

Buyer's Guide

Useful information for buyers

1. Choose the type of real estate that you would like to buy.

- Think over carefully what are the present and the future needs of your family, as well as the budget that you have at your disposal to finance the purchase;
- Make a list of the most important features of the real estate that you would like to buy, taking into account the present and future plans of your household;
- Define the features that you consider vital and the ones that you might be inclined to compromise with;
- Decide what would be the most adequate number of premises, as well as the type of residence that you need (e.g. house or apartment, number of bedrooms);
- Think carefully and decide on the district where you would like your future home to be.

2. Budget

Once you have chosen the type of residence you would like to buy, think over carefully and fix your budget. Review the following:

- Income;
- Savings;
- Debts;
- Monthly expenses.

When planning, keep in mind the expenses related with the purchase, which might be in the range of 2% to 5% of the value of the real estate (calculator, notary fees and taxes).

In case you need a mortgage loan to finance the purchase, it would be advisable to review the conditions of the banks, receive a preliminary approval, as well as a calculation made by a credit expert about the amount of the loan that you would be granted and the monthly installments payable. This would help you calculate your budget more precisely. It would also allow you to react much more swiftly when you find the place that you decide to buy and this might turn out to be of decisive importance especially if there are a few people interested in buying it.

You could also refer to credit consultants who will save your time and provide you with some guidance about the banks offering the best conditions on the market at the moment. Your monthly income and expenses usually determine the amount that you would be able to spend. You might use loan calculators to get an approximate idea about the valuation.

3. Research of the market conditions

Once you have an idea about the amount that you would be able to spend on the purchase and respectively – the funds you have available, it is time to start looking for the home you would be able to buy on the market. You can get acquainted with the current offers of real estates from the ads in the newspapers or on the specialized webpages but it would be best to turn to professional consultants for some help. They will present you in detail not only the real estate prices but also the advantages and shortfalls, as well as the eventual future plans

for the development of the district that you have chosen and the specific construction features of a given real estate. Making the right decision when choosing a home is very important not only in respect of the future comfort of your family and yourself, but also from the point of view of the long-term investment that you make when buying it. In order to choose the best place, it would be necessary to pay attention to the following factors for qualitative valuation:

- Location – close to supermarkets, schools and kindergartens, parks and green areas;
- Road infrastructure, public transport;
- Heating, sewerage;
- Maintenance of the building;
- Construction type;
- Overall environment and quality of living;
- Future plans for the development of the district, etc.

4. Viewing trips

Once you have become acquainted with the market and have decided, which are the areas that you would prefer, it is time to choose the residence itself. You could organize meetings to view the offered real estates on your own using newspaper and internet ads but the better option here would again be to refer to a professional who would save you a lot of time and efforts. It is very important to select the most adequate residence, taking into consideration the above listed valuation factors. A professional consultant would help you make this choice and provide you with information about some specific features of the district, about the construction peculiarities of the real estate in question, etc.

Negotiations

Once you have chosen the place, it is time for the negotiations. This is the stage when the final price, as well as the payment scheme is determined. Your consultant will play an important role here too by negotiating on your behalf the price of the residence in accordance with its qualitative features.

5. Closing the deal

The purchase of a real estate may be carried out either in a few stages or directly after the necessary checks are completed through signing the final Purchase and Sale Agreement /notary deed/.

The stages of closing the deal may be as follows:

Deposit

There are certain cases when both parties (buyer and seller) need some technological time to provide all the necessary documents and make all the required checks on the real estate before signing the preliminary or the final agreement. Usually these procedures take about one month to complete. In order to guarantee his intentions of buying the real estate the purchaser gives a deposit, which most often amounts to 1-2% of the agreed price. The safest approach in such a case is that the money is left to be safeguarded in the consulting company. The contractual relations are settled through a deposit receipt, drafted by a legal consultant, which fixes the agreed price of the real estate, the deadline for signing the preliminary or final agreement, some other specific conditions and respectively – due indemnities in case of default.

Checks

Before signing a preliminary or final Purchase and Sale agreement your consultant checks the title on the property (whether the seller/s are the actual owners) and whether there are any encumbrances (mortgages, attachments, registered statements of claim, constituted limitations of property rights, whether possession has not been transferred to third parties, whether there are any registered rental contracts, whether there are executive case files instituted against the owner, whether there are administrative case files, which pose an obstacle to the usage of the real estate, etc.) These checks are made in the registration institutions, as well as in other municipal and state authorities.

6. Preliminary agreement

The preliminary agreement is usually drafted by the legal advisor of the consulting company involved in the deal. It settles the essential conditions, which will later on become the framework of the final agreement – the Notary deed - and these are the following:

- Declaration for the title on the real estate;
- Absence of encumbrances;
- Certificate that as of the time of signing the agreement, all utility bills are fully paid (electricity, water supply, central heating telephone (if any);
- In the case of any payments between the parties in the form of deposit, the agreement contains an explicit article stipulating that it will also have the meaning of a deposit receipt, etc.

Final agreement (Notary deed)

The notary deed is prepared by a notary in compliance with the conditions, which have been agreed upon in the Preliminary Purchase and Sale Agreement. Before the closing of the deal the notary will require certain documents, which depending on the particular case might be as follows:

Documents certifying ownership rights

This is usually a *notary deed*, but might also be: title deed or record; Purchase and Sale Agreements signed in accordance with the State-Owned Real Estates Ordinance, the Municipal Property Act and the Act on the State Ownership of state-owned or municipal real estates, court decision under Art.19 of the Obligations and Contracts Act, which has entered into legal force /for the declaration of the preliminary agreement as final/ and an Ordinance of an executor for assigning the public sale of a real estate; Certificate for the heirs of the persons who own the real estate in accordance with the title document; Will certified by a notary, handwritten will, registered in the Registration agency if announced after 01.01.2001.

Other documents:

- Declaration of consent for sale in compliance with Art.33 of the Act on Property in case of refusal of the owner to buy the share of the real estate proposed to him;
- Power of attorney certified by a notary – if the deal needs to be closed through an authorized person. The documents that need to be attached to it are the following declarations, which should be fully filled in and certified by a notary: citizenship declaration and declaration for civil status, as well as declaration for the absence of tax payables within the meaning of Art.226, para.1 of the Tax Proceedings Code;
- Declaration for waiver of right for usage if the primary notary deed stipulates a preserved or established right for usage of the real estate. The declaration should be certified by a notary and registered in the Registration Agency;
- Certificate for marriage, Court decision for divorce /and completed legal proceedings/ in the case of sale of a real estate, acquired in marriage.

Obligatory documents certifying the current status of the real estate:

- Current layout of the real estate, issued by the municipal technical service of the district where the real estate is located if the right transferred is possession of land;
- Current tax valuation in compliance with Art.226, Para.1 of the Tax Proceedings Code, issued upon request of the owners by the tax administration of the district where the real estate is located;
- Declaration of citizenship and civil status – needs to be filled in by all buyers and sellers of the real estate;
- Identity documents of the parties to the deal;
- Receipts for paid state fees due by the parties to the deal (in particular cases).

If a legal entity is party to the deal, the following are required:

- Certificate for the current legal status of the company, issued by the District court of the legal seat and head office of the company /should not be older than 6 months/;
- Decision of the competent body, which according to the document of incorporation of the company /Statute, Company agreement/ is authorized to take decisions in respect of deals with the company property;
- Explicit powers of attorney, certified by a notary, with detailed description of the real estate as well as of the actions that the person is authorized to perform.

Once the full set of documents is prepared:

- They are put together and delivered to the notary for the procedure of closing the deal. The consultant performs a check on the title of the property and provides the notary with a current certificate for the absence of encumbrances;
- An arrangement is made about the date and hour of closing the deal in the notary's office.

On the day of closing:

- A final check is made in the Registration Agency for the absence of encumbrances on the real estate;
- The notary checks the identity, ability and representation powers of the parties;
- The parties make the final payment settlements. The seller presents all the necessary receipts and documents for the paid due utilities and the buyer pays the remaining part of the selling price against a receipt for doing so.

The registrations, inscriptions and deletions related with the real estate are made by the administrative judge of the district where the property is located.

- 7. Please keep in mind that you should declare your newly-acquired property before the local authorities. This should be done within 60 days from the date of ownership transfer and in the case of real estates, purchased before the issuance of Deed No.16 - within 60 days from its launching date.**