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Contact us !

# INSTRUCTION MANUAL

Real estate purchase in France for  
foreigners and non-residents.





# PREAMBLE



We have designed this document to guide you through the process of buying a property in France.

We know from experience that it is not easy to buy a property when you do not live in France or when you do not speak the language (French people are not always very comfortable with foreign languages)

Iddyl mission's is to assist you during the whole buying process



# OVERVIEW



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# INTRODUCTION TO IDDYL REAL ESTATE

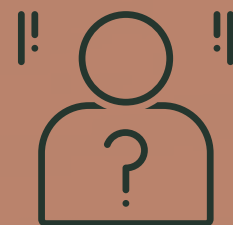




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# Who are we ?



Iddyl is a real estate agency specialized in the assistance of foreigners and non-residents during their real estate purchase project in France.

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Whether you are looking for an apartment in Paris, a house on the French Riviera or a farm in the Bearn region, our English speaking real estate agents will meet your expectations.

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In addition to taking care of your home search from start to the end, we'll put you in touch with English-speaking financing specialists for your mortgage and help you with the paperwork.





# How do we work ?

## The 7 steps

### ***We get to know each other***

During a first meeting we define together your purchase project. The real estate agent then studies the feasibility of your project and advises you.

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### ***We sign a search agreement***

You entrust Iddyl with your real estate search, we determine your criteria concerning the search for the property and study your financial plan.

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### ***Housing search and your choice***

After a thorough study of the local market, a contact with local real estate agencies and our network. The real estate agent comes to the property to make the first visits.

As he knows you, he shows you only the properties that are likely to interest you in photos and videos. Your search is optimized and you have only one English speaking contact. You do not waste your time visiting properties with hidden defects.



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# How do we work ?

## The 7 steps



### *Visits to the chosen accommodation*

Once we have selected together the best properties for you, you go to visit them. The real estate agent will have previously analyzed the positive and negative points of the different properties.

He will also have checked the technical diagnostics and the environment of the property in order to secure your project.

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### *Purchase offer*

The real estate agent will advise you on the best strategy to adopt during the negotiations according to the real estate market in the area, the rareness of the product...

The real estate agent will take care of the negotiations.





# How do we work ?

## The 7 steps



### *The signing of the sales agreement*

Once the offer is accepted, we sign the preliminary sales agreement which commits the seller and the buyer. Conditions precedent can be added such as obtaining financing. We choose a notary who will take care of the administrative formalities with the real estate agent.



### *The signature of the act at the notary*

This last step makes you the owner of the property. It is possible to sign the compromise at a distance by giving power of attorney to the real estate agent if you cannot move.

( We will come back to step 6 and 7 in more detail  
when we explain the purchasing process (p27 - p31) )





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# Why you should choose us ?



Iddyl is 100% on the buyer's side, you have only one interlocutor, a real estate agent speaking English and Spanish and being specialized in the sale for foreigners and non-residents.

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You benefit from the knowledge of a real estate agent who knows the French real estate market and the area in which you wish to buy. He will also help you with the administrative process.

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We work with many local real estate agencies, so you don't have to waste your time shopping around for a real estate agent who rarely speaks English.

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You optimize time in your search for housing. We take care of the first visits and make a selection of properties that will be likely to suit you. You will also gain in reactivity by not missing out on new homes freshly put up for sale.



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# Why you should choose us ?



You will avoid many return trips to France and the real estate agent will be able to advise you during the negotiation of your future property and thus save you money.



We introduce you to English speaking bank brokers who will negotiate the best financing for you.







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# Our price



Iddyl is only paid if your project becomes a reality. The fees are 3% of the purchase price net seller.

3%

The background of the slide is a composite image. On the left, a tall window offers a view of the Eiffel Tower in Paris. On the right, a glimpse into a well-lit, elegant interior shows a hallway with a wooden door, a coat rack, and a staircase. The entire slide has a blue geometric overlay at the bottom.

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# HOW TO BUY A PROPERTY IN FRANCE ?





# Your situation and administrative documents



Compared to other countries, it is easy to invest in real estate in France whether you are a citizen of the European Union or not. Indeed, France does not impose any restrictions on the purchase and sale of property to foreigners. You will only need :

- Your passport
- Birth certificate issued by your country of origin
- Marriage certificate and/or proof of divorce (or death certificate if your husband/wife is no longer living).
- A bank account in France is not mandatory but is strongly recommended. If you ask a French bank for financing, the bank will ask you to open a bank account in France.

Moreover, the bank account opened in France will allow you to pay the current expenses of your future home (electricity, water, property taxes)

(According to your project, Iddyl will advise you on the documents to send to the French authorities.)



# Residence status once the property is purchased and visas



The purchase of a property in France does not give you the right to obtain a residence permit in France.

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Depending on your nationality different options are available to you, Iddyl's real estate agent will be able to inform you but in general terms :

If you are a citizen of the European Union, you do not need to give any proof, you are free to move within the Schengen area.

Please note that if you reside in France for more than 183 days per year, you must contact the tax authorities because France will become your country of residence.

If you are not a citizen of the European Union, you must apply for a "short stay" visa that will allow you to stay in France for a maximum of 90 days.





# Residence status once the property is purchased and visas



The "long stay" visa corresponds to a stay of more than 3 months to 1 year. This visa is granted by the French consular authorities. It is usually issued for study, work or family reasons.

Several types of long-stay visas exist, depending on the reason for the stay, its duration and the intention to apply for a residence permit to settle permanently in France.





# Movement of funds and succession

The acquisition of a property in France by a non-resident will lead to significant transfers of funds, transfers that are subject to verification by French banks and credit institutions as part of the fight against money laundering.



In case of the buyer's death, the property is not subject to French law. Indeed, since August 17, 2015, it is no longer the law of the location of the property that applies in matters of inheritance, but only that of the country of residence of the purchaser. It is therefore the purchaser who will notify the persons who will inherit as well as the amount of inheritance tax to be paid.



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# TAXES IN FRANCE AND EXPENSES RELATED TO THE PURCHASE AND SALE





# The tax on real estate wealth (IFI)

If you do not stay more than 183 days per year in France you will not have to declare your income in France. Indeed, as a non-French tax resident, you are not liable to general French wealth tax.

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However, non-resident and resident buyers who own real estate assets in France worth more than 1.3 million euros will have to pay the IFI (tax on real estate wealth)

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It should be noted that most individuals who move to France will benefit from an exemption from real estate wealth tax for the first five years of residence.

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You must then study the legislation applicable in your country of residence: Is there a real estate wealth tax? What is the tax threshold? What assets are concerned?

If there is such a tax and the property is also likely to be taxed in your State of residence, you should refer to the applicable tax treaty





# The tax on real estate wealth (IFI)

Most tax treaties for the avoidance of double taxation on wealth tax provide that taxation is allocated to both States:

- the state where the property is located, France, taxes first, and then
- the State of the owner's residence imposes the second tax by eliminating the double taxation by granting a tax credit.



The IFI is paid on a sliding scale from 0.5% to 1.5% of the total relevant assets you own in France. You can deduct expenses from your real estate holdings in France such as loan interest.

Calculation scale for 2023 is the following :

ASSET RANGE	TAX RATE
Lower than 800 000€	0%
From 800 000€ to 1 300 000€	0,50%
From 1 300 000€ to 2 570 000€	0,70%
From 2 570 000€ to 5 000 000€	1%
From 5 000 000€ to 10 000 000€	1,25%
More than 10 000 000€	1,50%



# The tax on real estate wealth (IFI)



If you own real estate worth €1.3 million, your IFI will be calculated on the bracket between €800,000 and €1.3 million, so €500,000, at the corresponding tax rate, i.e. 0.5%, i.e. according to the €2,500/year scale.

Another example, if your real estate assets amount to 2 million euros here is the calculation method.

ASSET RANGE	TAX RATE	AMOUNT IFI
From 0 to 800 000€	0% * 800 000€	0€
From 800 000€ to 1 300 000€	0,5% * 500 000€	2 500€
From 1 300 000€ to 2 000 000€	0,7% * 700 000€	4 900€
Total amount IFI :		7 400€

(Iddyl will put you in touch with an accountant in France in order to optimize your declaration if you exceed the IFI threshold.)





# Property tax



The property tax is a tax that must be paid by the owners, whether the property is your primary residence, a second home or rented to a third party.



The real estate agency Iddyl will inform you about the property tax of the real estate, this tax is more or less high, it is calculated thanks to the location of the property, the size of the "built" (house / apartment) and the "unbuilt" (land).





# Housing tax

The habitation tax for primary residences will be abolished by 2023. The habitation tax for secondary residences will be maintained.

The taxe d'habitation is calculated as a percentage of the theoretical annual rent of the property.



Iddyl will inform you about the amount of the housing tax during the search.





# Co-ownership expenses

If you buy an apartment, you will pay condominium fees which are paid by all the owners of the building in order to carry out the annual works, to pay the maintenance of the common parts, the elevator...





# Taxes on rentals

Expect to pay 20% of your income. However, if your country of residence has a double taxation agreement with France, this tax can be offset against your national tax liability - you won't have to pay twice.

◇ — ◇  
You can deduct your expenses such as loan interest, property tax, condominium fees...

◇ — ◇  
It can be interesting to rent your property for a few weeks during the year in order to make your investment profitable.





# Costs related to the purchase

## ***Notary fees***

Notary fees are payable only once when you buy your property in France. They represent between 7 and 8% of the price of the property in old buildings and 2 to 3% for new buildings.

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## ***Real estate agency fees***

The real estate agency fees are freely fixed by the real estate agencies. In France it is the seller who pays these agency fees. They are reflected in the selling price of the property.

They are between 3% and 7% of the net selling price of the property.

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## ***The cost of a real estate loan***

The total cost of your real estate loan will depend on your contribution, the duration and the interest rate obtained for the same loan amount.

French banks offer very competitive interest rates compared to other European Union countries. They are close to 3% interest per year in January 2023.

It is also possible that if you choose the services of a broker, you will be charged a brokerage fee. However, it may be worthwhile to use a broker who will get you the best financing and save you money on the interest rate of the loan.





# Costs related to the purchase

## *Iddyl fees*

Iddyl is only paid if your project becomes a reality. The fees are 3% of the purchase price net seller.

We believe that through our market expertise, possible negotiation on the amount of your purchase, optimization of your time and money you will save up to 5% of the total amount of your investment.



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# THE REAL ESTATE LOAN



# The conditions of obtaining

In France, the banks have criteria that are linked to both the country of residence and the type of working contract.

If you are a non-resident and you have a French contract of secondment abroad, you are considered as a French resident in the risk grid of the banks. It is then much easier to borrow.

The second case, which is the most common, is that of the non-resident who has signed a local contract. The banks will be careful and look at the company the non-resident works for. The bigger and better known the company is, the more the bank will accept to finance.

If the non-resident is self-employed or an entrepreneur, no matter how much he or she earns, it will be difficult to find a bank that will agree to finance the project.

Iddyl will put you in touch with real estate mortgage specialists in France.





# Loan amount and term

You can borrow up to 80% of the value of the property excluding notary fees, although some banks offer less favourable terms to non-residents, limiting the loan-to-value ratio to 50%.

Generally, they limit the total mortgage debt (including anything already owed on a primary residence) to 33% of income.

The most common home loan in France is the long-term, fixed-rate loan. This is one of the best home loan markets in the EU - currently a 20-year fixed rate loan can be granted at around 3% in January 2023,

In France the sales contract (compromis de vente) must be signed before the loan can be granted - not the other way around



# Mortgage and credit insurance



The bank, after having studied the feasibility of your project, will propose you either a loan insurance or a mortgage on the real estate that you will buy.



## ***The insurance on the real estate loan***

The "privilège de prêteur de deniers" is an insurance for the repayment of the real estate loan. It has the advantage of being less expensive than a mortgage (you will save about 0.7% of the amount borrowed). A French bank can grant you an insurance if you already have assets in France or if you are a resident.

The bank may ask you to undergo medical examinations

A prepayment fee will be charged if you wish to pay off the loan early.







# Mortgage and credit insurance

## *The mortgage of the purchased property*

The second option in order to guarantee the repayment of the loan is that the bank makes a mortgage on the property that you are going to acquire. This option is very frequently chosen by the bank for foreigners or non-residents.

The mortgage is more expensive than the loan insurance but it is this option which will be chosen in order to guarantee to the bank that you will pay the totality of the credit and the expenses of anticipated refunding.

Finally, it is not uncommon for the bank to ask you to open a bank account with a minimum of 24 months of monthly credit payments, including interest. This capital can be blocked by the French bank.

( Do not hesitate to contact banks in your country of origin to compare the different offers. )



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# PURCHASING PROCESS





# The sales agreement

Once the offer to purchase has been accepted, we will sign the preliminary sales agreement at the notary's office or at the real estate agency.

The preliminary sale agreement allows you to formalize your approach, it is a mutual commitment. Indeed, the seller and the buyer commit themselves in the sale process.

The agreement contains the obligatory diagnoses, it makes it possible to determine the time until the final signature of the sale at the notary's office (notarial act). The signature of the notarial act is generally done 3 months after the signature of the agreement.

A security deposit may be requested, it is not mandatory but it is generally requested by the seller. The amount of the deposit is compromised between 5% and 10% of the price of the property.

The security deposit can be recovered by the buying party in case of withdrawal during the authorized period or non-fulfillment of the suspensive conditions.

Once the preliminary sales agreement is signed, the buyer has legally 10 days to retract. The buyer does not have to give any reason. If he withdraws, the deposit is fully refunded.



# Suspensive conditions

The suspensive conditions are mentioned in the sales agreement, they allow to protect the seller or the buyer. If one of the suspensive conditions is not fulfilled, the agreement is cancelled.

The suspensive conditions can be:

- Obtaining a real estate loan (refusal in at least 3 different banking establishments)
- The realization of a real estate sale in progress.
- Obtaining a building permit
- The absence of an easement (right of way)

In case of withdrawal of the buying party while the suspensive conditions are realized, the buyer will lose the amount of the deposit.





# The signing of the deed of sale

Once the loan is granted by the bank, you will have an appointment with the notary to finalize the purchase of your home.

In the presence of the seller and the buyer, the notary reads the deed of sale, you sign the pages of the deed of sale and you then own your home.

It is possible to sign the compromise remotely by giving power of attorney to the real estate agent if you can not attend.

You will receive the deed of sale within 6 months after the notary has made the change of ownership at the town hall. The notary will also pay you any overpayment of his fees.

# RECAP OF THE STEPS

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We get to know each other

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We sign a search mandate

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The search for accommodation and your choice

4

Visits to the chosen accommodation

5

The purchase offer





# RECAP OF THE STEPS

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The signing of the sales agreement

Acceptance of real estate loan

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The signature of the act at the notary office

CONGRATULATION YOU ARE AT HOME !

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