

Essential information for buying properties in Portugal

Buying property abroad is not necessarily the same as buying in the UK, there is other essential information you need to be aware of both before and during your property purchase.

- It is of paramount importance to seek independent advice from an overseas solicitor.
- You need to ensure that you will have full title to the property on completion and that you have the appropriate documents available for the lender. Other documents such as the official plans of the property, a plan of the site and a copy of the caderneta predial, fiscal numbers and certidao de encargos may be required before the lender is able to carry out a valuation. These documents are usually available from your solicitor
- You should check with the estate agent and/or your lawyer that you are aware of the costs charged by legal and Government authorities for buying a Portuguese property e.g. SISA Tax is normally charged on the 'Declared Price'. The solicitor may be incorporating costs for assigning the mortgage within his charges, along with the title deeds to the land registry. You should establish the actual cost of these before proceeding with a loan application. The lender will also have their own legal costs for assigning the loan, the cost of which they will normally advise you when they issue the mortgage offer. These associated fees/taxes are typically between 10% - 15% of the properties purchase price.
- Before signing the sales contract, the bank will require a copy of this document to be forwarded with the relevant application form. However you are able to sign this contract with the clause "subject to mortgage finance" as the contract, once signed is legally binding, and you may have to forfeit any deposit monies paid.
- Banks will require a Habitation licence before financing the final instalments of staged payments on the property.
- Properties can be purchased in either individual or joint names or in the name of an offshore company (with personal guarantees).