

French Department



Talking your language...

DISCLAIMER

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I) INTRODUCTION: What we do

Kingsfords is a leading Southeast Law Firm offering a full range of bilingual legal services to national and international clients including:-

- Purchases and sales of existing or new-build residential property in France
- Pre-purchase advice and post-purchase issues
- Assistance in transfer of assets following divorce, relationship breakdown or death
- Assistance with cross-border family law issues including minor children or incapacity of adults
- Advice on French inheritance law, including French wills

Kingsfords Solicitors has a dedicated legal team, led by Paris-trained lawyer **Marie-Antoinette Bassini**. “We understand the pitfalls of the French legal system and specialise in assisting UK citizens who are purchasing or selling a property in France or who require assistance with other property-related matters”, she says.

Choosing a bilingual French lawyer in the UK to act on your behalf makes everything a little easier. The content and meaning of the contracts will be explained to you in English before you sign anything and you can rest assured that your best interests will be taken into account.

For more information about how the French Property team at Kingsfords can help you, please contact us by telephone on 01233 624545, by e-mail (mab@kingsfords.net) or visit our website at www.kingsford-solicitors.com

II) PURCHASING A PROPERTY IN FRANCE: THE MAIN STEPS

Purchasing a French property

Purchasing property in France seems a complex bureaucratic minefield, where mistakes could be costly: understanding the process, the documents and the legal system in an unfamiliar language can be frustrating and time consuming for a purchaser. Going ahead without specialist legal assistance can result in misunderstanding key legal issues, and potential future problems.

“The entire **purchase process in France** is different”, says Marie-Antoinette. “There is no ‘exchange of contracts’, as we understand it in the UK and the purchaser is committed to the acquisition much earlier in the process than they would be in England. It is important to take legal advice **before you sign any contract.**”

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The Notaire is the main player in French property law and in inheritance matters. Acting independently as a public officer of the French State, Notaires are at present the only lawyers able to carry out French conveyancing work. Kingsfords will liaise with the estate agent or the developer and with the Notaire, as necessary, to ensure that your interests are represented and reflected in both the “*Compromis de vente*” and in the final Deed of sale.

When the purchaser signs a *Compromis* in the case of an existing property or a Reservation Contract in the case of an off-plan property (“*Vente en l’état futur d’achèvement*”, or VEFA), he will be asked to pay a deposit to ensure that the property is taken off of the market.

Both of these contracts allow for a ten-day cooling off period during which the purchasers can change their mind and get their deposit back. The contracts may also contain a clause whereby if the purchaser’s mortgage application fails, the contract becomes void and the deposit is returned.

“Kingsfords Solicitors always ensure that the *Compromis* includes all the clauses necessary to protect our clients’ interests should they, for example, wish to extend or improve the property as a condition of their purchase,” says Marie Antoinette. “We also inquire whether there are any developments or projects planned in the area which may affect the purchaser’s enjoyment of the property or its future value”.

Once the ten-day cooling-off period has expired and the purchaser has not withdrawn, and provided all the conditions stated in the *compromis* have been fulfilled, the purchase will go ahead.

The purchaser can either travel to France to sign the Deed of Sale or you can sign a Power of Attorney in the UK and a member of the Notaire’s staff will represent you at the completion in France.

1. The Estate Agent (*Agent Immobilier*) and his Commission

French estate agents are subject to government regulations: an estate agent must be registered with the body governing the profession and his business registration number must be shown on all his business documents.

Since 1986, estate agents have been free to set their own fees for property sales. However, every estate agent must display a notice visible to the public, at the entrance to the office or in the window, which clearly shows the cost, including VAT at the French rate of 20%, of each of his services.

Since the estate agent is free to set his or her own fee, it can be worth negotiating on the fee, which can save you some money.

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The purchaser normally pays the estate agent's commission but it is advisable to check before proceeding that the sale price of the property you see advertised includes the commission or not. At completion, the total of the estate agent's commission must be shown to the client in the form of an invoice.

2. The “*Compromis de vente*”

The “*Compromis de vente*” is a contract by which two parties mutually commit – the vendor commits to sell the property and the purchaser commits to buy the property for a fixed price that is clearly set out in the contract.

Either the estate agent or the Notaire can draw up the “*Compromis de vente*”. It is normally valid for two to three months from the day the purchaser signs it. However, it is possible to extend or reduce the period of validity of this contract, if both parties agree and that the Notaire has sufficient time to obtain all the necessary documentation.

As the “*Compromis de vente*” is the contract, it is extremely important that you, as the purchaser, clearly understand what you are going to sign. If you decide to seek professional help with the legalities, it is best not to sign anything, especially the “*Compromis de vente*”, until your legal adviser has at least been able to peruse it and advise you on its terms.

Some Notaires prefer to draw up a “*Promesse de vente*” instead of a *Compromis*.

3. The ten-day cooling-off period

Day One of the ten-day cooling-off period is the day after you receive “notification of the sale”, which includes the “*Compromis de vente*”, signed by both parties and a letter advising the purchaser of the right to the 10-day cooling-off period. The notification may still be sent by signed-for recorded delivery post, but more often by a secure electronic notification method provided by a third party such as AR24, where the receipt of the notification is marked by clicking on a secure link in an e-mail. If the expiry date falls on a Sunday or a Bank Holiday, the cooling-off period is extended to the next working day.

Please note that when the purchaser signs the “*Compromis de vente*” in the estate agent's office, the ten-day cooling-off period will only run from the day when the purchaser receives the “notification of the sale” as above. The handing-over of the countersigned “*Compromis de vente*” by the vendor himself or by the estate agent, in exchange for a receipt from the purchaser does not trigger the ten-day cooling-off period unless this is expressly stated in the *Compromis* and agreed by all parties.

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However, when the *Compromis* is signed by both parties in the presence of the Notaire, Day One of the ten-day cooling-off period can be the day after the *Compromis* is handed to the purchaser by the Notaire.

4. Procedure for withdrawing during the cooling-off period

If the purchaser wishes to withdraw during this period, he must do so in the form of a recorded delivery letter, normally addressed to the Notaire or to the estate agent (this depends on what the contract provides). If there is more than one purchaser, withdrawal by one party nullifies the contract for all concerned. The letter must be received by (not sent by) close of business on Day 10.

5. The deposit

The deposit is usually 5% or 10% of the price (2% in the case of a Reservation Contract for a new build property) but can be less by mutual agreement, or waived altogether. It must be paid by bank transfer. The deposit can be held either by the Notaire or by the estate agent, in a non-interest-bearing client account. At completion, it will form part of the purchase price.

On no account should a purchaser pay the deposit directly to the Vendor. The purchaser could lose the deposit if the vendor was not fully entitled to sell the property. For example, the property could be owned by more than one person – perhaps the heirs of an original owner, as this is not uncommon due to French inheritance laws – or be the subject of a mortgage or loan.

6. The Suspensive Conditions

The purchase can be conditional on a number of conditions (the so-called “*suspensive conditions*”) being fulfilled.

The *Compromis* is always subject to a number of suspensive conditions of an administrative nature such as:

- The absence of any easements across the property
- Waiver by the local authority of any pre-emption right
- The absence of any charges or mortgages on the property

Other suspensive conditions could include:

- Obtaining of planning permission (“*permis de construire*”, literally “permission to build”)
- Obtaining of outline planning permission (“*certificat d’urbanisme*”) authorising, for example, a change of use of a farm building into a dwelling unit, or construction of a swimming pool

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- Obtaining of a mortgage or loan – you should be aware that this condition is always time-limited. Generally, you have 10 days from the signature of the “*Compromis de vente*” to make your application for a loan and send all the relevant documents to the bank. You should always ask the bank to give you an acknowledgement of the application
- 45 days to receive a loan offer from the bank (it could be 60 days)
- Sale of your house in the UK: while in principle it is possible to include this as a condition, it can be difficult to make a French vendor accept its inclusion. French estate agents and Notaires are also reluctant to include it in a “*Compromis de vente*”. If this condition be accepted, it will certainly be time limited, to avoid the sale of the property being held up for too long.

7. The Diagnostic Reports: “*Le Dossier de Diagnostic Technique*”

The purchase of property in France is becoming more and more regulated.

Under French property law as provided in the Building and Housing Code, the Public Health Code or the Environment Code, the Vendor must provide the Purchaser with a number of reports prepared by a qualified surveyor or surveyors. The requirement for a particular report depends on the type, age and location of the property (see details in the table below). These statutory reports, known as “*Le Dossier de Diagnostic Technique*”, are provided to the purchaser at the time of signature of the *Compromis de Vente*.

Subject of the Report	Type of property	Areas to be checked	Period of validity of the Report
Lead	Building used as a dwelling where planning permission was granted prior to 1st January 1949	Paintwork	Unlimited if no lead is found in the paintwork. 1 year if lead is detected
Asbestos	Building where planning permission was granted prior to 1st July 1997	Internal vertical walls and partitions, filling (insulation), floors, ceilings and false ceilings, conduits (pipes and down pipes)	Unlimited if no asbestos found, unless major demolition works are carried out. 3 years where some asbestos found
Termites	Property in a <i>Département</i> at risk of termites where the prefect has issued a decree requiring a termites survey at the time of a property transfer	Property with or without a building (i.e. building land or other types of land)	6 months
Gas safety	Dwelling with a gas installation more than 15 years old	Condition of all fixed appliances and pipe-work	3 years
Electrical safety	Dwelling with an electrical installation more than 15 years old	Internal installation from the main junction box to the sockets, switches and light fittings	3 years

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Drainage	Dwelling which is not connected to the Commune's mains drainage system	The whole drainage installation (usually a septic tank & runoff)	3 years
Statement on Risks and Pollution	Property located in an area covered by a plan for the prevention of risks	Property with or without a building	6 months
Energy efficiency	Building with a heating system	Energy consumption and greenhouse gas emissions	10 years
Dry Rot	Dwelling in an area defined by Article L 133-8 of the Construction and Housing Code	Property with a building	6 months

In addition to the Reports described in the above table, the Vendor must provide a "Measuring Certificate" (*Certificat de Mesurage*) and a Status Statement on the finances, when the property being sold is a Lot in an existing co-ownership property (*copropriété*). This applies mainly to apartments but can also apply to gated private housing developments.

The Surveyor must include evidence of his/her professional qualifications and current certification in the Report along with evidence that he/she has suitable insurance cover. The Surveyor must also provide information about the means used to carry out each survey and he/she must sign an "*Attestation sur l'honneur*" (sworn statement on his/her honour) which is included with the Reports.

The Purchaser acknowledges that he has been made aware of the content by initialling each report, and a copy of each applicable report remains attached to the Compromis and eventually to the final Deed of Sale at completion. The Reports form part of the sale.

8. Obtaining a French Mortgage

If you ask for a loan from a French bank, you will automatically be subjected to the Law of 13th July 1979 (*Scrivener's Law*), which is designed to protect non-commercial borrowers.

The main conditions are:

- The borrower has an eleven-day cooling-off period which starts from the date the loan offer is received by post
- The borrower has the benefit of a suspensive condition in the "*Compromis de vente*", allowing him to withdraw from the sale should he not obtain the necessary loan.

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Please note that the bank normally takes a mortgage on the property you are buying as security for the loan. This mortgage, which takes the form of a deed drawn up by a Notaire, must be registered at the *Conservation des Hypothèques* (the local Land and Mortgages Registry)

As well as the Notaire's fees for the sale, there will be Notaire's fees of 1.5 – 2% of the total amount borrowed, for preparing and registering the mortgage deed – you must include these in your calculations when working out how much the property will cost you to buy.

The Notaire will take charge of releasing the loan funds for the property purchase directly from the lender.

While we can if required help a purchaser to understand a loan offer (as an addition to our fixed price package) we cannot advise on the obtaining of a mortgage

9. Completion Date

The “*Compromis de vente*” gives the latest date by which the Deed of Sale should be signed.

Please note that any completion date in the *Compromis* is for guidance purposes only as, under the French legal system, there is no fixed completion date as there would be in England.

In France, completion will only take place when the Notaire has received all the information he requires, and any consents he requires to the sale from the local and any other relevant authorities. This means that you should not make travel plans to attend the Notaire's office or any arrangements to move into the property until the Notaire advises you of a definite completion date. This is particularly relevant if you are planning to move from a property in the UK to France.

10. Drawing up and signature of the “*Acte Authentique de Vente*” – the Deed of Sale

Kingsfords will review the Draft Deed of Sale as well as the attached documents and liaise with the Notaire, as appropriate, to ensure that the final Deed is accurate and that it reflects your inheritance requirements. You should ensure that the ownership of the property is accurately recorded in the Deed of Sale, because this will be the basis for the eventual sale of the property: the sale proceeds will only be paid to the registered owner/s.

Once signed, the Deed of Sale is registered at the local Land and Mortgage Registry in France, and becomes your Title Deed. You will receive an

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electronic Title Deed unless you specifically request a printed version. In advance of the Title Deed, you will receive a brief document (“*Attestation de vente*”) confirming that you have bought the property and the date of completion.

11. Power of Attorney for Signature in the UK

If the purchaser or vendor of a property is unable to attend the Notaire’s office for the signature of the Deed of Sale at completion, he can sign a “*Procuration*” (Power of Attorney) in the UK to give a mandate to a member of the Notaire’s staff to sign the Deed of Sale on his behalf.

The Notaire will require that the Power of Attorney is signed in the presence of suitably qualified lawyer in the UK, normally a Notary Public or Solicitor.

He may also require that the signed Power of Attorney be legalised by the Foreign, Commonwealth and Development Office (FCDO), who will emboss a slip of paper known as the “Apostille” to the document to certify that the document has been witnessed by a registered lawyer known to the UK government.

12. Notaire’s Fees

The purchaser should normally expect to pay Notaire’s fees and taxes that amount to approximately 7 – 9% of the purchase price for existing properties and 3% for off-plan properties. The fees and taxes are set by the French government and cannot be negotiated, unlike the estate agent’s commission.

13. French Inheritance Law and French inheritance taxes

The transmission to the heirs of any real estate property located on French territory is subject to French Inheritance Laws and French inheritance taxes. These are different to UK inheritance rules and taxes, and it is important to take them into account **at the time of purchase** of a French property to avoid problems for your heirs at the time of your death.

French Inheritance laws have been amended in recent years. While descendants (i.e. children and grandchildren) are still treated as compulsory heirs, known in France as “*héritiers réservataires*” (reserved heirs), the ascendants (i.e. parents and grandparents) are no longer considered as “*héritiers réservataires*” (reserved heirs). It is also possible for grandparents to make direct donations to their grandchildren during their lifetimes.

Changes in European Succession Rules: Since the adoption of the EU Regulation 650/2012 (Brussels IV) which came into effect on 17th August 2015, it is possible to elect to apply English Law to the transmission of French

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assets, by way of a nomination inserted in a French Will or in an English Will. While this gives greater flexibility in the transmission of French assets, because you will no longer be tied to the French “reserved heirs” rule, French Inheritance Tax will still be applied in the same way.

French inheritance tax rules favour surviving spouses, who pay no IHT. Other blood-related heirs, including the children, have an IHT-free allowance before inheritance tax is calculated on the balance: the amount of the allowance depends on the degree of relationship between the heirs and the deceased. Non-married partners, step-children and other relatives by marriage are entitled only to a very small IHT-free allowance.

Kingsfords will give you tailored inheritance advice on the basis of your personal circumstances and inheritance wishes, and will advise you on how your personal circumstances may be affected by the amended rules.

14. Structuring your purchase

When two or more people purchase a property in France the purchase may be structured in one of several ways. Kingsfords can advise you on how best to structure your purchase depending on your family circumstances and requirements.

(a) Purchase “*en tontine*”

This is approximately the equivalent to a “joint tenancy” under the English legal system, and can be used for a purchase by two or more people who may or may not be in a partnership, or who may or may not be related to each other. The effect is that – on the first death – the whole property devolves automatically to the surviving joint owner(s). This applies notwithstanding that the deceased has any heirs. The benefit is that a surviving spouse or partner owns the whole property outright, although you should note that a surviving “partner” (who is not considered as either a spouse or a blood relative for inheritance tax purposes) will be taxed at a flat rate of 60% on the value of the share with no IHT-free allowances. A surviving spouse is not liable for inheritance tax under present rules, and there are tax allowances that will be applied depending on the degree of relationship between the deceased and the surviving partner(s) in the Tontine.

(b) Purchase “*en indivision*”

This is approximately the equivalent to a “tenancy in common” in the English legal system. In France, this is the “default option”, which will be applied unless the purchasers ask the Notaire to make alternative provisions in the Deed of Sale. With an “*indivision*”, the co-owners each own a separate share in the property, which does not pass to the surviving joint owner(s) but falls under French inheritance rules. An “*indivision*” is not restricted to a married couple or cohabiting partners –

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it can be applied to a purchase by (for example) a whole family. The percentage shares of each co-owner are determined in the Deed of Sale; the shares do not have to be equal.

(c) Purchase via a Company

- Purchase by a “*Société Civile Immobilière (SCI)*” i.e. a French property company, or another form of French company such as a family SARL.
- Purchase by a UK limited company

This is a very brief summary and we would always advise prospective purchasers to take specific advice, applicable to their particular case, together with the advice of an accountant or a tax advisor, if it is proposed to purchase through a company.

15. French Property Taxes (these are the French equivalent of the UK's Council Tax)

“Taxe d’habitation” (Residence tax) which may or may not include a “Contribution audio-visuelle”, which is similar to a TV licence.

Who pays the “*taxe d’habitation*”?

This tax is due from **the person who is in occupation of the property on the 1st January each year**, either as the owner or as the residential tenant.

The amount due is calculated annually by the Commune. It is paid to the Commune as a financial contribution towards the use of communal facilities, and is calculated on the rental value of the property in relation to the district where it is situated. It also includes the French equivalent of the TV Licence fee.

A purchaser will not be liable for this tax during the year of purchase, but will be liable in subsequent years.

“Taxe Foncière” (Land Tax) which may or may not include a separate “*taxe d’enlèvement des ordures ménagères*”, i.e. a tax for the removal of domestic refuse

Who pays the “*Taxe Foncière*”?

The property owner pays this tax on every property each calendar year (1st January – 31st December), whether the property is a house, an apartment

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or even unoccupied premises. An owner who lets out property cannot make his tenants pay the *Taxe Foncière*.

If the property is sold during the year, the owner is responsible for the tax for the whole tax year, but the purchaser agrees to reimburse the Vendor for the tax pro-rata from the date of acquisition by the new owner to 31st December.

The tax is calculated by the local administration.

Income Tax and other non-property taxes

Kingsfords does not provide advice on general taxation or income tax: We recommend that you seek professional advice from a French tax advisor or accountant in respect of taxation.

Please note however that if you rent out your property in France or earn money from other sources, you become “*passible de l’impôt sur le revenu*” (i.e. liable for Income Tax) and you will fall under the control of the Centre des Impôts des Non-Résidents (CINR), 10, rue du Centre, 93160 - Noisy-le-Grand, France. Tel.: 0033 1 44 76 19 00 - Fax: 0033 1 44 76 19 90. E-mail: cinr.paris@dgi.finances.gouv.fr

For more information see the French government’s tax website: www.impots.gouv.fr

16. Buying off-plan in France, “*Vente en état futur d’achèvement*”

“*Vente en état futur d’achèvement*” or VEFA is a contract by which a purchaser becomes the owner in stages during the course of the construction of the property.

How VEFA works

- The Reservation Contract is signed by the vendor and the purchaser, with a ten-day cooling-off period in case the purchaser wishes to withdraw
- The Deposit – this cannot exceed 5% of the total price
- Once both parties have signed the reservation contract, it is sent to the Notaire by the developer.
- Signature of the Deed of Sale (completion) at the Notaire’s office.

Prior to the legal completion, the Notaire will send the purchaser the following documents by recorded delivery post:

- Draft Deed of Sale
- Co-ownership Rules
- Specification
- Plans

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When buying off-plan under French law governing “*Ventes en Etat Futur d’Achevement*” (sale of new build or off-plan properties) the purchaser has the benefit of five different guarantees:

- A *Garantie biennale* (2 year Guarantee)
- B *Garantie de parfait achèvement 1 an* (1 Year “Perfect Completion” Guarantee)
- C *Garantie decennale* (10 Year Guarantee)
- D *Garantie d’isolation phonique, 1 an* (1 Year Sound Insulation Guarantee)
- E *Garantie des vices apparents, 1 mois* (1 Month guarantee against obvious defects)

17. Proof of Identity and Residence

Under Money Laundering Regulations, Solicitors and Notaires must check the identity of their clients, which means that you will need to show your Solicitor and Notaire some form of personal documentation (usually a passport), as proof of identity. You must also show proof of residence and you may be required to show your birth certificate, marriage certificate, and death certificate or decree absolute where applicable.

18. Evidence of the source of funds being used for a Purchase

As in the UK, a Purchaser must provide evidence to the officiating Notaire of the source of any personal funds being used for a French Property purchase, in compliance with French money laundering regulations.

19. We offer a FIXED PRICE PACKAGE FOR PURCHASE OF RESIDENTIAL PROPERTY, consisting of the following:

- 1) General advice on the process of the purchase.
- 2) Liaison with the Estate Agent/Developer and Notaire on your behalf.
- 3) Report on the Contract (“*Compromis de vente*” or Reservation Contract) and advice on its contents and meaning, prior to its signature.
- 4) Examination of the draft Deed of Sale and advice on its contents.

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5) Advice on the implications of French inheritance law.

Our fee scale, based on the price including estate agent commission and Notaire's fee, is set out below:

Total Acquisition Cost	Our Professional Fees
0 – 100,000 Euros	£1750 (£2100 inc VAT)
100,000 – 250,000 Euros	£2250 (£2700 inc VAT)
250,000 – 350,000 Euros	£2750 (£3300 inc VAT)
350,000 – 500,000 Euros	£3500 (£4200 inc VAT)
500,000 – 1 million Euros	£4000 (£4800 inc VAT)
In excess of 1 million Euros	By negotiation

For a purchase in the name of a French company, e.g. a “*Société Civile Immobilière*” (SCI) or a “*Société à Responsabilité Limitée*” (SARL) we will provide a separate quotation for the additional work.

III) SELLING YOUR FRENCH PROPERTY

Kingsfords also provides advice for Vendors of French property, including liaison with the Notaire, guidance on Capital Gains Tax and ensuring that the sale proceeds are successfully transferred to the Vendor.

The steps applied to the sale of a French property are the same as those applied to the purchase of a French property but since the Vendor is giving up the responsibilities and liabilities of ownership, there fewer steps that affect the Vendor.

1. The Estate Agent (*Agent Immobilier*) and his Commission

As with a Purchaser, French estate agents are subject to government regulations: an estate agent must be registered with the body governing the profession and his business registration number must be shown on all his business documents.

Since 1986, estate agents have been free to set their own fees for property sales. However, every estate agent must display a notice visible to the public, at the entrance to the office or in the window, which clearly shows the cost, including VAT at the French rate of 20%, of each of his services.

Since the estate agent is free to set his or her own fee, it can be worth negotiating on the fee which can save you some money.

You should check the **net price due to the Vendor** with the estate agent at the time of signature of a Sale Mandate, to ensure that you understand the sale proceeds that you will receive. The advertised price for a property can

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include the agency commission in which case the Vendor pays the commission.

2. The “*Compromis de vente*”

As with a purchase, the “*Compromis de vente*” is a contract by which two parties mutually commit – the vendor commits to sell the property and the purchaser commits to buy the property for a fixed price that is clearly set out in the contract.

Either the estate agent or the Notaire can draw up the “*Compromis de vente*”. It is normally valid for two to three months from the day the purchaser signs it. However, it is possible to extend or reduce the period of validity of this contract, if both parties agree and the Notaire has had sufficient time to obtain all the necessary documentation.

As the “*Compromis de vente*” is the contract, it is extremely important that you, as the Vendor, clearly understand what you are going to sign. If you decide to seek professional help with the legalities, it is best not to sign anything, especially the “*Compromis de vente*”, until your legal adviser has at least been able to peruse it and advise you on its terms.

Some Notaires prefer to draw up a “*Promesse de vente*” instead of a *Compromis*.

Kingsfords will provide a summary report on the *Compromis* insofar as it affects the Vendor.

3. The Diagnostic Reports

The Vendor pays for these reports, which are for information of the Purchaser. The Vendor is not obliged to carry out any remedial work suggested in the reports: the Purchaser is acquiring the property “as seen”, including any “defects” mentioned in the reports.

4. The Purchaser’s ten-day cooling-off period

Only the Purchaser is entitled to a ten-day cooling-off period, Day 1 of which is the day after the Purchaser receives the “notification of the sale”, which includes the “*Compromis de vente*”, signed by both parties and a letter advising the purchaser of the right to the 10-day cooling-off period.

5. Purchaser who is seeking a loan

If your Purchaser is applying for a loan as a condition of the acquisition, the preliminary contract will include a “suspensive condition” to the benefit of the

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Purchaser: this will enable the Purchaser to pull out in the event that he fails to obtain the loan. For the Vendor, this means that it may take longer to reach completion (to allow time for the Purchaser to obtain the loan). It also means that the Vendor may not know until a few days before the completion that the loan is in place and that the sale can continue – or conversely that the loan application has been refused. In that event, the Purchaser can withdraw from the sale with no compensation due to the Vendor, and get his deposit back.

6. Completion Date

The “*Compromis de vente*” gives the latest date by which the Deed of Sale should be signed.

Please note that any completion date in the *Compromis* is for guidance purposes only as, under the French legal system, there is no fixed completion date as there would be in England.

In France, completion will only take place when the Notaire has received all the information he requires, and any consents he requires to the sale from the local and any other relevant authorities. This means that you should not make travel plans to attend the Notaire’s office for the completion (if you plan to attend) until the Notaire advises you of a definite completion date.

You must not agree to allow the Purchaser to occupy the property before the completion has taken place.

7. Drawing up and signature of the “*Acte Authentique de Vente*” – the Deed of Sale

The Deed of Sale is always drawn up by the officiating Notaire. As we do for the *Compromis*, Kingsfords will review the Draft Deed of Sale insofar as it affects the Vendor

Once signed, the Deed of Sale is registered at the local Land and Mortgage Registry in France, and becomes the Purchaser’s Title Deed.

8. Power of Attorney for Signature in the UK

If the vendor of a property is unable to attend the Notaire’s office for the signature of the Deed of Sale at completion, he can sign a “*Procurator*” (Power of Attorney) in the UK to give a mandate to a member of the Notaire’s staff to sign the Deed of Sale on his behalf.

The Notaire will require that the Power of Attorney is signed in the presence of suitably qualified lawyer in the UK, normally a Notary Public or Solicitor. He

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may also require that the signed Power of Attorney be legalised by the Foreign, Commonwealth and Development Office (FCDO), who will emboss a slip of paper known as the “Apostille” to the document to certify that the document has been witnessed by a registered lawyer known to the UK government.

9. Capital Gains Tax (CGT)

When you sell your property in France, particularly if this is not long after you have bought it, you should bear in mind that you will be subject to **Capital Gains Tax (charged on the “profit” you make on the sale)**, unless it is your main residence. The CGT is due in full for the first five years of ownership, and reduced for each subsequent year (taper relief). **No CGT is due on the sale of a property owned for more than 30 years.**

If the property was constructed less than 5 years before it is resold, the Vendor must also pay VAT on the sale price at the rate of 20%.

If the sale price is in excess of 150,000.00 Euros and the Vendor lives outside the EU, the officiating Notaire must appoint a Fiscal Representative to prepare the CGT declaration.

10. Outstanding loan secured on the property

If there is a loan (mortgage) secured on the property, the vendor is also responsible for the mortgage release fee, charged by the Notaire: the fee is based on the amount originally borrowed, not on the balance of the loan remaining at the time of the sale.

11. Proof of Identity and Residence

Under Money Laundering Regulations, Solicitors and Notaires must check the identity of their clients, which means that you will need to show your Solicitor and Notaire some form of personal documentation (usually a passport), as proof of identity. You must also show proof of residence and you may be required to show your birth certificate, marriage certificate, and death certificate or decree absolute where applicable.

12. We offer a FIXED PRICE PACKAGE FOR THE SALE OF RESIDENTIAL PROPERTY IN FRANCE which consists of:

1. General advice regarding the process of the sale.
2. Liaison with the local Estate Agent marketing the property on your behalf (if required).

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3. Liaison with the Notaire to officiate in the sale.
4. Report on the **Compromis de vente** insofar as it affects the Vendor
5. Liaison as required with the Fiscal Representative for sales by non-residents of property valued at 150,000.00 Euros or more
6. Liaison with the Notaire for the transfer of the proceeds of the sale to the Vendor's bank account

Property Price	Our Professional Fees
0 – 500,000 Euros	£2250 (£2700 inc VAT)
500,000 – 1 million Euros	£3500 (£4200 inc VAT)
In excess of 1 million Euros	By negotiation

Where the property being sold is part of a co-ownership development (apartment block, gated estate, etc.) there is an optional supplementary fee of £500.00 + VAT if advice and liaison is required in respect of the Syndic (management company).

For a sale where the owner is a French company, e.g. a “*Société Civile Immobilière*” (SCI) or a “*Société à Responsabilité Limitée*” (SARL) or a UK company rather than an individual, there is a supplementary fee of £750.00 + VAT for the additional work.

IV) OTHER FRENCH LEGAL SERVICES OFFERED BY KINGSFORDS

In addition to assisting with the Purchase and Sale of French property, Kingsfords French Department can advise you, **at our hourly rate of £275.00 + VAT**, on the following:

- **French Inheritance and Succession issues**, including tailored advice in relation to your personal circumstances and requirements about the transmission of your French property in the event of your death. We also advise on French Wills and the storage and registration of French Wills on the French Central Registry of Wills.
- **The “*Déclaration de Succession*” (the French equivalent of Probate):** a French Notaire must carry out the probate process relating to the transmission to the heirs of a French property, following the death of the owner/s. We can assist by liaising with the Notaire, explaining the various *Succession* documents, and arranging for the heir/s to sign Powers of Attorney in the UK, so that they do not have to attend the Notaire's office to sign the documents in person.

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- **Property Transfer** following relationship breakdown or divorce, including liaison with the officiating Notaire in respect of the Transfer Deed that must be drawn up and signed for the transfer of ownership to the spouse or partner who has been attributed the French property as part of a Financial Settlement Order.
- **Property issues** including hand-holding service for problems with the French administration and with utility suppliers

V) CONTACT DETAILS

To obtain further information about any of the services mentioned in this brochure, please do not hesitate to contact us by telephone, e-mail or post.

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