



A simple guide to purchasing a property in Greece

Buying a property is always a major decision in any country and Greece is no exception. However, the process is generally straightforward (although different to the UK and Ireland) and as long as good advice is sought and respected should not be problematic.

The parties to the transaction

1. The Buyer – you. EU citizens can buy property in Greece without general restriction although there may be limitations in areas of military sensitivity. Non-EU citizens have to apply for permission to the Ministry of Foreign Affairs.
2. The Seller. If you are buying a newly-built property the seller will often be a legal entity while the sellers of existing properties are usually private individuals. In fact, if you are buying a property that has been handed down through the generations it may be jointly owned by a number of relatives: legally, the process is the same whether or not the seller is one or more individuals.
3. The Notary. In Greece, transactions for the purchase and sale of real estate must be concluded in the presence of a Notary Public. As a public official, the Notary will carry out such functions as calculating the amount of Transfer Tax payable.
4. The Solicitor. Both the buyer and the seller must engage a (different) solicitor. The buyer's solicitor will obtain the titles deeds, check the seller's title to the property, ensure the property is free from encumbrances, check compliance with planning permissions and generally ensure that you are fully informed about the status of the property before you make a commitment to proceed.
5. The Agent. There will usually be only one agent involved (as is typically the case in UK and Ireland), however occasionally there may be two agents – one representing the seller and one representing the buyer.

The Process

- Once you have identified a property that you wish to purchase you will usually be offered the option to place a nominal (often €3,000) 'holding' deposit which will preclude the seller from continuing to market the property while your transaction is going ahead. If you make such a deposit the amount will be deducted from the purchase price at closing.
- You should instruct your solicitor as early in the process as possible. Aegean Blue can introduce you to a local solicitor who speaks English: these solicitors usually are selected from the panel used by a leading Greek bank (which we work with) and will invariably have experience and a track record in the local market.
- You may wish to give your solicitor a Power of Attorney to represent you in your absence. Most UK and Irish buyers do not reside permanently in Greece and find this an easy and reliable way to expedite the purchase process: the only alternative is to travel to Greece whenever official documents etc. need your signature.
- You must obtain a Tax Registry Number (AFM or ΑΦΜ) from the Greek Inland Revenue Service. If you have given your solicitor a Power of Attorney this can be done on your behalf.
- You must also open a local bank account – a simple process usually requiring proof of ID and proof of permanent address. The money you use to purchase the property should be channelled through this account and the original source will be apparent should you ever need to prove this for tax or money-laundering reasons.
- Your solicitor will agree with the seller's solicitor the Notary Public to be used for the transaction. Remember, this is an independent party (being a civil servant) who will witness the execution of the purchase transaction on behalf of the Greek state – in Greece all purchases and sales of real estate must be concluded in the presence of a Notary.
- When your solicitor has completed all of the checks and formalities, and you have made a final decision to proceed, you will sign the purchase documentation in the presence of the Notary (or your Solicitor will sign on your behalf under Power of Attorney if appropriate). The Notary will subsequently register the transaction on the public record.
- The contract deed must be transferred in the buyer's name at the Registry of Mortgages and the relevant official certificates secured. This is usually carried out by your solicitor.

- If the property has already been registered under the National Land Registry you must submit a copy of the contract deed together with the transfer certificate from the Registry of Mortgages so that the property is properly registered in your name. Your solicitor will normally handle this.
- The purchase process is now complete, however you must be aware that all property owners in Greece are obliged to complete an annual tax return. A local accountant will be qualified to do this – it is a straightforward process if your only asset in Greece is the property and should not be very expensive.

'Off-Plan' Purchases

The legal process is essentially similar to that described above, however buyers will normally be required to make stage payments to the developer/builder during the construction process. Your solicitor will advise you on the best way to secure maximum legal protection against the performance risk on the developer but you should be *aware* that getting a performance guarantee from a bank to protect against this risk is ***not*** normal market practice in Greece.

Purchase Expenses

In addition to the price which is agreed with and paid to the seller, real estate (land and property) transactions in Greece attract taxes and fees which should be budgeted for as they can add significantly to the purchase price.

Taxes are based on the "officially assessed value" (also referred to as the "objective value" or tax value) of the property which is set by the state and which is invariably lower than the actual purchase price. This officially assessed value is calculated using a complex formula with many variables and is usually not known prior to closing of the transaction. Different levels of tax apply depending on whether or not the real estate is being sold for the first time, and whether the building permit was issued prior to or post-January 2006. If post-January 2006 the tax is called VAT.

Fees are payable to your lawyer and the notary public and are calculated on a sliding scale depending on the officially assessed value:

Legal Fees: 1% - 2% of the officially assessed value

Notary Fees: 1% - 2% of the officially assessed value

Estate agents' fees are payable by both buyer and seller in Greece. A buyer should expect to pay 2% of the commercial value of the transaction (i.e. the purchase price) plus VAT.

The all-in total of these fees and expenses usually ranges from 10% - 13% of the commercial value of the transaction although for Off-Plan purchases this can be lower depending on the structure of the purchase which is agreed with the developer.

Sale Expenses

Effective 1/1/06 the Greek government introduced new laws imposing Capital Gains Tax on resale properties. This tax varies as a function of how long the seller has owned the property:

<u>Length of Ownership</u>	<u>Tax Rate</u>
Less than 5 Years	20%
5 – 15 Years	15%
15 – 25 Years	5%
More than 25 Years	N/A

Financing

Mortgage finance for foreign buyers is now available through Greek banks both in the UK and Greece. Although there will be exclusions (such as properties in remote areas, or in very poor condition, as these may not be considered suitable for security purposes) most properties in the locations which are favoured by UK and Irish buyers will be eligible for mortgage finance. A general test of creditworthiness will be applied, as is the case when borrowing from a UK lender, but subject to this you may expect to be able to borrow between 70% and 80% of the purchase price over a period of 15- 25 years. The mortgage loan will usually be denominated in € and will require monthly repayments.

Aegean Blue works closely with the leading Greek banks in this specialist area and can effect introductions to buyers who wish to investigate mortgage options.

Currency Exchange

Because Greece is in the Euro-Zone all the financial aspects of the purchase process will be denominated in €. UK buyers, who operate in £, will therefore need to convert funds and there are specialist providers of currency exchange services aimed at such buyers.

Aegean Blue can help buyers who wish to look into the benefits of these specialist services by providing contact details for the main operators..

Insurance

As in the UK, any property which you buy in Greece should be adequately insured – both the building and its contents. Greek insurance companies will provide insurance but there are also specialist UK insurers who will provide cover on properties in Greece.

Aegean Blue has a relationship with one of these UK insurance providers and will be pleased to provide an introduction.

'After-Sales Service'

Aegean Blue believes that our service to our customers does not end as soon as the purchase contract is signed. We remain available and will always use our best efforts to help you enjoy and get the most out of the property you buy through us.

Contact Us

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