

# *About the Purchase Process*

***The estate agent***

***The Notary***

***The Purchase Process, about a resale.***

***The promise of sale***

***The final sale agreement***

***How are the contracts secured***

## ***Buying a property in France***

French people tend to sell properties in much the same way as any other nationality do! They decide on the price they would like to receive or have an agent value it and place it on the market. If they choose to sell with an agent then the agent must complete a "mandat de vente" (contract) with the owner which must quite clearly state the owners price, the agency fees plus vat and the subsequent sale price. The agency fees to be added must be in accordance with the agents "barême des honoraires" (scale of fees) , which is strictly monitored and regulated and which, legally, must be displayed at the agents premises.

If the original price should change (for whatever reason), a new "mandat de vente" (contract) must be completed between the owner and the agents.

When someone decides to purchase then a "notaire" is required to perform the conveyance and he/she will add their fees (usually between 8 and 10%) to the agreed price of the property.

That's it! Aside of straight forward negotiation with the owner, there are no other ways of reducing the price - and no other ways of increasing the price.

With regard to "inflated" property prices, the "mandat de vente" (contract) has no place for "consultancy" fees and nor are they required. Every agent in France understands that, in order to make a sale, we must find a property that suits your requirements at no extra cost to you than the agency fees. That is the business we're in. In fact, it is a legal requirement in France that property transactions shall be conducted in French francs and that all property contracts must be undertaken in the French language.

Property prices in France are significantly lower than for comparable properties in the UK. That's what makes properties in France attractive to the UK buyer.

## ***Who is the "agent immobilier" ?***

### **The estate agent**

Estate Agents in France are highly regulated and have to prove that that they have the necessary qualifications and local knowledge before they are licensed. All the agents we work with also have indemnity insurance and bank guarantees, and are very experienced and knowledgeable about their particular region.

## ***Who is the "Notaire" ?***

### **The notary**

The "Notaire" works on behalf of the state rather than any individual buyer or seller, and it is his duty to ensure a legal transfer of the property and collect any stamp duty and other taxes due to the government. It is therefore perfectly normal for the same "Notaire" to work for both parties - impartiality is assured because he is answerable both to his professional body and to the Ministry of Justice.

The fees concerning the contracts performed by a "Notaire" are fixed by Law. They will normally average between 8 and 10% of the property price, plus VAT. Neither the Notaire nor the clients may modify these specific fees. Foreign clients undertaking a Property transaction in France should be aware that if there are two "Notaires", the fees are shared, therefore, retaining their own "Notaire" will not increase the professional fees, which are then shared by the two "Notaires" supervising the contract.

As seven years of law are necessary to graduate, the "Notaire" is the most qualified professional of the French legal system. The Notaire is both a Public Official and counsel. His qualifications allow him to efficiently advise his clients in specific areas of law such as Property Law, Family Law and Corporate Law.

He is able to counsel clients on matters all over France without any restrictions. A "Notaire" from Marseille can hence equally deal with an acquisition of a house in Brittany as well as supervise the purchase of a supermarket in Strasbourg or control an industrial plant in Northern France. The French State confers to the "Notaire" an authentic power to legalize certain agreements such as Property sales which cannot be enforced by any other means. This monopoly prevents almost any subsequent litigation concerning these contracts. However, the "Notaire" does not only draft and authenticate deeds. As today's legal transactions are more and more complex, counseling clients is also a major function of a "Notaire".

## *What is the "Processus d'achat"*

### **The Purchase Process, about a resale.**

1. To secure a purchase, you will have to sign a first sale agreement, called "**compromis de vente**".
2. After signing, you will have 2/3 weeks to pay the deposit (usually 10% of the price) to the "**notaire**" account, using a euro cheque or a transfer.
3. When the "**Compromis**" will be also signed by the vendors: according to the French law, you will have 7 days to cancel without any reason, and without losing your deposit. That 7 days period will begin the day you will have received the signed "Compromis" by registered mail.
4. After that period, you will organize your finance with our bank or any other bank . Then, if the bank does not agree your mortgage, the sale is cancelled and your deposit will be returned to you, without any penalties.
5. if you cancel the "Compromis" for other reason than 3 and 4, you will lose the deposit , which will be paid to the vendor.
6. The "notaire" will maybe contact you, and ask for more details . he will make you sign the act, about 2 or 3 months after the signature of the "Compromis". (Or more than 3 months, if you ask for a longer delay)
7. To sign the act : you will have to organize the transfer of the rest of the price + the notary fees , to the "notaire" office .

Then you can come to the "notaire" office and sign, or you can ask a power of attorney to ask the "notaire" to sign on your behalf. That power must be asked during the process, must be signed with a solicitor who will have the "apostille", or to the French embassy.

## *What is "Le Compromis de Vente" ?*

### **The promise of sale**

When you have found your property and the terms of the sale are agreed, you will lodge a deposit with the "Notaire" and sign the "Compromis de Vente". This is an undertaking by the buyer to buy, and the vendor to sell. It is very difficult for either party to pull out after signing this agreement without forfeiting the deposit. The "compromis" includes full details of the buyer, seller, the property, proposed means of purchase etc. It also lays out any "clauses suspensives" - essentially get-out clauses agreed by both parties, making the sale dependent upon, for example, the granting of a mortgage or planning permission.

The buyer pays the remaining 90% of the property price on the day of the final purchase. Signing a Promise of Sale with a Notaire provides another advantage to the buyer if the purchaser happens to die during the proceedings, an insurance contracted by the "Notaire" will enable his heirs to finalize the purchase or lose the safety deposit, up to 500,000 French Francs under specific conditions. For the above mentioned reasons, it is very important for foreign investors to rely on a Notaire at the beginning of the transaction.

### *What is 'L' Acte Authentique de Vente' ?*

#### **The final sale agreement**

Once the Promise of Sale has been signed, all the commitments of the parties are fixed. The "Notaire" must then collect various documents, such as property titles and mortgage documents to verify that all the paper work is in order. Collecting the documents and verifying them may take up to three months. This delay may be shorter, but it may still seem long to many foreign buyers. This time period is extremely important because it serves as insurance for the Final Sales Agreement. After the "Notaire" has collected all the documents, the Final Sales Agreement is signed. It is an authentic contract and is almost undisputable in court. Litigations on such contracts are very rare, unlike litigations concerning contracts not prepared by a "Notaire".

### *How are the Contracts Secured ?*

The "Notaire" is deemed a Public Official with powers delegated by the State to authenticate the deeds he drafts and provides complete security to the contracts he supervises. The authenticity of the deeds grants them an undisputable date and content in Court. The law imposes a personal liability on the "Notaire" for his professional acts which is more extensive than that of any other branch of the legal profession. Not only would the professional mistake be penalized immediately by a judge, but it would also mean that all of the Notaires would be held liable as they have a common insurance, providing an immediate financial guarantee to the client. The Foreign investor is therefore facing a specialized lawyer fully liable for his deeds. The Property Registration system in France is highly efficient. It takes two to three months for a sale to be registered, and only the authentic deeds settled by the "Notaire" can be registered. The content of the deeds are controlled by both the Notaire and the Registration Authority. On one hand this procedure might seem long compared to an immediate transaction occurring in some other countries, but on the other hand it results in a lack of litigation concerning these agreements (0.5% per year on Property transactions). Thus the "Notaire" has the task to both completely satisfy his clients and to impose some limits to their queries according to his Public Official status.