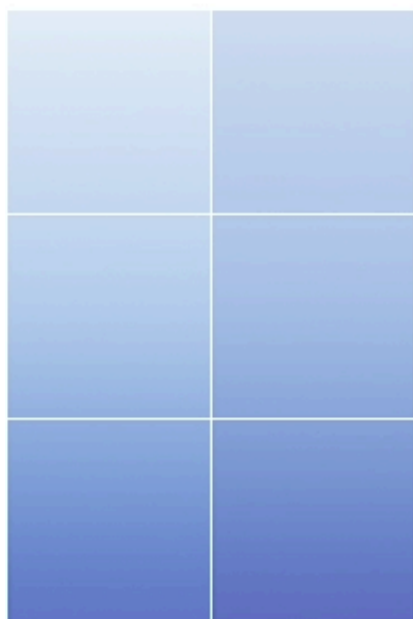


BARCLAYS BUYER'S GUIDE



Your step-by-step guide to everything you need to know to buy a home with the BARCLAYS Buyer's Guide

1. **Before deciding on a home.**
2. **Steps to make the purchase.**
3. **Mortgage checklist.**

BEFORE DECIDING ON A HOME

Purchasing a home is one of the most important investment decisions in our lives, both because of the long-term daily use we make of it and because of the present and future financial effort it involves. It is a process that requires analysis, reflection, checking and patience, while hasty decisions and misinformation must be avoided at all times.

Following is a guide which gives advice and the steps to be followed to make the your home purchase easier.

a) How to look

There is no one single way. Examples of ways include:

- Internet searches looking for flats.
- The press, either through specialized publications or the property sections of newspapers.
- Individual homeowners.
- Real estate agencies.
- Property developers.
- Legal auctions.

b) How to choose

When choosing your home you must take into account various factors that directly affect the price and your well-being, the most noteworthy of which are as follows:

- Type of home: apartment, flat, attic flat, semidetached house, fully detached house, etc.
- Location: The following must be borne in mind.
- Your preferences: central, in the outskirts, in the countryside, etc.
- The services in the area: shops, schools, green areas, sports facilities, health services, etc.
- Access: public transport, distance from the workplace, ease of parking, etc.
- Space, differentiating between the gross building area (including walls and common areas and in some cases patios and ventilation ducts) and the usable space, which is the part we actually use and enjoy.
- The lay-out: number of rooms, bathrooms, corridors, kitchen, etc.
- Orientation: is there natural light? How many rooms have got a window?
- The height of the home: low, intermediate, roof-top, etc.
- Common-area features: swimming pool, gardens, washing line area, gymnasium, entryphone, etc.
- Annexed structures: garage, storerooms, attics, lockers, etc.
- Quality: State of upkeep of second-hand homes: doors, wardrobes, windows, façade, floor, whether there are cracks or damp, etc.
- Finishes: paint, parquet, tiles, skirting board, moulding, marble, overlay, etc.
- Openings to the exterior: light, ventilation, views, soundproofing, insulation, etc.
- Installations:
 - Electricity: all the power points should be earthed. Is the contracted power sufficient?
 - Gas: natural, mains, or cylinder. The condition of the installation must be checked.
 - Heating: gas radiators, electric or hot air heaters, central or individual heating.
 - Air conditioning: central or individual. If it is external, has it been duly authorized?
 - Water: the taps should work properly and you should be able to turn them all on at the same time. Is consumption billed individually or centrally? Is the boiler gas or electric?
 - Security: reinforced doors, security locks, alarm, video screen on entryphone, etc.
 - Owners' association expenses: How much are they? What do they include? Is there a history of extra charges or projects approved by the Owners' Association that will affect you economically (changing the lift, refurbishing the façade, etc.)?

If renovation is needed, we strongly recommend you contact professional experts who can tell you the extent and cost of the refurbishment to be undertaken.



STEPS TO BE TAKEN TO MAKE THE PURCHASE.

Many people take part in the process of formalizing the purchase of a home, from the estate agent to the notary who authenticates the acquisition, and there are a lot of formalities and checks that must be performed. This guide attempts to show you what they are and to offer advice to facilitate this process.

a) Professional advice:

Several additional people can take part in the purchase of your home, although it is not obligatory. These professionals can assist you to take the decision.

- Estate agent:** he will help you to search for a home that meets your needs, requirements and possibilities.
- Registered administrative agent:** he will help you to obtain and process the documentation prior to signing the purchase contract, and then to process the signed contract.
- Lawyer:** a lawyer is particularly useful when the purchase bears on other financial and family relationships, or when the home involves tax or urban development problem.
- Notary:** he not only provides independent counselling to the contracting parties on current civil, administrative and tax law but also, as the public authenticating official, certifies the content of the terms of the contract.
- Registrar:** the registrar can advise you if you have any doubts as to the data filed at the Property Registry; when the complexity of the case so requires, you can request a registrar's report on the legal situation of the home or on how to overcome any legal problems that might arise. If this advice is given verbally, it is free.

b) Searches and verifications:

Once you have chosen your home, you must carry out certain checks before you formalize the purchase so as to safeguard yourself from any abuses or attempts at fraud, which, while not commonplace, do exist. These checks focus on the documents described below. If anything is not clear, it is preferable to seek professional advice.

-**Property Registry:** the first, and possibly the most important document you must check is the Certificate of Ownership and Charges of the Property Registry: this document will show you whether the home is finished, to whom it belongs (and therefore, the person who can legitimately sell it), and the status of the charges on it (mortgages, attachments, usufruct, easements, etc.), since all the current rights recorded in the Property Registry will affect you as the purchaser. This document can be requested in "nota informativa" form from the Property Registry where the home is registered (€ 3.49 if requested at the Registry; it can also be requested over the Internet at www.registradores.org).

If you request the certificate sufficiently before the contract is signed, it is advisable to request the registration certificate in the form of an "información continuada" certificate, and within 30 days the Property Registry will send information on any alterations made to the home to the address you provide.

The notary who authorizes the purchase deed is obliged, unless the purchaser specifically waives this right, to check the home's status in the Property Registry.

-**Owners' association expenses:** if the home is subject to the condominium property regime you must check whether the seller has paid his contributions to communal expenses since if he has not done so, you will have to pay them, although you will then be able to claim them from the seller. In this case, you must ask for a certificate from the secretary of the owners' association signed by the chairman.

-**Property tax:** also known as urban property tax, is payable on January 1 each year and must be paid by the owner of the home on that date. To ensure that the tax has been paid, you can check with the local council or you can ask the seller for the latest property tax receipt.

Ask for information from the **local council's housing department** to ensure that the home has not been declared in a ruinous state, that it meets the requirements of the current town planning regulations or that it is not unfavourably affected by any town plan.

-**Deposit:** it is a common practice for the buyer to give a deposit to the seller before the contract is formalized, as a guarantee that the contract will be signed. If this is done and the contract is not signed through fault of the person who paid the deposit, the deposit will be lost; if the fault is the seller's, he must return twice the amount of the deposit.

-Check in the **Certificate of Title and Charges** that there is no encumbrance due to non-payment of a municipal charge.

-Copy of the bylaws governing the owners' association.

-If the home has been inherited or recently acquired, check that the related tax has been paid.

-If the home is mortgaged, you must submit a certificate of debt status issued by the creditor. This certificate must be accepted, if appropriate, by the entity from which you request a mortgage loan. Also, do not forget to submit the

original on the day the mortgage loan is signed.

-If the home is new, it is advisable to check the following:

Urban development charges: if the home is located on recently developed land, it may be subject to urban development charges (mandatory dedication of land, payment of urban infrastructure work, etc.). Compliance with these obligations is the developer's responsibility, but in the event of noncompliance, the town council can seize the buildings. You can check compliance at the council or Property Registry where the building is registered.

Construction permit: you must check that the builder obtained the appropriate construction permit.

Certificate of occupancy: this confirms that the home complies with the requirements necessary for it to be occupied.

First occupancy license: issued by the town council, this confirms that the requirements stipulated in the construction permit have been met.

If there is an encumbrance on the home, it is advisable to require the owner to be up to date with the payments before the contract is signed or else discount the amount from of the sale price.

e) Defects in the home:

In the event of noncompliance with the contract by the seller or the appearance in the home of concealed faults or defects, the purchaser may legally require the contract be terminated or claim performance or repair, in both cases with an indemnity for the damages caused.

The Construction Law of 6 May 2000 stipulates, in addition to the contractual liabilities, the following liability and deadlines for the buyers or owners to file claims against the people taking part in the construction process:

-For material damage caused to the building by faults or defects in the foundations, beams, reinforcements or load-bearing walls: ten years.

-For material damage caused by faults or defects in elements or installations affecting the proper occupancy of the home: three years.

-For faults or defects that affect the completion or finishing of the construction work: one year.

If the cause of the damage cannot be identified, the developer will be jointly and severally responsible with the other agents who have taken part in the process. The claim may be filed in a period of up to two years from the date when the damage occurred.

Accordingly, in the event of an infringement by the seller of the regulations protecting consumers and users, the purchaser can ask the competent authority to commence disciplinary proceedings to impose the corresponding administrative penalty (minor, serious or very serious) on the offenders.

These administrative sanctions are without prejudice to the civil, criminal or any other liability, and are separate from any indemnity for damages to the buyer by the seller.

d) Extra expenses: Taxes

When you formalize the purchase of your home, you must bear in mind that you will have to pay certain compulsory taxes.

- At the time of purchase:

-Tax on the Increase in Value of Urban Land, also known as the Municipal Capital Gains Tax: Under the Urban Tax Authorities Law, the seller must pay this tax, although it may be contractually agreed to transfer the responsibility to the buyer. The amount of the tax depends on the number of years that elapsed between the acquisition and disposal of the home.

-Value Added Tax (VAT): in the case of a new home (bought from a developer), the sale is subject to VAT (7%) which the buyer must pay directly to the developer-seller. If you buy a garage space together with the home, the VAT applicable is also 7% (the maximum number of garage spaces to which 7% VAT can be applied is two); if you buy the garage space separately, the VAT applicable is 16%.

In the Canary Islands, VAT is replaced by the Canary Islands general indirect tax (5%).

This tax is compatible with Stamp Duty (0.5% of the deeded value of the home).

-Transfer Tax: applicable to second-hand homes: the standard rate is 6% and it is calculated on the actual or market value, although it is normally the same as the value stated in the purchase deed. In certain autonomous communities, the applicable rate is 7% (you can check the rate applicable in your autonomous community by using our additional purchase expense simulator).

If the purchase is subject to Transfer Tax, it is not subject to Stamp Duty.

- At the time of the mortgage:

When the mortgage is taken out Stamp Duty must be paid at a standard rate of 0.5% of the mortgage liability (principal, interest and expenses). This tax rate may vary according to the autonomous community (you can check the rate applicable in your autonomous community by using our additional purchase expense simulator). You can settle this tax in person or through a notary or registered administrative agent.

e) The developer's role and the required documentation:

The developer's activity is fully regulated by Decree 515/1989.

If brochures are delivered to you, they are binding on the developer as if they were contractual clauses and therefore you can insist they are fulfilled.

Also, the developer should make the following information and documents available to you:

- Name or address of the seller, and his registration details in the Property Registry.
- Plans showing the location of the building and the layout of the home, as well as a description of the installations.
- Description of the building, of the home, of the common areas and the ancillary services.
- Specifications of the materials used in the construction, including the soundproofing and insulation.
- Instructions on the upkeep, use and evacuation of the building.
- Registration details in the Property Registry or lack thereof.
- Total price.
- Administrative documentation (permits, urban planning certificate, etc.).
- Bylaws and procedures of the owners' association.
- Information on the payment of taxes.
- The way in which the contract will foreseeably be documented and its general and special conditions, stating, in an especially legible manner:
 - That the consumer will not have to pay title expenses which legally must be borne by the seller (e.g., the early settlement of any mortgage that may have been taken out).
 - Articles 1,280 and 1,279 of the Civil Code (the right to have the agreement recorded in a public deed)
 - The purchaser's right to choose the notary.
- If the home, common areas and the ancillary elements are not finished, the completion date should be clearly stated.
- If this is the first transfer of the home, the name and address of the architect and the name and address of the builder must be indicated.
- The information on the total price must be especially carefully detailed and must include agent's fees and VAT or Stamp Duty.
- Form of payment and, if appropriate, the admissible payment methods for the amounts deferred.
- If it is expected that the buyer will be subrogated to a credit transaction not arranged by him, with the home as security, the name of the notary authorizing the related deed, the date thereof, the registration data in the Property Registry and the mortgage liability on each home, including maturities and amounts, must be clearly indicated
- Guarantees that must be provided by the buyer for the price or deferred portion.
- It must be expressly stated that the payments on account will be deducted from the sale price.
- If the home is not finished, a copy of the document or documents evidencing the guarantees provided must be made available to the public.

 **MORTGAGE CHECKLIST**

Following are a summary and a list of the steps you must take to acquire your home.

a) New:

Request and check the Certificate of Ownership and Charges of the Property Registry.

Check that the owners' association expenses have been paid.

Check that the property tax has been paid.

Check conformance of the home at the local council's housing department.

Make a deposit.

Check the Certificate of Title and Charges.

Check the bylaws governing the owners' association.

If the home has been inherited or recently acquired, check that the related tax has been paid.

Check that the urban development charges have been properly formalized.

Check that a construction permit has been obtained.

Check that the Certificate of Occupancy has been obtained.

Check that the First Occupancy License has been obtained.

Check that the developer has available the following data and documents:

- Name and address of the seller, and his registration details in the Property Registry.

- Plans showing the location of the building and the layout of the home, as well as a description of the installations.

- Description of the building, of the home, of the common areas and the ancillary services.

- Specifications of the materials used in construction, including the soundproofing and insulation.

- Instructions on the upkeep, use and evacuation of the building.

- Registration details in the Property Registry or lack thereof.

- Total price

- Administrative documentation (permits, urban planning certificate, etc.).

- Bylaws and procedures of the owners' association.

- Information on the payment of taxes.

- The way in which the contract will foreseeably be documented, and its general and special conditions, stating, in an especially legible manner:

 - That the consumer will not have to pay title expenses which legally must be borne by the seller (e.g., the early settlement of any mortgage that may have been taken out).

 - Articles 1,280 and 1,279 of the Civil Code (the right to have the agreement recorded in a public deed).

 - The purchaser's right to choose the notary.

- If the home, common areas and the ancillary elements are not complete, the completion date should be clearly stated.

- If this is the first transfer of the home, the name and address of the architect and the name and address of the builder must be indicated.

- The information on the total price must be especially carefully detailed and must include agent's fees and VAT or Stamp Duty.

- Form of payment and, if appropriate, the admissible payment methods for the amounts deferred.

- If it is expected that the buyer will be subrogated to a credit transaction not arranged by him with the home as security, the name of the notary authorizing the related deed, the date thereof, the registration data in the Property Registry and the mortgage liability on each home, including maturities and amounts, must be clearly indicated.

- Guarantees that must be provided by the buyer for the price or deferred portion.

- It must be expressly stated that the payments on account will be deducted from the sale price.

- If the home is not finished, a copy of the document or documents evidencing the guarantees provided must be made available to the public.

- Check that the owners' association expenses have been paid.

b) Second hand:

- Request and check the Certificate of Ownership and Charges of the Property Registry.

- Check that the community association expenses have been paid.

- Check that the Property tax has been paid.

- Check conformance of the home at the local council's housing department.

- Make a deposit.
- Check in the Certificate of Title and Charges.
- Check the bylaws governing the owners' association.
- If the home is mortgaged, check the certificate of debt status issued by the seller's creditor.
- If the home has been inherited or recently acquired, check that the related tax has been paid.