

A Place in the Sun



GUIDE TO BUYING PROPERTY IN

PORTUGAL

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A word from our sponsors...

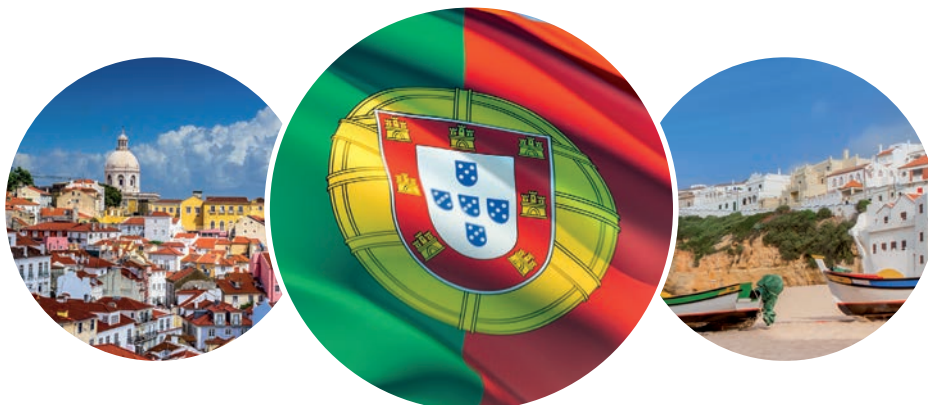
Buying a property overseas can add significantly to your quality of life and give you, your family and friends many happy times for years to come.

It is however a big step and something you should not undertake lightly. Within our guide, you'll find all the information you need to help you with your purchase.

Our sponsor, **Ideal Homes Portugal** specialise in assisting people like you in purchasing property overseas, and have over ten years experience of doing so. They pride themselves in offering a friendly, personal service and put in the time and effort to research and hand pick the right property for you. Visit their website at **www.idealhomesportugal.com**

We are also pleased to have had the support of our online currency partner **Smart Currency Exchange**, and information resource **The Overseas Guides Company**.

We hope our buying guide to Portugal will inform, enlighten and set you on your way.



Contents...

- 2** A WORD FROM OUR SPONSORS
- 3** THE COUNTRY
- 4** FACTFILE
WHAT IS PORTUGAL LIKE?
- 5** **STEP ONE: RESEARCH – FIRST STEP TO FINDING A PROPERTY IN PORTUGAL**
THE PORTUGUESE PROPERTY MARKET
 - PROPERTY VALUES
 - DEVELOPMENTS
 - WHERE TO BUY?
 POPULAR REGIONS OF PORTUGAL
 - THE ALGARVE
- 6**
 - CENTRAL ALGARVE
 - EASTERN ALGARVE
 - WESTERN ALGARVE
 - SILVER COAST
- 7**
 - BLUE COAST
 - MADEIRA AND PORTO SANTO
- 8** **STEP TWO: STARTING YOUR SEARCH**
 - FINDING PROPERTY IN PORTUGAL
 - ESTATE AGENTS
- 9** **STEP THREE: THE BUYING PROCESS**
 - 10 FINANCE: CURRENCY EXCHANGE

THE COUNTRY

Old Friends and New

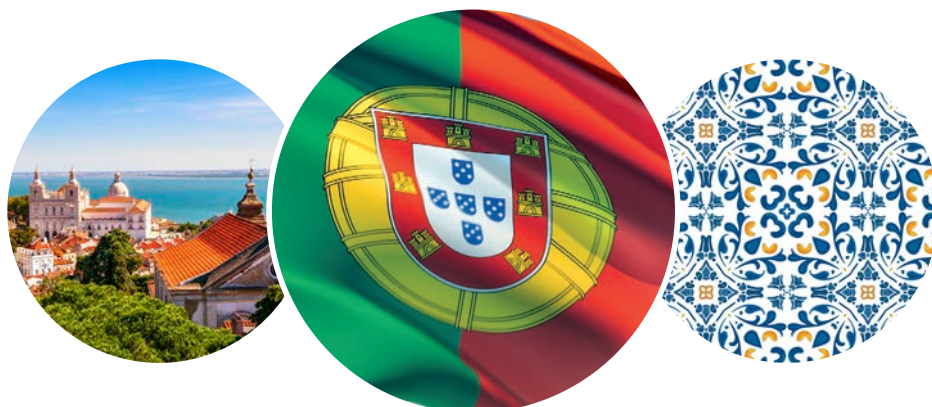
Britain's official friendship with the Portuguese goes back all the way to 1386 and the Anglo-Portuguese Treaty of Windsor. The Treaty still stands, making the Portuguese Britain's oldest international allies. More recently that friendship has become more personal. They gave us José Mourinho, we gave them Jasmine Harman (for a while, anyway). Today, around 30,000 Britons officially live in Portugal, according to the Foreign and Commonwealth Office, and a very similar number of Portuguese are in the UK, according to the Office for National Statistics.

Many more of us are there on extended holidays, tempted by hot summers, warm winters, year-round golf, white-washed villages, blue and white tiles, secret coves hiding picture-perfect sandy beaches and crashing Atlantic waves, serious eating with thick steaks and amazing seafood, café culture with creamy custard tarts (pasteis de nata) washed down with a cup of bica (espresso).

All of this, from genuinely welcoming people and resorts that just feel a bit more unspoilt and friendly than some countries. Like the UK, as a seafaring nation Portugal has been adventurous and open to foreign influences. It had a global empire that lasted for 600 years and spread the Portuguese language to 250 million people in places like Brazil, Cape Verde and Macau. In recent years it has become a forward-thinking and liberal country – gay marriage was legalised in 2010 – and it is a member of the EU and Nato.

Economically, Portugal got itself into all sorts of trouble before the global financial crisis and needed bailing out. However, while other nations still languish, Portugal is slowly emerging as a confident, reliable and industrious nation. It has been creative in solving its problems, showing the world how to attract international buyers via its "golden visa" and tax-friendly policies, for example, which are gaining new residents from countries as France and China.

Yet the basic appeal of Portugal still lies in its laid-back Mediterranean-style culture with warmth and style.



FACTFILE

Time zone: GMT. Same as the UK.

Currency: euro (€1.40 to the £1 at time of going to press, May 2015)

Language: Portuguese

Second language? Try English, and Spanish only in an emergency!

Biggest cities: Lisbon (capital) = 2.9 million, Porto = 1.3 million

Legal restrictions on UK buyers? None

Type of government: Republic and parliamentary democracy

Money (Algarve)

Inexpensive meal out: €9

Supermarket wine: €3.50

Litre of milk: €0.63

Minimum wage: €589 per month.

Maternity leave: Up to 150 days paid

Celebrity residents

Portugal and the Algarve in particular are beloved by many British sports, music and TV stars. Golfer Paul McGinley has an academy at Quinta da Lago, footballers Steven Gerrard and John Terry have homes in the Algarve, as do singers Bonnie Tyler and Ronan Keating.

You can thank the Portuguese for:

Tea. The custom of drinking tea socially was brought to the English court by Charles II's wife Catherine of Braganza.

WHAT IS PORTUGAL LIKE?

Geography

Portugal's 11 million people fit into a country four times the size of Wales. Portugal stretches around 200km east to west and 600km north to south, the north being mountainous and cooler, while the south is rolling hills and fertile river valleys.

Climate

The mountains of the north get regular snow and winter temperatures frequently fall as low as -10°C, but on the whole Portugal is one of Europe's warmest countries, with a Mediterranean climate. The searing summer temperatures (expect average daily highs approaching 30°C in summer) are cooled by the Atlantic winds. Indeed, it can get distinctly windy on the coasts. Winters in the traditional British-buying areas of the south coast almost never have frosts. The Portuguese island of Madeira, 600 miles from the capital of Lisbon, has a more sub-tropical climate.

Getting there

Flight times from the UK are less than three hours (with no time difference) and there is no shortage of year-round flights to both the mainland and Madeira, with most airlines flying into Faro in the south, Lisbon in the middle, Porto in the north and Funchal in Madeira. Flights can easily be found from £75 return in low season, and £150 in the summer. By train to Portugal takes around 24 hours from London by Eurostar, TGV and the Sud Express. By car it is around 1,700-2,000 kilometres from France's Channel ports to Lisbon. There are no direct ferry services but you can sail into Bilbao or Santander and drive across from Spain.

Infrastructure

European money has brought the main parts of Portugal up-to-to scratch, with superb highways, smart airports and regenerated town centres. New motorways link Portugal to Spain on the south coast, and the south of the country running up to the north. The place is well served by bus and coach services, and the CP (Caminhos de Ferro Portuguese) operates a regional train service along the Algarve coast.

Value for money

Nationally, Portugal's cost-of-living is the lowest in Western Europe, although in Lisbon and the more touristy areas they are higher. Local fish, pork, vegetables and cheese are reasonably priced – with good value to be had in town markets where you can pick up loops of smoked sausage, bright flowers and fig and almond cakes.

Friendliness to foreigners

The Portuguese are immensely friendly and value their long relationship with the British. Very family-minded, they adore and cosset children in restaurants and shops. Most people in the Algarve region speak English. Yet, even in hamlets off-the-beaten-track where everyone doesn't understand English, foreigners are offered the equivalent of the red carpet and attempts to communicate are eager and willing.



STEP ONE: RESEARCH – FIRST STEP TO FINDING A PROPERTY IN PORTUGAL

THE PORTUGUESE PROPERTY MARKET

Portugal has recognised the importance of its international property market and taken practical steps to encourage more – and wealthier – overseas buyers. Prices (at the time of writing, mid-2015) are rising steadily but sustainably. There is a distinct feel-good factor and a belief that Portugal is set for great things both for property investment and as a destination for international buyers seeking the good life.

PROPERTY VALUES

Portugal was actually quite late to the property party; it missed the great housing boom that swept through most of Europe in the decade before the financial crisis and from 2001 to 2006 average property prices rose just 17% (compared to 100% in Spain). On the plus side, Portugal hasn't faced the same problems of over-building and sea-sawing prices as its Iberian neighbour.

Prices sank for seven straight years following the global financial crisis and have only started climbing since 2014. During 2014-15 national property prices rose 1.5% in real terms to an average of just over €1,000 per square metre. The falls were smallest and the rises fastest in the higher-end areas, Lisbon and the central Algarve's 'golden triangle'; for example, while in the less expensive areas prices are lagging behind and bargains are still there for the taking.

DEVELOPMENTS

The Portuguese Government noticed it is on to a good thing with its high-end tourist business and has strongly supported its property and resort industries. In the first nine-months of 2014, according to Portugal's estate agents' association Apemip, foreigners accounted for nearly a quarter of its residential sales, some €1.5 billion per year.

The Government introduced the 'golden visa', where in return for buying a property of at least €500,000 you can get residency – it's proved very popular among Chinese buyers, who have taken 80% of the 2000-or-so such visas issued so far. It has also brought in new tax incentives that have brought retirees in from high-tax countries such as France. These new visitors have tended to stay in the cities (lavishly refurbished Lisbon townhouses have been very popular) or high-end resorts such as Vale de Lobo on the Algarve or Pestana's Troia Resort near Lisbon.

Both the Algarve and Silver Coast have seen major developments in recent years, primarily in the upper-end of the market, and these are continuing, with big investments from global corporations. Luxury resorts include Vale de Lobo, San Lorenzo North, Onyria Palmares and around Troia.

So if you are looking for a property in Portugal several options stand out. The cheapest is a country property, as discovered by an A Place in the Sun, Home or Away couple in 2015 who bought and totally renovated a country home for €50,000. Two-bedroom Algarve apartments start at less than €100,000, houses from €150,000, but you would need to double that for a property on a resort such as Quinta Do Lago.

WHERE TO BUY?

POPULAR REGIONS OF PORTUGAL

Most Britons buying a home in Portugal steer towards the Algarve that runs along the southern seashore of the country. The micro-climate means warm days and pleasant evenings, and a number of excellent beaches, golf courses (nearly 80 at the last count) and other outdoor activities make this a popular spot for pale Brits dreaming of golden tans. If you want to rent your home out when you're not vacationing there, the Algarve is a key

spot with many nationalities visiting.

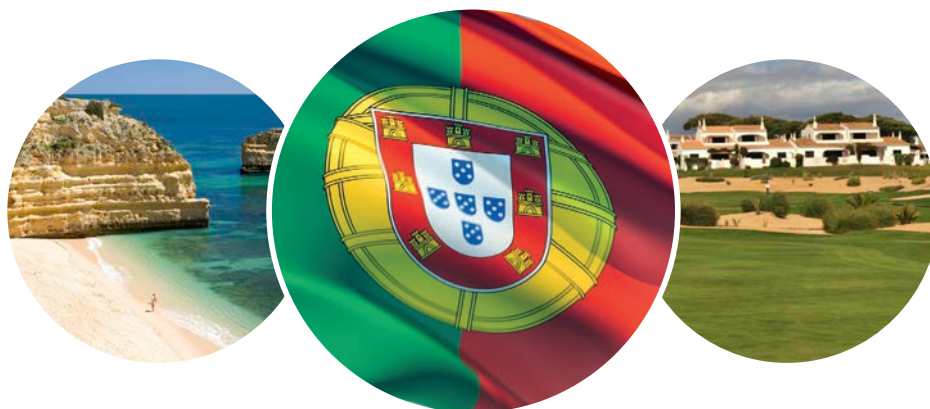
For those longing for a less touristy existence, the Alentejo (the breadbasket province north of the Algarve) is popular, and the Silver and Blue Coasts and Sintra are also worth checking out. Meanwhile, town- and city-lovers might be attracted to the likes of Lagos, Lisbon and Cascais, where older architecture, castles and Roman town walls rub along next to modern shopping malls and hip nightclubs.

The popular island of Madeira (and its smaller sister, Porto Santo) have both benefited hugely from money from Brussels, improving roads, upgrading airports and even blasting tunnels through mountains for easier access.

THE ALGARVE

A big slice of tourism and foreign property investment is based in Portugal's southern-most province. The fine weather (an average of eight hours sunshine a day in both summer and winter), combined with beautiful cliff-lined beaches, superb golf courses and relatively low costs has made this one of Europe's most popular tourist areas, for all budgets.

The Algarve splits up into varying price bands. Albufeira typically attracts the bucket-and-spade brigade, as many of the all-in holiday deals centre around this town where a three-bedroom villa costs €850,000. At the top-end, smart golf developments in the central Algarve around Vilamoura and Quinta da Lago attract high prices; a five-bedroom villa near the course at Quinta is around the €6 million mark. Prices on the more serene and less-trodden western Algarve around the pretty and lively town of Lagos and Portimao are somewhere in the middle. The Eastern Algarve is the new kid on the block – homes there are a bit higher than in the west, but substantially lower than the chic districts in the central sector.



CENTRAL ALGARVE

The central Algarve is really the hub of the area, conveniently placed only about a 15 to 20 minute drive from Faro airport. It suits holiday-makers (and therefore, homeowners keen to rent out their property) down to the ground, with such easy access and a number of golf courses to keep those happiest when striding out on the greens content.

The coastal town of Carvoeiro is hugely popular with the British, where prices can vary as much as the property. A two-bedroom apartment with a sizeable communal pool is €335,000; a family four-bedroom villa for holiday or full-time use costs €895,000; and an up-market four-bedroom villa at the top end of the market is priced at €1.55 million.

Lagos is chock-full of history, beautiful churches, restaurants with tables and chairs spilling out onto the streets and squares, and one of the longest beaches on the Algarve, Meia Prai (which translates as 'half beach', which is ironic as it is so extensive). A property in Lagos is bound to rent easily to those who want to set up camp in the town. Here, a two-bedroom, top-floor apartment overlooking the marina fetches €297,500, while a four-bedroom house is €795,000.

Another favourite for expats and second-home owners is the hillside town of Loule, with remnants of a 12th century castle, an authentic market and a poets' café. A three-bedroom house with good views over the valley is €695,000.

Don't forget the resorts in the central Algarve, from Vilamoura to Vale do Lobo and Quinta do Lago. Quinta's the Mayfair of this outfit - a five-bedroom villa here could set you back by about €6 million. A three-bedroom townhouse with a pool at Vale do Lobo costs just under €700,000; and starting prices at Vilamoura for a one-bedroom apartment are €100,000 and a three-bedroom villa at €320,000. At the very top end in the suave Algarve is upper-scale, contemporary and ground-

breaking, The Keys, at Quinta do Lago, from about €1.6 million.

EASTERN ALGARVE

If you turn right towards the Eastern Algarve when you exit from Faro airport, you'll enter a less developed zone that's remained relatively tourist-free. Estate agents advise those looking for a more genuine experience of Portuguese culture and lifestyle to look for a home here. Another option is you're right next to the border with Spain, which means you can nip over for a visit and a taste of a different way of living.

The market has picked up since last year (2011), a time when agents said they were mainly managing expectations of both vendors and purchasers. This year, buyers are coming back to re-examine this Eastern outpost of the Algarve as the weak Euro to strong pound is making deals more desirable.

The city of Tavira can definitely lay claim to the moniker of 'traditional Portugal', with its origins dating back to around 2,000 BC. Close to the Ria Formosa National Park, a sanctuary for birds and wildlife in a very rural and unspoilt part of the country, a decent two-bedroom townhouse costs €140,000 and a three-bedroom detached villa €335,000. The city has a great deal of charm with old brightly tiled terraced houses, a wide and winding river, a working camera obscura and a convent converted into one of Portugal's best pousadas (old buildings turned into uber-cool boutique hotels) with a superb restaurant.

Prices are higher at the first upmarket resort in the area not far from Tavira, Monte Rei Golf & Country Club, with a Jack Nicklaus signature golf course, gym, spa, tennis courts and an El Bulli-trained chef, Jaime Perez, in the restaurant. Prices start at €670,000 for a plot and a further €840,000 for construction of a semi-detached four-bedroom, four-bathroom villa. A detached villa

with garage, basement and landscaped garden ranges from €1.175 million to €1.325 million.

The historic village of Castro Marim, with the ruins of a 12th century castle and fort of Sao Sebastiao, is good value at €100,000 for a two-bedroom apartment. And at the other end of the scale, a new, four-bedroom villa with a curved infinity pool and modern interiors on 25,000 square metre plot in Santa Catarina (halfway between Tavira and Sao Bras) is priced at €1.75 million.

WESTERN ALGARVE

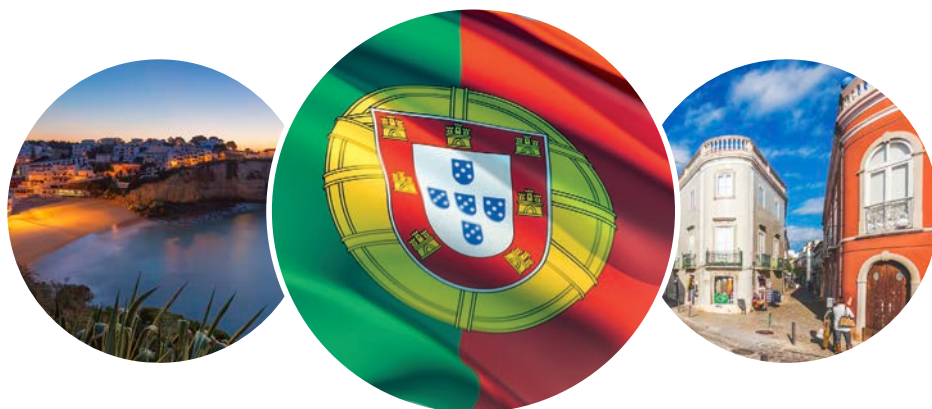
Groups of guys comparing their handicap in the central Algarve might not be everyone's glass of vinho verde, which is why more people are pushing further out to the wild and windy western coastline - reminiscent of the uplands of Exmoor, but with more sunlight. This lesser-known part of the Algarve is rising in the popularity stakes, as it is generally less crowded and homes are better value when compared to the central region.

Good places to property hunt include the charming little coastal town of Burgau, with its fabulous beach, fun beach bar and good value homes. A family-sized six-bedroom villa is a reasonable €545,000. And a few miles further west, is the former fishing hamlet of Salema with a two-bedroom villa at €360,000.

Although it has grown considerably from the days it was a tiny fishing village, Praia da Luz is still a fine spot to live. With one of the best medical clinics and beaches (there's always space on the eastern flank on busy days) on the Algarve, a four-bedroom villa costs €530,000.

SILVER COAST

With an unspoilt Atlantic coastline, good surfing, scuba diving, golf and riding, the Silver Coast, already home for weekending Lisbonites, is becoming the new Algarve, according to some



property experts.

The Silver Coast, north of Lisbon, is attractive to permanent residents and second-home owners, because it is 25% cheaper than the Algarve. However, when it comes to lettings, the number of weeks when you can let are more limited, due to cooler winters up north. It's also worth noting that generally, second-line villas not facing the beach or a fairway are less expensive to purchase, yet they can rent for almost as much as their frontline neighbours.

Silver Coast resorts, such as Praia del Rei, tend to attract a particularly international crowd, many of whom like the proximity to Lisbon and up-market Cascais and Sintra. This scheme, with its 18-hole golf course, five-star Marriott hotel, spa, health club, football pitch and tennis centre, offers homes from €300,000 for a two-bedroom townhouse, €592,000 for the three-bedroom version and €1.2 million for a top-end four-bedroom villa. Properties are cheaper in the still quite authentic little villages scattered around the area. But, most of the locals don't speak English and life is more rustic than on a new, purpose-built resort.

BLUE COAST

The Blue Coast is attracting buyers as well. A half an hour south of Lisbon and the River Tagus, this is a place tipped to draw in purchasers who want some Roman history and Lisbon nightlife dished up alongside golf, tennis, riding and boating.

A new Blue Coast project, Troiaresort, is pulling in Britons who can choose a beachside studio, small apartment or downright luxe villa. Prices are around €650,000 for a two-bedroom apartment and €850,000 for a five-bedroom villa. Access is good, with modern ferries departing every 30 minutes from Setubal and the journey to Lisbon only a 30-minute drive by motorway.

Off resorts, an old unconverted terraced house in a small village can cost as little as €40,000,

although you do need to factor in all the hassle and price of doing it up. Other options include a spruced-up farmhouse with pool at around €330,000, or a new, three-bedroom, gated villa with a pool in the coastal town of Sesimbra for €580,000.

MADEIRA AND PORTO SANTO

Madeira was once deemed to be territory only for the blue-rinse brigade with its botanical gardens, retiree-friendly sub-tropical climate (24 degrees C in summer and 17 degrees C in winter), low crime rate and genteel atmosphere. But, with European Union money helping to update roads and the airport, and smarten up the centre of the capital, Funchal, the island's becoming less fuddy-duddy.

This pearl of the Atlantic is attracting more young families and couples these days. Two golf courses, including Palheiro Golfe on the Blandy Estate (the family behind the famous Madeiran port wine) are also a draw, along with hiking, touring and walking the levadas (mini-canal or aqueduct systems). Other pluses are direct flights of only three-and-a-half hours from the UK and low-cost carriers have joined the airline fray, with flights from only £39. No riff-raff, no sandy beaches (but there's a great lido formed in the sea in Funchal) or discos makes this a more sophisticated experience for homeowners.

Property can be a bit pricier than the equivalent on the mainland of Portugal, but buyers holding strong pounds are in a good position to negotiate against a weaker Euro. There's also a fair bit for sale, from older, authentic Madeiran homes right through to newly built places. You can pick up a two-bedroom, older cottage in a quiet village for €325,000, but remember that most Madeirans don't build pools (what's wrong with just swimming in the sea? they ask).

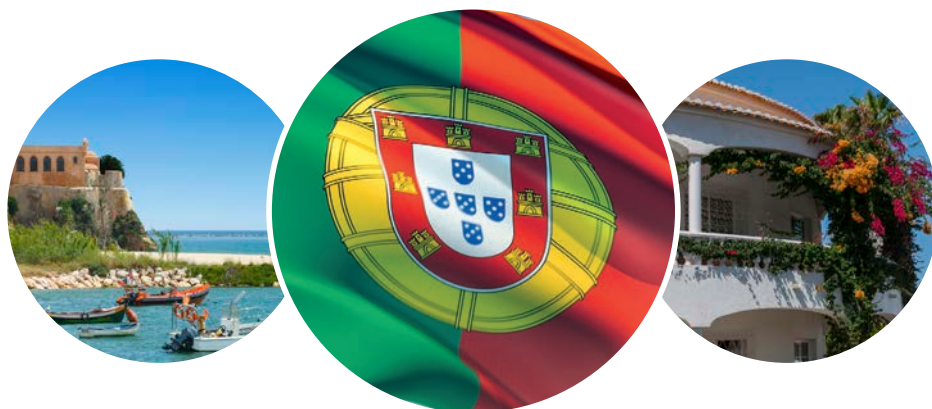
A two-bedroom apartment in the heart of Funchal is around €365,000, while a three-

bedroom penthouse apartment in Santa Cruz is €375,000. For €650,000 you can pick up either an older three-bedroom villa with sea views in pretty Calheta, or a newer three-bedroom house with a pool in Funchal.

Porto Santo, Madeira's smaller neighbour, has only 5,000 inhabitants, but it lays claim to a glorious nine kilometer golden sandy beach that is believed to have healing properties. It's not unusual to see people lying with the 'medicinal' sand packed around them to cure various ills.

This diminutive isle has been given €70 million from the European Union and Portuguese government to build new roads, a Seve Ballesteros-designed golf course, medicinal sands spa, marina, and eco and trade fair centres. There's also a new conference centre, separate clubbing sector (so residents aren't disturbed) and late-night shopping outside Vila Baleira. A number of visitors are already in love with Porto Santo and its beautiful and extended beach (for instance, the Italians come here regularly), so rentals shouldn't be too big a problem.

A piece of land in Campo de Cima near the golf course, with plans approved to build a one-storey villa, costs €100,000; while a three-bedroom townhouse with a large garden that's only three minutes from the beach is €210,000. A Portuguese-style chalet that would suit a family is in the region of €470,000.



STEP TWO: STARTING YOUR SEARCH

FINDING PROPERTY IN PORTUGAL

It goes without saying that doing your research and carrying out due diligence when you find a property you like is hugely important when buying abroad.

Portugal is generally a safe spot to invest your money, but as in any country, there are some less scrupulous companies who haven't got the right permission to build, so you must hire a good, independent lawyer (not one recommended by the agent or developer) who speaks English. It's advisable too to get everything translated into English, so you can read the fine print (literally), to avoid repercussions later on.

Portugal does have designated 'tourist' and 'residential' homes, so make sure you are buying somewhere you can legally rent out your home if this is something you plan to do. Typically, 'residential' property is not for short-term lets (for holiday-makers staying for only a week or two), so you must check this thoroughly if renting is vital to help you pay the mortgage or running costs.

Also, new laws introduced in 2003 to combat tax avoidance means all property is now subject to valuation to stringent criteria when you sell. If the authorities suspect a property has been undervalued and doesn't reflect a realistic market price to avoid paying a high SISA tax, you will be fined. And if you think you've got away with it when you buy your home, you might well be clobbered for the difference in capital gains when you come to sell.

ESTATE AGENTS

There are well over 8,000 listings of Portugal property for sale at <http://www.aplaceinthesun.com/portugal>

When you come to view property in Portugal, it's a legal requirement that all estate agents are professionally licensed and qualified. When considering using an agent, ask to see his certificate of qualification. The agent's licence should also be displayed.

Choose an agent who's a member of a professional association, such as the Associação de Mediadores Imobiliários (AMI), Sociedade de Mediação Imobiliária or the Associação dos Mediadores do Algarve (AMA). For added security, it's reassuring if the agent's also a member of an international body, such as the European Federation of Estate Agents.

Although they must be licensed and qualified, estate agents in Portugal aren't regulated. They don't need to have professional indemnity insurance and the majority isn't covered by consumer protection laws. If buying in a touristy area, be vigilant. No matter what they promise, if they're not registered and licensed, steer clear of them.

Before viewing property with an agent, you might be asked to sign a document stating this is the agent who has introduced you to the property. This protects the agent's commission should you go on to obtain particulars by other means and then purchase the property. You can't try to arrange a sale directly

with the owner to avoid paying estate agency fees.

Commission fees to agents range between five and 10% (with the average around six percent). This is usually reflected in the price, but you should check if there are any extra fees or charges you're expected to pay before you make an offer.

When you pay a deposit, it's crucial you make sure your money's going into a separate account from the agent's (preferably, into a bonded account). Not every Portuguese agent has indemnity insurance, and often, those that do are only covered for a small amount of money.



STEP THREE: THE BUYING PROCESS

1 As with any property purchase, first determine your budget and exact requirements. Portugal may be a relatively small country, but from an old farm ready for conversion in the Douro valley to a golf villa or ocean-side apartment, there's plenty of choice. There are many well publicised developments and English-speaking estate agents, but remember that outside the main tourist areas many properties are sold privately. So, look out for 'For Sale' signs – vende-se or para venda – and approach owners direct.

2 Before serious negotiations begin, appoint a lawyer (advogado), to work on your behalf. There are many English-speaking lawyers in Portugal and it is vital you fully understand all legal documents, so do get them translated. You should steer clear of lawyers recommended by developers – they are unlikely to be truly independent.

3 The better your research and the more you know about the local market, the more ammunition you will have at this stage. Many Portuguese vendors have had a relatively easy time selling to the British over the past decade, but with the market softening you are now in a position to bargain. There might be talk of paying part of the purchase price in cash 'under the table' so the seller avoids paying capital gains tax. The practice, although quite common, is illegal and attracts severe penalties. It is also disadvantageous to you when you come to sell, because you will face a higher capital gains tax bill. Once there is a verbal agreement on price, a small deposit (about €1,600 to €2,400) is paid for the property to be taken off the market while your lawyer prepares the paperwork. Include a clause in the contract that this sum is refundable if your lawyer finds any problems and you decide to pull out. If you are buying off-plan (a new property before it is built) on a new development, normally you are required to pay the purchase price in stages.

4 If the property is old, now is the time to commission an independent survey (inspecao), although this is not a compulsory part of the buying process. Even if the property is new, if it does not have a builder's warranty a survey will give you peace of mind. As well as identifying any problems, it will give you some idea how much to budget for renovations and repairs. If you are taking out a UK mortgage, you will need a survey anyway.

5 To buy a property or even open a bank account in Portugal, you will need a fiscal card (Cartão de Contribuinte) with your tax identity number (NIF). This is the equivalent of a UK National Insurance number. You get the card from the local tax office (Repartição de Finanças) – most towns have one. Take photocopies of your passport along with the original, five Euros and a Portuguese address to which your card can be sent. Your lawyer's or a friend's address is fine. Your lawyer can apply for your NIF on your behalf. You will need to notify the tax office if you change address.

6 Your lawyer will now undertake a series of detailed checks. At the Land Registry (Conservatoria do Registro Predial) he will ensure the property comes with its own title deeds and examine detailed information about ownership, boundaries and encumbrances. The property should have official tax documents available from the Portuguese Inland Revenue (Repartição de Finanças), as well as a description of the property (caderneta urbana). He will make sure the vendor has paid his annual property taxes and the rates registration (contribuição predial). Checks should be made with the Local Council (Câmara Municipal) to make sure the property has a habitation licence. The local authorities can give you information on planning, building licences and project approval. Finally, your lawyer should determine whether all terms and conditions

stipulated by the vendor are fair and legal. You may have plans to extend or rebuild - this is the time to investigate all the details. Wait for your lawyer's report before laying out any cash or signing anything. There have been horror stories of people buying property without adequate checks having been carried out by independent lawyers and now the cases are grinding through the courts.

7 In the light of your lawyer's report and survey, you may decide to re-negotiate the price or conditions of sale. If you decide to go ahead, the next step is to complete and sign a promissory contract called a Contrato de Promessa de Compra e Venda (CPCV). The signing of a CPCV usually takes place in front of an independent government lawyer (notario). If you cannot be present, you can grant your lawyer power of attorney to act on your behalf. This contract stipulates the details of the Purchaser, Vendor and property, together with all agreed conditions such as fixtures and fittings, completion of building work, mains services connections, all payments, and most importantly for a new build home, the completion date. The CPCV is the contract of sale and is legally binding. You then pay a non-refundable deposit of around 10 per cent. If the seller subsequently backs out, they have to pay you double the value of the deposit. So, although the CPCV is only a preliminary contract, it is important and you should make sure all your finances and legal paperwork are in order before signing.

8 There are no currency restrictions on moving money in and out of the country, so it makes sense to open a bank account in Portugal. Some UK banks lend money on Portuguese property under similar conditions back home. Portuguese Euro mortgages can be used not only to buy a property, but also to cover renovation and construction costs. Proof of income is required and potential rental income cannot be included. Your deposit



will be a minimum of 20%, as Portuguese law limits loans to 80% of the property's value. The loan term is usually 25 or 30 years and must be paid off before the age of 75. You will need life assurance cover. The calculation of your maximum loan is complicated, involving your other outgoings and your ability to service the loan. Suffice to say, the process is more rigorous than in the UK. Euro mortgages' interest rates are based on current Euro interest rates.

9 Property Transfer Tax (IMT) is based on a complicated sliding scale, kicking in at €92,400 at one per cent but rising to eight per cent. For the more expensive property, budget for around five per cent in IMT. Stamp Duty is another 0.8 per cent. A survey costs between one and two per cent of the purchase price. The notario's fee will be around one per cent of the purchase price. Your own advogado will charge a similar amount between one and two per cent. All professional fees are subject to VAT (IVA in Portugal). If you are taking out a Portuguese mortgage, expect to pay an arrangement fee of around 1.5 to two per cent of the loan value. You may have to pay the first year's IMI (Imposto Municipal sobre Imóveis), the equivalent of council tax in the UK, currently 0.4% of the property's official valuation defined by the local municipal tax authority. Some of the above fees are negotiable - the taxes are not.

10 Completion of your purchase takes place with the signing of the deed of transfer (Escritura de Compra e Venda) in front of the totally impartial notário. You will need to bring your passport with you. He will ensure the title deeds have been exchanged and understood by all parties. If you do not speak Portuguese, the notário may insist on a translator being present. After the signing of the Escritura, the notário witnesses the final payment, or an acknowledgment that it has been made, and incorporates this in the title deed. All taxes and official fees must be paid at or before this time.

After the title deeds have been signed, they must be registered with the local land registry. Your own lawyer usually takes care of this. This process can take several weeks or even months. When you have the title deeds back, the transaction is finished as far as the Land Registry office and the tax office are concerned.

11 Continuing commitments include buildings and contents insurance, with additional cover if you are renting the property out, and utility bills. If you are a non-resident spending less than six months a year in the country, you must appoint a specialist Fiscal Representative in Portugal responsible for your payment of local annual property taxes (IMI) and the payment of any income tax on rental income that might be due. Your lawyer should be able to give you the name of a specialist. Non-residents must make an annual income tax return if they receive income from letting property. This income will be taxed at a flat rate of 15%. Mortgage interest payments are not deductible, unlike repairs and maintenance expenses. Portuguese inheritance and gift tax was abolished in 2004, in relation to close relatives, parents, spouses and children. You may, of course, still have to pay inheritance tax back in the UK.

FINANCE: CURRENCY EXCHANGE –

Many British buyers fail to realise the impact of exchange rates on the final purchase price of their property in Portugal. When buying a property in a foreign currency, the currency exchange rate you achieve will have a direct impact on the end cost of your property. You'll have to pay a deposit, followed by the balance of the purchase price later or in a series of stages. During this process, the price of currency will fluctuate and the exchange rate you achieve one day will be different to the next.

Over the course of days and months the exchange rates can change drastically. What many overseas property buyers don't realise is

that they can 'fix' an exchange rate today for a purchase later. That means that they can 'fix' the purchase price of their Portugal property.

Furthermore, buying and owning a property in Portugal also means you'll need a certain amount of euros available ongoing in a bank account to cover costs, including mortgage payments, and bills. There are ways and means to save thousands by getting good exchange rates by buying currency from a specialist rather than a bank.

So why do we recommend you speak to a specialist currency firm, rather than your bank? For starters, they usually offer £/€ exchange rates that are 3-4 per cent better than a bank, and charge no – or minimal – transfer fees. This means if you asked a currency firm to transfer £100,000 into your Portuguese bank account, you'd receive €3,000-€4,000 more than if you asked your bank to make the same transfer. Plus as mentioned above, they can help you secure an exchange rate applicable to an agreed amount of pounds (or euros), which you typically have access to for a year - so the cost in pounds of your property won't change with the exchange rate fluctuation.

Using a regulated currency firm is as safe as using your bank to send money to Portugal. Currency firms are classed as Payment Institutions and must be either registered or authorised by the Financial Conduct Authority (FCA). They must adhere to FCA regulations, including holding clients' funds in a segregated account at all times, so you know your money is safe. Smart Currency Exchange is a leading currency firm that specialises in helping overseas property-buyers and people relocating. Smart Currency Exchange has helped thousands of people save money on their property purchase in Portugal, and also helps clients with recurring payment needs, such as transferring monthly pensions to Portugal. free to download guide explains more about how their service can save you money:

www.smartcurrencyexchange.com/landing/APITS_TradersGuide.htm



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