

Property – buying your dream home in Normandy

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Before you start the process of actually visiting properties you will probably have spent a good few Sunday afternoons browsing through French property magazines and on various websites. It's like a mini-trip to Normandy!

France is a huge country, something British visitors can find difficult to comprehend. It takes over 3 hours just to go from one end of Normandy to the other. Once you make the decision to buy in Normandy, the first thing to decide is where you want to be. The areas differ greatly, from coastal to city, from hills to plains. If you can pinpoint an area, it will be much easier to select the house. Make this decision before arranging to visit houses, otherwise you will waste precious time: for both you and your estate agent.

In parallel, there are a number of things you can do that will help you make your money go further, and that assist you in avoiding the potential pitfalls along the way. If you are well guided by professionals then you will be able to buy your property with peace of mind. These professionals will include legal advisers, financial advisers and estate agents.

Start learning French NOW as it takes a lifetime to get to a decent level of French. It will make a huge difference if you have mastered the basics. A lot of what goes wrong when buying a house is because of misunderstandings.



Make sure you work with an estate agent who not only speaks very good English but who also understands exactly your requirements.

In France, an estate agent not only does the work we usually associate with an estate agency but also prepares the initial sales contract, usually known as the "Compromis de Vente". For this reason all estate agents have to have valid professional qualifications or considerable experience and a Professional Card.

Before embarking on your house-viewing trip there are a number of practical ways for you to prepare:

■ Legal and Inheritance

If you have children, or you have been divorced, or for any reason you have complicated family arrangements it is essential for you to take advice from a legal professional with qualifications in both the French and the English system.

The law in France changed in August 2007 dropping death duties between husband and wife, and simplifying other areas of inheritance law. This is a great improvement to the troublesome French inheritance issues, but can also give rise to other implications.



Find out your legal situation regarding inheritance laws and all other legal aspects of the purchase of a French property for your set of circumstances, before you sign a “*compromis*”.

Once you have signed the final paperwork for your property your ownership options will be limited and it may be too late or you will incur extra fees and taxes if you subsequently decide to reorganise the ownership structure. In particular, French law states that you cannot disinherit your children. If you are in this position then I recommend you get legal advice before you start to buy the property. UK Civil partnerships are not currently recognised in France, although it is anticipated that this will change very soon.

People are often rather shocked that I, as an estate agent working with British buyers, usually ask questions at our first meeting about family relationships, their wishes when they die and the arrangements they have made for inheritance. This is because of the very sad and deeply stressful experiences I have witnessed with purchasers who have subsequently died without having these arrangements correctly in place. Please do not be offended if you are asked these questions quite early on in the process. It is a sign that the agent is really thinking about what is right for you.

■ Money

Work out your budget before you even leave the UK. Ask for professional financial help in working out the best use of your money. People quite often underestimate how much the property is going to cost along with the running expenses. If you manage your money well at this stage it will go a lot further.

For estimating the full property costs you will need to calculate the following:

- House purchase “*Net Vendeur*” (i.e. without fees)
- Agent’s fees “*Frais d’agence*” Allow 7% of the net vendeur price

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- Notaire's fees "Frais d'acte" Allow 7% of the net vendeur price
- Cost of renovations, ask for estimates, "devis"
- Cost of mortgage including arrangement fees and legal costs
- Translator costs
- Annual costs of running the house
- Annual local taxes: "taxe foncière" and "taxe d'habitation"

Having worked out your total costs of your purchase and the ongoing renovation and living costs you will need to decide how to finance these.

Deposit

You will need a deposit available to send within 7 to 10 days of signing the "compromis". This is a maximum of 10% of the "net vendeur" price. You will need the balance available at purchase completion, which is usually approximately 12 weeks later.

Mortgage

It may be better not to use all your capital to buy the house, if you are going to need additional money to carry out the renovations, as it can be far more difficult to get a loan later on. You would do well to talk these issues over with a suitably qualified financial adviser or French mortgage broker. (See Chapter 4 for more mortgage information).

If you decide on a mortgage, you can do much of the mortgage preparation before actually starting to buy the property. Start now to save a lot of time. Once you have signed your mortgage offer, French law requires you to wait 11 days before accepting the offer.

Banks

Open a bank account in France. If you wish to use an English-speaking bank Barclays are represented in Normandy (see Chapter 4 for details). Alternatively once you have located the area in which you wish to find a house, you may wish to choose a local bank.



Opening a Euro account in the UK is often not the best option; Euro cheques from another country paid into a French account will be treated as international cheques and you will be charged a fee for each transaction and these potentially take longer to clear.

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Foreign Currency You can make considerable savings (literally thousands of pounds) when you transfer large amounts to France via a reputable foreign currency exchange company. There's no catch and usually there is no cost for this service.

Contact a currency company as soon as you start thinking about buying overseas. You can then talk to a currency specialist who can explain the process to you. You can even book your currency so that you need not worry about how exchange rate changes might affect your budget.



Start this process now if you are thinking of purchasing in the next 3 months as it takes a little time to set up the account and complete all the anti-money laundering checks.

The foreign currency exchange provider can transfer your funds directly to the “*notaire*” when it comes to paying the deposit and final payment, and afterwards when you need to send additional funds over, either for living or building expenses or to make regular transfers to pay the mortgage. (See *Chapter 4* for more details).

■ **Paperwork**

France is a nation dedicated to paperwork. You'll be amazed how many times you need to produce bits of paper.

Make at least two photocopies of all your documentation and take them with you to France. You never know when you will need these as who knows when you will see the house of your dreams! *You will need these details for each person involved in the purchase of the property:*



- A certified copy of your passport
- Your marriage certificate (if applicable)
- Your birth certificate (including for all your children)
- Divorce papers (if applicable)
- A recent utility bill showing your home address
- 3 months recent bank statements.

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■ **Translation Services** (*See chapter 3 for more information*).

It is paramount that, unless you speak good French, or have have instructed a UK based legal advisor, you use the services of a qualified translator. Many people tell me that when they signed their paperwork they had no idea what they were signing, or that they brought their friend or neighbour to help who spoke “a bit of French”. Given that this purchase is one of the most expensive you will ever make, please do not skimp on engaging the services of a translator. Estate agents and “*notaires*” usually have lists of approved translators, certainly in areas popular with the British.

Most good agencies will be able to provide you with at least an outline English explanation of their documents. If you want the full documents translating into English you will probably need to pay for this service as they are major projects. You really must ensure that you sign all paperwork accompanied by someone professionally qualified as a translator and experienced in real estate translation as it does get very technical.

■ **What happens once you have found a house to buy**

- 1) **The written offer** Once you and the vendors agree a price you will complete a **written offer**. This is usually a form provided by the agency. If you buy directly through the “*notaire*”, (s)he will provide their own offer form. Both the vendors and the purchasers sign this. This blocks the house being shown for a limited time (usually 7 - 14 days) and will give everyone time to get the rest of the paperwork ready for the official contracts. *You should not make a formal written offer unless you are 100% committed to the purchase.*

You

You will need to supply the “*notaire*” or agent **certified copies of your passport, birth certificate, marriage certificate, divorce certificate (if appropriate) and a utility bill showing your home address.**

You should take **independent legal advice** before signing any paperwork. Usually the “*notaire*”, the French equivalent of a conveyancing solicitor, is chosen by the vendor. If you wish to appoint your own “*notaire*”, you should request this now. You will not pay any more for this - the “*notaires*” will share the legal fees.

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Issues of differences between the UK and France in property ownership, wills and inheritance as well as complicated family situations make it paramount for you to get good legal advice from someone legally qualified. Please note if you involve a British or other legal advice company they will not be sharing the “*notaire*’s” fees and you will need to settle those bills separately.

The estate agent The agent will now organise the house-seller’s reports – reports for asbestos, lead, energy efficiency, electricity and gas. These need to be completed before the “*compromis*” is signed. These are not usually organised before finding a purchaser as some only have a limited validity.

Please note that the requirement for these reports will vary according to the age of the house, when the gas or electricity installations were done, and the part of France you live in. For example a termite report is not (yet) required in Normandy.

I am often asked whether purchasers should have a survey. This is a difficult area as surveys are not common in France. We recommend that you ask a professional to look over your potential purchase and to give his opinion. There are also surveyors working in France who will provide for you an ‘English style’ survey. If you are funding a purchase with a UK sourced mortgage, it may be a requirement. If you do decide to have a survey, this is the moment to arrange it. Please note that buying “subject to survey” is not known in France, and will rarely be acceptable to the seller.



If you are unable to come to France to sign the paperwork you can ask either a friend or someone from the agency / “*notaire*’s” office to sign on your behalf. This is known as a “*procuration*” (power of attorney). If you decide to do this please ensure that you ask the person signing on your behalf to send you everything on *each* occasion (by fax or email) for you to check the detail before they sign for you.



With the owner's permission, take photos of every aspect of the house and land, including the trees and any furniture to be included and ask the "notaire" to include these photos signed by both parties as part of the sales documents.

2) The "*compromis de vente*"

The "*compromis de vente*" is the first of the two sales contracts that you will sign, normally within 14 days of your accepted offer. It is the equivalent of the exchange of contracts in the UK.

When we bought our house, between the contract and completion over 20 trees were cut down, but because we had photographic evidence the vendor had to return the wood to us - we are still using it! Signed photos (as well as inventories of any contents) mean that there is less likelihood of misunderstandings about what is included in the sale. This is essential for the kitchen, where it is important to include in the inventory exactly what is included and what brand, as in France fitted kitchens usually count as furniture rather than fixtures and fittings and are often taken when moving.

"*Clauses Suspensives*"

The first contract, the "*compromis*", **legally binds** you to buy the property. You cannot change your mind once you have signed, though there are some exceptions. For example, when the "*compromis*" is being prepared you can ask for some clauses, "*conditions suspensives*", to be added. One example of a "get out clause" is where you need a mortgage, the sale will be dependent on you being successful in getting a mortgage.



Do the ground work for getting a mortgage in principle well in advance of your intended property purchase so that disappointment is avoided all round.



Please note, that is it possible to raise money against your property **OUTSIDE** France in order to buy your French property, with a "*clause suspensive*". In other words, it is possible to make the purchase conditional on raising the finance in the UK.

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You might need to ask for a “*clause suspensive*” in relation to obtaining full planning permission before the sale is completed.

Cooling off period Once you sign the first contract, the “*compromis*”, you have a **7 day cooling off period** starting from the day after you receive and sign for the recorded delivery letter.

It is important that when you return the 2 copies of the signed letter that you enclose the recorded delivery slip as proof of receipt. The “*notaire*” will ask to see this documentation and it forms part of the final sale documents. One of these signed copies will be returned to you for your records.

Deposit You will need to provide a deposit. This is usually 10%, but occasionally it can be negotiated down to 5%. The exact amount will need to be agreed with the vendor.

You need to ensure that your **deposit** is received by the “*notaire*” before the end of the cooling off period, and your foreign currency company can help you to arrange this.

Your deposit is held in a secure fund, “*compte consigné*” by the “*notaire*” until the sale completes.

3) **What happens between the contracts**

There is usually a period of around 10 - 12 weeks before the final (second) contract is signed. It can seem that nothing is happening, but actually the notaire is liaising with the estate agent, gathering all the necessary documents, doing the required searches, and preparing the final sales deed.

There is also work for you to do at this time. You need to organise:



- your loan / mortgage** - *working with a bank or financial adviser*
- your wills** - French and English wills need to mirror each other, *working with a professionally*

.....*Check list continued overleaf*

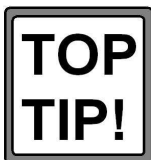
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- qualified lawyer with a good grounding of both the French and English legal systems.*
- **your house insurance** - *working with an insurance broker.* It is illegal not to have your house insured in France. Unless you provide proof of insurance to the “*notaire*”, the vendor’s house insurance contract usually passes over to become your house insurance by default, but there is a risk that the property is left uninsured as the vendors will often cancel their insurance on completion.
 - **your utility bills** - *usually organised with the help of the estate agent.* Accounts will need to be opened and put into your name. Increasingly utility companies require you to pay by direct debit and may also require a copy of your passport. If you are buying your house as a holiday home you might prefer to give your UK address for all correspondence. The agent may not be able to open all the accounts for you, for example, since the deregulation of the electricity market you have the option to choose supplier.
 - **the balance of the funds** - to be transferred to the “*notaire’s*” account in time for the sale.

4) Acte de Vente

This is the **final deed**. On the day you sign this document you receive the keys and the property is fully yours, unless the deed states otherwise (this happens very rarely).



Arrange with the agent and vendor to go to the property on the day of signature, before going to sign for the house. This has two roles: to check that everything is as it should be (remember to take copies of the photos that you took at the time of the first contract); secondly, you can read the meters together. This means you’ll also know where the meters are!

If things are not as they should be then you should tell the “*notaire*” about this as soon as you arrive for your appointment as this will need to be resolved before anything is signed.

■ Further facts you might regret not knowing!

1. **Being realistic about your purchase** - Don't let your heart rule your head.
2. **Do not be afraid to ask to see an agent's professional card**
 - Only use an agent that speaks good English and understands what the British buying in France need – it is vital that you understand the process in France, and what rights of way or “easements” may be attached to the property.
 - If you have any doubts ask to see the agent's professional card. Estate Agency “*Immobilier*” is a regulated industry in France (similar to how Financial Services are regulated in the UK). It is important that “*agents immobiliers*” are regulated as we do so much legal work, including the first sales contract. Attention to detail is essential at all stages for this, as well as knowledge of the French equivalent to conveyancing law. Asking to see the professional card might upset a few agents, but could weed out the unregistered property intermediaries... Remember estate agency in France is regulated to PROTECT YOU AND YOUR INVESTMENT.
3. **Planning permission : “*permis de construire*” and “*certificat d'urbanisme*” (the equivalent of outline planning permission).**

If you are buying a property that involves needing to seek planning permission of any sort make sure these are valid, as they have a limited shelf life (usually 1 year or 2 years) and must be renewed MORE THAN 2 months before they expire, otherwise you have to go through the whole process again with any new planning regulations that might have taken effect since the last planning permission was granted.

I know too many people who have bought in France having been told that they had planning permission, only to find out AFTER their purchase that either the agent misled them or they simply did not understand what level of planning is required in France, and the restrictions in special circumstances such as proximity to historic buildings or farm buildings.

4. **Using builders “artisans” or doing the work yourself**

In France it is rare to find a general builder. Each artisan has his special trade, and for larger works, a project manager, “*maître d'oeuvre*” usually oversees the project.

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The dilemma is whether to use an English builder or a French artisan. This is not something we can dictate on. Before engaging anyone, whatever nationality, ask to see examples of their work and, if possible, talk to their clients. There are many reasons why using British trades people is good, mainly those of communication. It is really difficult to convey detailed instructions in French.

Remember that fitting into French life and your local community is also about supporting local businesses. You can ask for recommendations, but also please be aware that an “artisan” must be properly registered in France. This can be verified by checking their “SIRET” number on the various websites listed in chapter 8. Don’t forget that the best tradespeople are often booked up, so it pays to be patient!

Of course this is where the “*maître d’oeuvre*” comes into his own - managing the work force and liaising with you. They usually take a percentage of the overall bill and I believe they are worth every cent. It is false economy to think you can manage a French work force yourself and when something goes wrong each will blame the other, for example, by not holding to the timetable. I have seen dire consequences of this and it can be very costly in the end in time and money.

Many British people coming to settle into Normandy are embarking on a new lifestyle and looking for a challenge. They find this in renovating the property they have just bought.

There are two main issues to consider when thinking about whether to renovate a property yourself or engage builders to do the job: capital gains tax and 10 year building guarantees.

Capital gains Tax *If you do the work yourself* you cannot offset the costs against any capital gains, “*la plus value*”, when you come to sell. *If you use registered tradesmen, “artisans”* with a “SIRET” number (Business registration number) this has two benefits:

- 1) If you use a registered tradesmen most renovation work is TVA (French VAT) chargeable at 5.5% instead of 19.6% (this is not a permanent situation and the French government will probably revert to 19.6% for all works at some stage).
- 2) You can offset invoices against *capital gains* for certain work in relation to the fabric of the building and certain fixtures.

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Whether you pay “*la plus value*” or not, and how much, depends on whether you have resident or non-resident status and whether the property in question is your principal residence or not.

If you are non-resident then capital gains tax is charged at 16%. The taxable gain is reduced by 10% per complete year of ownership after the 5th year of ownership so that by year 15 there is no taxable gain to tax! (Phew!)

If the property is your main residence there is normally no capital gains to pay.

If you are a French resident and the property is not your main residence the rules are different again and you pay 16% plus 12.1% CSG.



The “*devis*”

You should check all the implications of future capital gains before embarking on both your purchase and your building works.

Economising by doing the work yourself is not always a saving.

The “*devis*” or quotation is the start point if you decide to use a tradesman / craftsman. Do not cut corners by agreeing to works without a “*devis*” - it can end in tears. Unlike in the UK where you can often say “*Whilst you are here please would you mind fixing my*”, this will not work in France and a quotation is what it says it is and any works or parts provided outside the job quoted for will be billed for. Very often during a job your ideas change, or the builder hits on a snag. These are tricky from a quoting point of view and there have been some interesting court cases. So just be careful, and to return to my original theme, think carefully about using a “*maître d’oeuvre*” as they do reduce the problems in the long run.



When you sign a *devis* with an artisan ensure that you agree a reasonable completion date and ask them to include this on the *devis*.

Building Guarantees

There are 2 kinds of building guarantee insurances. “*La Garantie Décennale*” is a 10-year guarantee on new build work and major renovations. When you employ a company ensure that they have the required insurance - they should provide you with copies of their insurance papers.

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The second insurance is the “*dommage ouvrage*” - this covers the cost of making good works carried out in the last 10 years by a registered tradesman that would in theory also be covered by the “*décennale*”. The main advantage of the “*dommage ouvrage*” is that reparations can be made before the courts have decided who is responsible for the problem, which may take a long time.



If you undertake building works yourself or cannot provide details of the tradesman’s insurance you may be held personally liable, when you sell your house, for any problems as a result of work done, for a period of 10 years from when the work was carried out.

Building Regulations

Just as in the UK there are a multitude of building regulations, “*normes*” in France. For example, regarding electricity. In the UK we run on ring mains; these are illegal in France and the system of spurs in used. British wiring can be spotted a mile away and does not conform to French regulations. It’s not a question of what is better or worse, it’s just as it is. The implication of installing British wiring and methods of wiring are that they do not conform and if you were to have a fire in the house you may find that you are not covered for household insurance. It is worth checking with your insurer that everything is properly covered!

■ **And last but not least! Make a plan and prepare well**

Use this checklist for the early stages of the process



- Choose your geographical area
- Sort out what money needs you will have
- Source loan/ mortgage, ensure this is in place in principle before you start to look seriously
- Sort out inheritance issues
- Get your paperwork together
- Sign up to a foreign currency company to get the best exchange rate
- Open a French bank account
- and when you have done all that, you can start looking for your dream property!

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