

INTRODUCTION

When you first decide to buy a luxury property in France, you think “How hard can it be? I’ve bought and sold property before. I’ll do some research on the web and contact a few agents.”

It’s annoying when they don’t get back to you quickly. You persist. The time difference makes follow up calls one stage more problematic. As does the fact that, the guy you want to speak to is always on the move and doesn’t have all the information in front of him even if you do make contact

You press on.

Then normal life interferes.

You’re always on the move too.

Googling from some airport’s departure lounge is all very well

You begin to realise that what would take minutes if you were buying in your home country takes days or even weeks when you are on one continent and the house you are searching for is on another.

That’s why I wrote this ‘Guide’ for you

So you could get hold of what you need to know about the luxury French property market and, in particular, the background information on south west France and its different micro markets.

The French countryside is peppered with them

But first, a bit about me...

I am a luxury French property finder and buyer’s agent. I live in Eymet 20 minutes south of Bergerac and 90 east of Bordeaux. From my front door, the area I cover extends 2.5 hours in any direction.

It’s a big piece of south west France.

From the Pyrenees in the south to Angouleme in the north. From Cap Ferret in the west to way beyond Cahors in the East.

I spend a lot of time in my car.

Hunting. Searching. Meeting agents. Meeting vendors. It’s an interesting line of work.

And I want to put my knowledge and experience at your disposal.

I have no expectation that you will hire me.

I just want to lay out what you need to know so your prime property search is stimulating and fun.

That doesn't mean that you can rely on these words in the same way you rely on your lawyer or tax accountant. I am neither so you have to do your own due diligence to make sure what you are about to do is right for unique circumstances.

If you don't know who to call, then check out Appendix 3 at the back of this report where I list the professional advisers that I recommend to my clients. They are expert in their fields, so take the time to contact them. Just tell them Rory Ramsden recommended you and they will be happy to answer your questions.

The **first mistake** prime property hunters make is to spend too much time looking at 'French property porn' on the web...

There are some fabulous properties to see.

There are some total ruins.

There's a lot in between.

Most of the ones that appeal need some updating.

After all, why buy a house that looks wonderful on the outside but has been over-renovated on the inside?

Gone is the ambience. The terracotta or stone floors. The architectural joinery. The plasterwork. All gone, only to be replaced by contemporary machine made things.

It jars

The challenge is to find value for money.

I'll come back to that...

SOUTH WEST FRANCE

La Nouvelle Aquitaine and its neighbour the Midi-Pyrenees in Occitanie in the south and south west of France, are becoming every more popular for foreign investors wishing to buy a wonderful old stone property with no neighbours and views to eternity.

The closer you get to the Mediterranean sea, the more the landscape changes. In the Languedoc, you will find deep ravines and rocky outcrops covered in scrub clinging to a precarious existence.

In the south west, closer to the Atlantic, the rolling green countryside was once covered in forests. Back in the middle ages, the safest way to travel was on the mighty Dordogne or Garonne rivers. Traders floated their produce downstream in the spring and returned in their empty barges in the autumn.

That's why so many chateaux were built.

To protect commercial routes.

You can get a lot more 'maison' for your money here than you can in Paris or Provence, for instance.

The average price per square metre for an apartment or house in Bordeaux (€3530psm) is less than half that in Paris (€8100psm). Prices in Bordeaux rose 6% in 2016 helped by an influx of Parisians who know they can be back in the capital on the new superfast LGV train in 2 hours, when they need to.

Note: Bordeaux is a sellers market.

In the south west, you (and they) can relax, sit back and enjoy the 'style de vie Francaise'. The wine. The cuisine. The Atlantic beaches. The Pyrenees mountains. And... there's lots more to do.

The thing is...

No-one really cares who you are or where you come from.

The quality of the bread from the local boulangerie is a much more likely talking point. You can be anonymous. Discreet. And enjoy yourself in peace.

Bling is rare

A client bought a vineyard recently. It was on the market for €6.5m. Vastly overpriced but perfect for the oeno-tourism project, he had in mind. The vendor arrived in a Volkswagen Golf which must have been 25 years old, if it was a day. You could have mistaken him for an estate worker. Yet, he is also the owner of a chateau vineyard in the St. Emilion appellation.

Now, that means real money

After some back and forth, we struck a deal which gave him a discount of 20%
You can find real value too, whether it be in an old stone 'Maison de Maitre', Manoir, Chateau or a Chateau vineyard.

And real history as well

The produce market in Eymet, has been held from 8.00am to 12 every Thursday morning for the last 700 years without fail, even during the 100 years war.

Eleanor of Aquitaine was a feisty woman. She divorced the King of France and went to live with his brother, the King of England. The 100 years war quickly ensued. It took that long for the French to throw the English invaders out.

Meanwhile, Bordeaux red wine (Clairnet) was served in all the best houses in England. A growing number of HNWI's from around the world are beating a path to the area attracted by this history. It's in evidence in almost every house, village and town in the region. A perfect place for anyone who wants to be discreet yet be within one hour of a major long haul flights hub.

1. STRUCTURE & FINANCE

Hedging your bets is a sensible thing to do

Reducing the downside and maximising the upside is the formula for long term success

Many clients just want to pay in cash (even if that's several million)

It's a mistake

Structuring your acquisition is essential

Doing so, reduces your exposure to French taxes and forces your capital to work its hardest for you.

Euro interest rates are low. Paying just 20% of the net purchase price is the minimum requirement.

Taking out an interest only loan allows you to pay it off when the exchange rate suits you.

Or

You can deposit your Pounds or Dollars in a French bank in Pounds or Dollars

Then take a loan of the equivalent in Euros

This back-to-back arrangement allows you to hedge the exchange rate for as long as you like

Of course, you could combine the two tactics with a normal repayment mortgage reducing the amount of capital on deposit in the French bank.

Paying the financing costs on your interest only loan or repayment mortgage from revenue gained from short term rentals reduces your exposure to French income tax.

And the bonus comes in three parts...

First, taking out a loan to reduce your total Euro asset value to below €1m means no French wealth tax to pay.

Second, balancing your Euro assets with your Euro risks means your Euro investments are self-liquidating.

And third, the 80% of capital you free up by taking a mortgage, can be invested in other secondary assets (wine, classic cars, watches, antiques etc...)

Structuring your acquisition in this way makes a lot of sense.

But speaking to a broker and lining up the arrangements is essential BEFORE you find your dream house. (*See Appendix 3 for Tim Yates's contact details*)

Vendors would far rather strike a deal with you if you do...

2. WHERE AND WHAT TO BUY

You need some context before we can discuss this in detail

Simply put, anyone who bought a house in the last 10 years is not going to get his money back

A manor, I know, in the Lot et Garonne was bought by the brother of an old friend of mine, let's call him Chris.

Chris bought his manor in 2008. At the top of the market. Just before the 'Crise Financiere'. There was a lot of work to do. Rebuilding and converting an old barn. New roofs and a complete upgrade of the main house. No problem, he thought. In ten years, when I come to sell I will get the million and more that I will invest back, at the very least.

Long story short.

The property is immaculate. And on the market now, for well below Chris' original acquisition cost.

Ouch

Inflation adjusted property prices in France now are close to their historical lows
So the only way to go from here is UP

That said.

One two person agency I know did 12 deals in the first 3 months of 2017. All below the value of €450,000. The lower end of the market is moving.

It's turned the corner.

The middle (€500,000 - €800,000) and the top end (€1m+) less so.

Here a vendor needs to be flexible to strike a deal.

Two clients bought last year at between 15 and 20% off the asking price.

To make that stick in terms of financial advantage, you need to have hedged your exchange rate trade. (See *Appendix 3: Recommended Professional Advisers for a Forex Specialist*)

You can pick up a country estate for a song.

As a long term investor, you should do well in 20 years when you come to sell.

That said

In Bordeaux, agents are finding it harder to get new instructions.

Prices in the city are close to their previous peak having risen 6% last year.

Toulouse is also doing well.

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Note: Foreign investors buying French property in cash may be able to to avoid wealth tax for up to 7 years and retain control over inheritance issues by setting up an 'Assurance Vie' with the help of a private bank. To find out more on this, contact me by email.

We have helped clients make such arrangements before and no doubt will do again.

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The best properties never come onto the open market. You will never see them on a website. If you are new to the market, finding them may prove difficult. This is especially true for Bordeaux vineyards.

The agent will ask you to sign an NDA and provide a proof of funds before releasing any details.

Here is a complete list of where you should look for a property in the south west

a. For country estates:

Within an hours drive of Bordeaux or Toulouse OR Pau or Biarritz (but less so for the last 2)

Note: Your property should...

- i. Be secluded with an unblemished view
- ii. Have no near neighbours or
- iii. Not be in earshot of a busy road
- iv. Have a minimum of 10ha of land
- v. Be in good structural condition (Renovated properties require updating - bathrooms, kitchen and decoration)
- vi. Genuine turnkey properties are hard to find
- vii. Be within 30 minutes drive of an autoroute
- Viii. Be 20 minutes from the nearest shopping centre.

b. For an apartment or pied a terre

The centre of Bordeaux or Toulouse

c. Beach side home for summer vacations

Ile de Rez, Cap Ferret, Arcachon, Hossegor, Biarritz and St Jean de Luz

Note:

- i. The most highly prized properties are on 'la premiere ligne' closest to the sea/beach
- ii. Be aware of coastal erosion issues in Cap Ferret

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When considering a property, you should ask for detailed information before considering a visit.

Before the agent provides the location, he/she will ask you to sign a 'Bon de visite virtuelle'. In signing this, you are acknowledging that the agent in question has provided the information requested. Some buyers try and go behind the agent's back straight to the vendor. If a sale is made, the 'Bon de Visite virtuelle' is sufficient proof for the agent to claim his commission.

Finding out the reason for the sale should be one of the first questions you ask. There is no point in viewing if the vendor is not really bothered about when he sells. He is will be unwilling to engage in a serious negotiation. No matter how much you like the property, it is probably not worth viewing.

Here is a list of other questions...

a. Annual outgoings (Utilities, Maintenance, Taxe fonciere)

Note: Compare the annual Taxe Fonciere charged on otherwise similar properties. A higher tax fonciere generally means a more desirable area.

b. Nuisances

Is the property free of nuisances (power cables, road noise, local airports, farms - spraying noxious chemicals or cattle etc)

c. Nearest Village 'open' all year round

How close is the nearest village, by car, with shops (boulangerie, epicerie), bistro, bar, restaurant and post office. What is the name of the village?

Note: it will be dead in the winter months without these

d. Vis-a-Vis

Are there any near Neighbours?
Do they overlook the property?

e. Site Plan

Ask for the 'Plan Cadastral' and an aerial picture of the property

f. Sketch plans

(if any) or Room Dimensions (if not)

g. High Res Pictures

The agent will only show a certain number of pictures on his website. Getting hold of more high res. pictures allows you to zoom in and look closely at particular features.

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These images can be transferred to you using wetransfer.com which is free to use.

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Note: If there are no interior pictures on the website, beware.

With this information in hand, the next step is to take a good virtual look around using Google Maps and Google Street View. Also visit the website of several local communes (villages) to get more information on the area.

Having done detailed research, you will be in a much better position to evaluate each property. If you know someone locally, ask them to go and take a look around with the agent. Having independent feedback will help you decide whether to view. It really builds your confidence in your shortlist.

Note: This is something I do for clients all the time.

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3. STRIKING THE BEST DEAL

You set up the deal long before you meet the owner to discuss price. Preparation starts at home, when you are considering which properties to visit. If the vendor is simply 'fishing' by

putting his property on the market and is in no hurry to sell, you should consider whether it is even worth visiting.

a. Urgency on the vendor's side is the first essential element in your deal

There must be some urgency. This will motivate the vendor to negotiate when faced with an opening bid worth considering. If he is not bothered whether he sells this year or next, you will find it hard to strike the deal you want.

a. Have a Choice

The vendor should know that his is not the only property you are interested in. The best way to get this message across is through your agent.

b. Be Prepared

Getting a feel for the real selling price for a property requires some sleuthing. Compare like with like in the same area. A visit to the local notaire may help you to establish value. He may know the property you are interested in and be able to provide some background information on what it changed hands for the last time and when that was.

Notes:

Many sellers simply add the cost of the renovation works they have carried out to their buying price to establish their asking price. This is unrealistic. Anyone who bought and renovated in the last 10 years is unlikely to cover their costs. (*See the anecdote about Chris in French Property Market Trends above*)

Just remember that buying a turnkey property or one that has been extensively renovated means there is little value that you can add.

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As a guide, I negotiated discounts of between 15 and 20% on country estates in 2016. However, there will be almost no flexibility on properties in the cities of Bordeaux and Toulouse as the markets there are buoyant.

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4. DEALING WITH THE RIGHT AGENT

Immobiliers (Real estate agents) are only responsible for about 50% of property sales. Notaires are responsible for a further 15%. The rest are sold 'entre particuliers' meaning between buyer and seller without the help of a third party or at auction.

Nevertheless, finding a local agent who lists properties that match your criteria is important. You need one that is legal, reliable, responsive, helpful and has quality properties on his books.

And genuinely understands the type of property you want.

Don't hesitate to give him your search criteria (Appendix 1) and ask for examples of properties that he thinks match. This is a good way of finding out whether he understands your needs or just wants to sell you a property.

Immobilier's fees vary. For properties over €1m, the average is 5% plus 19% tax. This fee is negotiable by you the buyer, as you are the one who will pay them. Note an immobilier has to state in any listing how much he is charging (percentage). A property listed 'Frais d'agence inclus' (FAI) includes the agents fees.

The most important characteristics of an immobilier are:

a. That he/she is properly registered and runs an ethical operation

He has to hold a 'Carte Professionnelle' and belongs to a professional association, such as FNAIM, SNPI or UNPI. If you find an agency online, make sure you ask for their registration number, and if they are a member of one of these associations.

Note: International franchise operations like Knight Frank or Sotheby's rely on their local franchisee to meet these requirements.

b. That he/she is proactive, responsive & on your wavelength

Many French agents are not as responsive as you might hope so it is important to test each agent you consider working with. If you ask a question, you want an answer without having to ask twice. Finding an agent who is both proactive, responsive and on your wavelength is important especially if you are contacting him from several time zones away.

c. How long has the agency been in business?

You really need an agent who has been around for a while, and has experience working with high net worth foreign buyers. You want an agent who knows his local area, understands the market and knows whose tail to twist to get things done. An immobilier typically focuses on a small area so make sure you deal with the best one in the area of your search.

d. Stays with you until the end... and beyond

A good agent does not up and leave the minute the final contract is signed. They offer to help you further in terms of opening a bank account, finding a builder, doctor, schools, whatever you need.

Note: Some French agents speak English. Some don't. Most of the ones you are likely to want to deal with will. Cultural differences are perhaps more difficult to bridge.

CONCLUSION

I've spilled the beans for you to make sure that your search has the best chance of turning up that one property you have always dreamed of owning. Yet, there is a big difference between knowing the tips and tactics of a top buyer's agent in south west France and putting them into action.

Finding the right agents to deal with takes time

The search takes time.

You will reject many properties you consider.

Some for the wrong reasons.

Some are overlooked because the pictures on the website do not do the property justice.

Some are retained because you don't know anyone to go and take a look and tell you about the 'nuisance' which is not obvious from all of your research.

Searching for the right property in the right place at the right price is my business. Agents contact me when they have a property they think may be right for a client. They tell me when vendors reduce their prices in an effort to make a sale.

For the moment, let's just say that I could make your life a whole lot easier before, during and after you find your ideal property.

So let's have a chat with no commitment on either side. If we hit it off and you want to hire me, all well and good. If not, no hard feelings. I wish you well.

Here's where you can schedule a call ([LINK](#))

Here's the page on my website that tells you more about me and what I do... ([LINK](#))

APPENDIX 1: Your Search Criteria

To help you define your search criteria, I have put together these 10 questions. The process of answering each one will help to define what you are looking for and, just as importantly, what you are not....

Here are those 10 questions

1. **Region/Area:** Which areas are you most interested in? Do you want to be in/near a specific village or town?

2. **Location Location Location:** Do you want to be isolated, have neighbours, live in a village, be near a school, close to an airport...

3. **Condition of the Property:** Do you want to renovate? Move into a turn key property? Or something in-between?

4. **Size:** Do you have a m2 of habitable space in mind (min amount of beds...)? Should they be ensuite? How much land do you require.

5. **Other Facilities:** Proximity to a stream or river? Do you also want a Pool? Tennis Court? Stables? Maison d'Amis? Lake? Views? Easy Access to Airport/TGV/Autoroute? Anything Else important to you?

6. **Style:** Are you looking for an apartment? Villa? Farmhouse? Chateau? a Maison de Maitre? Something new and contemporary? Something in stone? The more information the better....

7. **NO NO's:** Knowing your deal breakers is important. Near neighbours? Road noise? Views? I do not want to waste your time.

8. **What is your time scale for purchase?** Are you keen to buy a property this year? Or when are you planning on making a purchase?

9. **Cash or Finance:** If you want a French mortgage we can put you in touch with the right broker. Getting a decision in principle earlier rather than later will help you define your budget

10. **Budget:** What is your ideal budget? Are you happy to consider lower, for example if it needs some work? Would you stretch the budget for something very special?

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Your answers will help you focus your search on the right property in the right place at the right price. Do not hesitate to give your detailed search criteria to the agents you contact.

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APPENDIX 2: The Notaire

It is important to understand that a notaire is a quasi governmental official responsible for collecting government taxes, land registration fees etc.. You should address him as 'Maitre'.

He does not act for the vendor or the buyer. He is highly qualified in the French legal system and is able to advise about property, family and succession, and corporate laws. The state confers monopoly powers on the notaire to legalise property purchase transactions. He provides security to the contracts he supervises and is liable for his work. He carries indemnity insurance, which provides a financial guarantee to the client.

A notaire is responsible for the conveyance, preparing the various documents and...

- ~ Verifying that the seller has the right to sell, and that the buyer has the legal right to buy;
- ~ Searching all titles and ensuring that the title has no restrictions that affect the property's value or enjoyment;
- ~ Ensuring that any existing mortgages on the property are paid on completion, and ensuring the completion of this process;
- ~ Checking for any problems on the property, such as asbestos, insect infestations, and other natural risks;
- ~ Ensuring that there is no planned development that will reduce the value of the property;
- ~ Calculating the fees and taxes associated with the property purchase.

A local notaire will handle all the property transactions in the district. He is usually appointed by the vendor, for this reason. If you are not happy with this arrangement, you can appoint your own notaire to act on your behalf. This will not involve twice the normal notaire's fees. The two will share the 1% fee charged on the net purchase price.

Hiring a second notaire may well slow down the whole legal process of conveyancing due to the necessary transfer of documents from one office to the other.

Note that notaires are responsible for about 15% of all property sales in France. Not all offices have property sales departments.

However, a property sale is made a notaire will do the conveyancing. Possibly the same notaire who made the sale.

Note: The government sets the fee that a notaire may charge at 1% of the net agreed buying price of the property concerned. You should also budget for government taxes and land registration fees. These amount to a further 6 or 7%. These costs are not negotiable.

APPENDIX 3: Recommended Professional Advisers

French Property Finder and Buyer's Agent

Rory Ramsden
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FOREX Specialists

Foremost Currency Group
t: +44 (0)1442 892060
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CONTACT: Adam Bobroff

Euro Denominated Mortgages

The Spectrum IFA Group

t: +33 (0)4 93 00 01 13
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+++
Make it Easy Consulting

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06400 CANNES

t: +33 (0)981 274 815
e: celinemonier@makeiteasyconsulting.fr
w: <http://makeiteasyconsulting.fr/>

CONTACT: Celine Monier

Legal (UK/French Transactions)

Jonathan Cavender - English Solicitor with French training in a notaire's office

t: +33 (0)556256237
e: office33@wanadoo.fr

Legal (US/French Transactions)

The Okoshken Law Firm - French/U.S. Consulting
26 Rue Marbeuf,
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t: +33 (0)1 42 56 54 20
e: samuel@okoshken.com
w: <http://www.okoshken.com/>

Rosemont Consulting SARL
Les Villas del Sole
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t: +377 97 70 20 80
f: +377 93 50 14 74
e: c.acolas@rosemont.mc
w: <http://www.rosemont.mc>

CONTACT: Cecile Acolas

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Architects

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m: +33 (0)6 08 04 77 17 Robert Fuller
e: info@afa-arch.fr
w: <http://www.anglo-frencharchitects.com/>

CONTACT: Robert Fuller

Building Surveyor

Gordon Barnes
L'Escouroux
Fraysses Haut
24500 EYMET
France

t: 05 53 24 28 13
m: 06 30 62 60 07
e: gordon.barnes@orange.fr
w: <http://www.france-property-surveys.com/>

French/ English Translator (provide legally binding translations)

Granville Fields
e: info@cabinetfields.com
w: <http://cabinetfields.com/>

German/French/ English Translator (provide legally binding translations)

Mme. Michalsky-Ruchaud
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Insurance

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CONTACT: Catherine Wirth

Holiday Rentals

Home from Home Aquitaine
w: <http://www.homefromhomeaquitaine.co.uk/>

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Property Focused Concierge Service

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APPENDIX 4: The Buying Process

The process of buying property in France is unique. The process is well regulated. The buyer is given every opportunity to withdraw without penalty.

That said, once you have signed the preliminary sale agreement (Compromis de Vente) you will lose your deposit if you pull out of the deal.

Generally, the process from a-z takes about 3 months

Stage 1: The Written Offer (Letter of Intention)

Once you have struck a verbal deal, you should confirm your offer in writing (in French) not forgetting to include any conditions that you wish to include in the Compromis and any details agreed with the vendor.

Examples of conditional clauses

1. Subject to satisfactory mandatory searches by the notaire
2. Subject to final confirmation of mortgage offer
3. Subject to recent renovations carried being to local authority approval (Planning permission, Building permission etc)
4. Subject to renovations completed in the last 10 years being under guarantee (Provision of necessary certificates of insurance)
5. Subject to a structural survey
6. Subject to all parties involved on the vendor's side being in agreement to the sale at the offer price

Make sure that your offer letter includes the following clause "*This offer is subject to the signing of an official "compromis de vente"*". You may be committing yourself to the purchase if you don't...

Make sure that the owner signs this written offer in agreement.

This document will then be passed to the notaire to prepare the Compromis

Stage 2: The Preliminary Sale Agreement (Compromis de Vente)

The Compromis de Vente is a mutual agreement between the vendor to sell and the buyer to buy the property detailed within it.

The Compromis will be prepared by the notaire handling the sale (See Appendix 2 for more on Notaires)

It should include all the conditions/details you noted in your 'Written Offer'

The Compromis (Avant Contrat) commits you to buy the property as detailed within it.

Notes:

1. The Compromis will be in French. It is wise to have it translated so you can understand the details.
2. If in doubt, ask for legal advice. Jonathan Cavender (See Appendix 3 for contact details) is an English solicitor who has lived in the south west for 25 years. He would be happy to answer your questions on French inheritance law and other important points.
3. You do not have to attend the Compromis meeting. By prior arrangement, you can have the document couriered over to you for signature in front of a notary public.
4. The alternative to a Compromis de Vente is a Promesse de Vente. This is an undertaking by the vendor to sell the property to you, the buyer. The Promesse will specify a cut off date for completion. This could be between 3 and 12 months of signature depending on what has been mutually agreed.

Stage 3: Cooling Off Period

After you, the buyer, and the vendor(s) have both signed the Compromis, you will be notified by registered letter of the 10 day cooling off period. If you are buying in joint names, each person who signed the Compromis will be so notified. Only when the last of the buyer co-signatories signs in receipt of the registered letter does the cooling off period begin.

During the 10 days, you can pull out of the sale (Rétractation) without penalty.

Stage 4: Paying the Deposit

Many agents will suggest that you pay a deposit of 10% by electronic transfer to the notaire's client account to arrive 24 hours before the meeting in which you sign the Compromis.

My advice is that you should only pay 5%. This deposit should arrive in the notaire's client account before the end of the cooling off period.

Use a FOREX specialist to get the best available exchange rate. (see Foremost Currency Group in Appendix 3)

Stage 5: Official Searches

During the next 10-12 weeks, the notaire will conduct mandatory searches to make sure that the property can be transferred without let or hindrance. There are 8 or 9 mandatory reports that the vendor has to provide. These will be detailed in the Compromis.

Stage 6: Deed of Sale (Acte de Vente)

The date that the 'Acte' will be signed is mentioned in the Compromis. However, it is possible to change this for another if for some reason you are suddenly unavailable.

Again, you do not have to be present at the meeting to sign the 'Acte'. The document can be couriered to you for signature as before. This time, you must arrange for payment of the 95% of the purchase price outstanding plus the notaire's fees, government taxes, land registration fees and agent's fees. This must arrive 24 hours before the designated date and time for the meeting at which the 'Acte' is signed.

The notaire will confirm the additional costs in the Compromis.

The 'Deed of sale' will take some months to be registered with the necessary authorities. In the meantime, the notaire will issue an 'Attestation de Propriete' . This is sufficient proof for you to get the utilities connected in your name.

Note: Make sure you visit the property on the day you are to sign the 'Acte'. Doing this before you attend the meeting to make sure that all is as you agreed with the vendor. There is no come back if you later find it is not. You buy a property in France in the state that it is in on the day of completion.

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APPENDIX 5: The Offer Letter

Dear [Agent's Company Name]

Re: Written offer to buy Property [Agents Property Reference # and name]

Following the vendor's acceptance of our verbal offer to buy the above property subject to the following conditions

- a) Receipt of a firm offer for a French Mortgage (**Optional**)
- b) Satisfactory Dossier Diagnostic Technique reports (**Optional**)
- c) Satisfactory searches conducted by the notaire (No 'Nuisance' at all, including from known future construction projects)
- d) Any other points that you have negotiated (Furniture, Fixtures & Fittings, Completion of outstanding renovation works etc...)
- e) The preparation of the sale and purchase contract in which all the conditions will be elaborated.

We understand that you are prepared to give vacant possession on signature of the 'Acte de Vente' on..... (date)

The signatories below would like to make an all cash offer of EurosFAI for Property [Agents Reference # and name]

We are in a position to put down a 5% deposit on(date) of And could envisage completion of the sale ondate (3 – 4 months later).....
.....

This offer is valid until(date).....

(Names of parties making the offer).....

Address:

Date:.....

Yours Sincerely

(Signatures of parties making the offer)

APPENDIX 6: Budgeting

Besides the cost of the property itself you also need to factor in other costs that relate to mortgage or professional fees. Here is a rundown of the types of fees you need to consider during the property buying process.

Purchase Deposit

At the end of the 10 day period of reflection during which you can withdraw from the purchase without penalty, you have 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 and NOT the agent or vendor. Please note that I always recommend to clients that they pay no more than 5%.

The deposit is held by the Notaire 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 taxpayers 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. You should speak to an independent financial advisor 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 7% of the net agreed purchase price. Fees due to the Notaire can only be funded by a mortgage for French taxpayers and you will have to fund them yourself if you pay tax abroad.

The notaire's 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.

APPENDIX 7: Property Taxes and Insurance

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.

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 reimburse 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 reimbursed 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 Copropriété (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.

Note: You may elect whether French succession law applies to your estate or that of your home country.

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 including renovations you can provide bills for, from registered tradesmen plus the transaction costs – in other words: the net 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.

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 have taken all reasonable care in preparing this guide, 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.

Property Insurance

It should go without saying that you will need property insurance and possibly contents insurance as well. It pays to shop around. To do this use a broker who can compare the different offers and advise on which is the best for your needs.