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BUYING PROPERTY IN PORTUGAL

Gabrielle Collison

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PRAISE FOR THIS BOOK

Gabrielle Collison's Buying Property In Portugal is a must-read. Gabrielle's first hand experiences and knowledge of what could happen will be of tremendous value to anyone thinking of buying a property in Portugal. She points out the pitfalls and provides advice that could help avoid costly mistakes.

Patricia Gilbert
Assistant Vice President, Citigroup, London

Even with my forty years of experience working in and around the U.S. and Canadian real estate markets, I found Gabrielle's expertise and common sense vital in safely negotiating the mine fields of the Portuguese system. Her understanding and ability to explain the bureaucratic process, business culture and language enabled me to buy and build my dream home in the Algarve. This book is a must read to help you do the same.

Costa Michael Minnemeyer
Retired Californian Architect

Wise words from a wise woman - an indispensable guide to buying a property in Portugal.

Simon Pownall
Owner of Expats Portugal, www.expatsportugal.com

A must for anyone considering buying a property in Portugal. A very logical guide containing cautionary case studies. Following this book's advice should hopefully ensure a positive outcome.

William F.C.Cantello, West Sussex
Member of the Chartered Institute of Builders,
Member of the Royal Institution of Chartered Surveyors & County Councillor (retired)

It would be a very foolish person who purchased a property in Portugal without reading this excellent guide, that tells you the things that other publications do not!

Phill Gilbert
Kiss FM's Straight Talk Presenter, Algarve

CONTENTS

PRAISE FOR THIS BOOK
CONTENTS

INTRODUCTION 1
DON'T BE SO TRUSTING 5
CASE STUDY: FROM BAD TO WORSE 7
RELOCATING 11
THE BUYING PROCESS AT-A-GLANCE 17
OFF-PLAN, NEW BUILD, RESALE OR SELF-BUILD 21
OFF-PLAN 21
NEW BUILD 23
RESALE 24
SELF BUILD 25
LOCATION 27
COUNTRYSIDE 28
VILLAGES 29
COAST 30
TOWNS & CITIES 32
REGIONS OF PORTUGAL 33
COSTA VERDE 35
MONTANHAS 37
COSTA DE PRATA 38
COSTA DE LISBOA 40
PLANÍCIES 42
ALGARVE 44
MADEIRA & THE AÇORES 47

REAL ESTATE AGENTS & VENDORS 51
CHECKING OUT PORTUGUESE AGENTS 51
CHECKING OUT UK AGENTS 53
CHECKING OUT PRIVATE VENDORS 55
OTHER CHECKS YOU SHOULD CARRY OUT 55
CASE STUDY: SURPRISE DEVELOPMENT 59
BUILDERS & ARCHITECTS 61
CHECKING OUT YOUR BUILDER 61
CHECKING OUT YOUR ARCHITECT 64
RECOMMENDATIONS 65
TRANSLATION & SUPERVISION 65
BUYING FROM A BUILDER & BUILDING CONTRACTS . 67
PAYING BUILDERS & ARCHITECTS 69
BUILDERS & LEGAL ADVICE 70
CASE STUDY: AWOL BUILDER 71
PROFESSIONAL LEGAL ADVICE 73
TYPES OF REPRESENTATIVE 73
DOING YOUR OWN CHECKS 75
SELECTING YOUR LEGAL REPRESENTATIVE 76
WHAT YOU SHOULD EXPECT 77
PROMISSORY CONTRACT 79
POWER OF ATTORNEY 80
FINAL DEED 81
WHAT YOU SHOULD RECEIVE 83
COMPLAINTS 84
CASE STUDY: BAD DEEDS 85
MORTGAGES & OFFSHORE BUYERS 89

WHAT'S WHAT 95
LAND REGISTRY – CONSERVATÓRIA DO REGISTO PREDIAL 95
NOTARY - CARTÓRIO NOTARIAL..... 97
TAX OFFICE - SERVIÇO DAS FINANÇAS..... 100
HABITATION LICENCE, PRE-1951 CERTIFICATE & FICHA TÉCNICA DE HABITAÇÃO 103
UTILITIES..... 104
SWIMMING POOL LICENCES 109
MAPS..... 110
CASE STUDY: UNPROFESSIONAL CONDUCT 111
CONDOMINIUMS 113
TOP TEN BUYING TIPS 115
SELLING A PROPERTY.....117
RENTING.....125
RENTAL LICENCE 126
SHORT-TERM RENTAL 128
LONG-TERM RENTAL..... 129
RESIDENCY 135
VISITS..... 136
INITIAL RESIDENCY CERTIFICATE 136
PERMANENT RESIDENCY PERMIT 137
TAX IMPLICATIONS..... 137
ABOUT GABRIELLE.....139
APPENDIX 141
IMT (PURCHASE TAX) 2007..... 141

INTRODUCTION

If you're thinking of buying a property in Portugal and want to get things right first time – then this straightforward little guide has been written for you.

But why should you take my advice and how does this book differ from all the other stuff you could read? Well to find out, read on…

My parents bought a property in Algarve in 2000, which inevitably meant that I began spending more and more time in Portugal.

Due to the fact that I love learning languages and had already learnt Spanish, French and some Italian, I picked up a working knowledge of Portuguese fairly quickly.

On hearing that I was conversant in the language, many non-Portuguese-speaking friends started asking me to do them small favours.

While doing these favours, I've visited more than my fair share of local government departments, authorities and businesses to sort out problems surrounding their property purchases.

I soon began to realise that a large number of my friends had been caught out by their lack of knowledge of the bureaucracy, and their unfamiliarity with the

language. Several of them had also been far too trusting.

Little by little, I learnt all about property documents and the processes, and complications, involved in buying a property in Portugal.

I started to write about the potential pitfalls on various Internet forums and my reputation for being fairly knowledgeable soon spread.

Other people started to contact me for help and advice and I was invited to appear on Kiss FM's Straight Talk with Phill Gilbert; a phone-in radio show in Algarve.

Helping people has not been without its irritations and problems however. By being inquisitive, probing and asking "too many" questions of various professionals and authorities, I have, at times, been stonewalled, ridiculed and even threatened! This has not put me off, however, and writing this book seemed to be the logical next step and provides me with a way to help even more people navigate the Portuguese property market.

Now, I will warn you - this book is not your typical "Buying Abroad" book.

I've taken a somewhat cynical perspective on the whole subject and I make no apologies for this. I feel some level of "negativity" is healthy in order to

balance out the “rose-tinted spectacle” stuff you’ll get elsewhere.

Plus, this book isn’t written to encourage you to buy a place in Portugal. If you’re already keen on Portugal then you don’t need me to persuade you – you just need to know what you have to do next.

There are many other books out there giving travel advice on Portugal but my aim is to give specific, and hopefully streetwise, advice that might just save you a lot of time and a little money in the process.

This book will help you get your “thinking cap on” about buying a property in Portugal and the things you should check for yourself, whether you use legal representation or not.

While I’m on the subject of legal representation, let me just make something clear. This book is not in any way advising you to shun legal advice and go it alone when buying property in Portugal. Unfortunately, mistakes can still be made despite doing exhaustive checks and searches. However, by using reputable, independent, legal advice alongside doing your own thorough checks, this will no doubt lessen your chances of running into problems.

It should also be noted that things change quite frequently in this area, so whilst I have endeavoured to make this book as accurate and up to date as possible,

there might be small changes to websites and regulations.

The best advice in relation to buying a property in Portugal, or in any country in the world come to that, is only do as you would be happy to do back home.

Do not worry about appearing difficult or demanding and do not feel embarrassed to keep asking as many questions as you wish. Buying a property is obviously very expensive and a potentially risky business.

If you do not take precautions and fail to investigate thoroughly, you could end up paying dearly further down the line.

I hope this book serves as a practical and reliable resource when buying property in Portugal and I wish you *Boa Sorte* (Good Luck)!

Gabrielle Collison

IMPORTANT

Whilst all of the information in this guide was as accurate as possible at the time of first publication things do change. Please check for major updates at…
www.nativeportugal.com/book-updates

DON'T BE SO TRUSTING

Up until recently, 1974 in fact, Portugal was under a tightly controlled, fascist regime.

However, despite being a democratic country for over two decades now, old attitudes and ideas still linger and seem to be only very slowly dying out.

During the fascist era there was an atmosphere of fear.

People kept things very much to themselves and families stuck closely together.

The government was seen as the enemy and the average person was frightened of officialdom.

Nepotism and cronyism were normal and sometimes, whole families controlled municipal councils and certain jobs. Corruption was rife with a heavy controlling bureaucracy.

Sadly, things haven't really changed all that much in many ways and these factors, together with rampant tax evasion, according to a recent World Bank report, are still holding Portugal back from competing with the rest of Europe.

It also seems to be the opinion of many Portuguese people I have met and chatted to over the course of my time in Portugal.

On the face of it the Portuguese people seem very welcoming, friendly and accommodating to foreigners and this is true to a large extent. However, one must also bear in mind that many areas in Portugal, for example, Algarve, only survive due to tourism and property development. Therefore, a smiling, welcoming face may not always be genuine.

Both Portuguese and fellow nationals, who profess to be your good friend, may later on show themselves to be anything but and seemingly charming people may turn out to be nothing more than polished actors.

The lure of the Euro sign can be just too much for some people and if there is a chance to make money at your expense then it might well happen. This is a sad fact of life in any country and Portugal is no exception so don't let your guard down for a minute!

Never let anyone else, including "professionals," take control of your life and your finances without first checking them out thoroughly and obtaining independent references.

I have far too often heard the words, "But they seemed so nice" uttered from the mouths of duped foreigners. Please, be careful!

CASE STUDY: FROM BAD TO WORSE

Mr M., a retired, divorced gentleman, decided to buy a property in Portugal.

He found an area he liked and started visiting several real estate agents.

He approached one with a high street shop front advertising various properties.

The sign outside the shop displayed an *AMI Nº.*

However, he did not bother to check whether this registered number being displayed was valid or not.

The owner of the real estate agency befriended Mr M., offered him a place to rent while he was property hunting and within a few weeks managed to find him a small, rural property to view.

Mr M. loved it, and without even seeing a portfolio of the property, or engaging any legal representation, he agreed to buy it and sign a promissory contract.

The promissory contract was not notarised, but simply signed at the real estate agent's office and Mr M. handed over a large deposit of 20%.

However, there were some snags.

The property did not have a habitation licence, or a pre-1951 certificate and, therefore, Mr M. could not legally buy it or live in it.

Mr M. agreed in the promissory contract that he would make the necessary changes to the property (with the owners' permission) in order to obtain a habitation licence from the local council and buy it. He also agreed to make a further two stage payments before handing over the final payment on the day of the deed signing.

By chance, a few weeks later, Mr M. met another expatriate in a café and they got talking. The woman, who knew quite a bit about buying property in Portugal and spoke Portuguese, was disturbed by what she heard and offered him some assistance.

She gathered some documentation for the property from the local authorities and then introduced him to a reputable lawyer.

The lawyer was equally concerned by Mr. M's foolishness but felt that she could help him in getting the property legalised and purchased in his name.

She requested a visit from the local council's planning department in order to see if gaining a pre-1951 certificate would be possible without the need for the works and subsequent habitation licence.

A deed signing could then be effected as soon as possible. She also told him not to hand over any more money to the agent. The expat he'd met offered to translate and, after a visit from the local council, it was agreed that the property was old enough to warrant the issue of a pre-1951 certificate and one was sent to the lawyer.

However, in the meantime, Mr M. who was keen to start some renovation works to the property, asked the agent to recommend a local builder.

Due to the fact that he was travelling back and forth on a regular basis to the UK, Mr M. also left the agent in charge of the works and for paying the builder and gave him the further two stage payments.

On returning from each of his visits, he was dismayed to see how slowly things were progressing. He spoke to the builder direct who informed him that the real estate agent had been slow in paying him and in fact, still owed him money. He advised that he would not be completing the works until he had been paid!

The lawyer was devastated that Mr M. had disregarded her advice, especially as it had transpired that the real estate agent was not legitimate and the *AMI Nº* he had displayed did not even exist.

Around this time, the agent closed his business and disappeared on holiday. The lawyer approached the owners' of the property and whilst they appeared to want to proceed with the sale and sign the final deed, they would not do so until they had received the money from the real estate agent.

The lawyer made contact with a member of the agent's family, and eventually he returned to Portugal and made several promises to hand over the money to the owners.

At the time of writing, Mr M. is still waiting for the payment to be made so that he and the owners can sign the final deed and the title can be transferred into his name. The works have also stopped without a kitchen being installed.

The last stage could be a lengthy legal process against the real estate agent, who shouldn't have been selling properties in the first place.

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you to our growing community!