! What do you want from the area? Visit the surrounding villages, try out the restaurants, go shopping, speak to locals and really get a good feel for the place before you make any decisions.

**2 - WORK OUT YOUR PRICE RANGE** - Lending criteria in France is different to many other countries. We recommend that you speak to financial advisors as early as possible so you can be clear about the way to structure your purchase and the price range you are most comfortable with.

**3 - IMPORTANT CRITERIA** - What do you want from your French home? Size, condition, style, distance to shops/schools etc, do you need a pool? Are you happy to renovate? We will discuss everything with you at the outset and can search the market to find properties that really match your needs.

**4 - SHORTLIST** - Once we have your requirements, we will send you details of all properties that suit your needs and begin to build a shortlist together of homes that really fit the bill.

**5 - ARRANGE VIEWINGS** - Once we have agreed on our shortlist, we can take care of all of the arrangements for visiting the properties, from travel arrangements, collecting you from the airport or hotel and taking you around the properties. We will also give you valuable information on the area and local market etc.

**6 - MAKING OFFERS** - Once we have found THE property for you, it is our role to negotiate the best possible price on your behalf. We work closely with all agents so will be able to find out more about owners position and the property to ensure we can negotiate the best possible deal for you.

**7 - COMPROMIS DE VENTE** - Once your offer is accepted, the next step is to sign the sales agreement (Compromis de vente). We can recommend a French notaire to take care of the sale for you and we will accompany you to the notaires office for the signing. We can also recommend surveyors, architects, mortgage and tax advisors, currency exchange companies, builders and much more.

**8 - ACTE DE VENTE** - This is the day you sign the final contract and collect your keys. This usually happens around 10-12 weeks after the signing of the Compromis. During this time we keep in constant contact with you and help you at every step. We will always accompany you to the final appointment to help to explain anything which may need covering.

**9 - MOVING IN** - Congratulations on your new purchase! Our service does not stop here, we want to help you to settle into your new home. We can help with transferring of utilities, renovation quotations, rental valuations, security, technology and so much more.

**FOR MORE DETAILS ABOUT THE FRENCH BUYING PROCESS AND HOW HOME HUNTS CAN HELP, READ INSIDE THIS BROCHURE OR CONTACT US, DETAILS ARE BELOW.**

[www.home-hunts.com](http://www.home-hunts.com)

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