



opc investments

A Guide to Buying a Property Overseas

enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



Introduction

If you are thinking about buying an overseas property, this simple guide provides some tips and advice which should help you stay safe and find the that perfect property overseas.

1. Know why you're buying.
2. Understand the Finances
3. Don't leave your brains on the plane
4. Make it your viewing trip not their's
5. Avoid you're confused, I'm confused syndrome
6. Make an offer or is the price the price?
7. Whose lawyer are you anyway?
8. Pay the right way
9. Get the most out of it
10. Don't put off making a Will



enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



Know why you are buying

This may sound obvious but it's all too easy to be carried away on a magic carpet, especially when buying an overseas property, get pulled this way and that and end up totally confused. So make sure and take care to match your reasons for buying an overseas property with the properties you short list. Here's what we mean

If your reasons are investment, then this is primarily a "business" decision and should be approached as such, do your own research based on three simple rules;

1. Equity growth, ultimately driven by supply and demand, research the infrastructure investment, new airports, roads, amenities planned. It's these things that fuel economic growth, therefore equity growth. It's not as simple as cheap houses will always go up in price.
2. Rental potential, use sites like Holiday-rentals.com to access what's renting and where, lots of choice in a country and region can mean lots of competition and above all stay dispassionate and remember how you like to spend your time maybe not what the mass market wants. What rental income can I expect? Holiday Rentals
3. Re- Sale, realising your investment will mean selling on at some point, of course it depends on timescale but in areas where there is an "industry" of new build means you'll be competing with a constant flow of new properties on the market.

If your reasons are permanent living;

1. Infrastructure, over the long term quality of life is heavily influenced by infrastructure, e.g. roads, transport, hospitals, schools etc. Living up a goat track miles from anywhere and anyone may sound idyllic, but does have disadvantages, take the time to write down the things you take for granted and keep them in mind when looking for a home overseas.
2. Culture, make sure the local culture suits you, countries where English is spoken widely is a big help to settling in, of course you should/will make the effort to learn the local language, start as soon as you know where you want to go.
3. Cost of Living, is especially important if you are considering retiring, make sure you know how much everyday bills and living costs come to.

If your reasons are for a Holiday Home;

1. Convenience, getting to it easily, quickly and cheaply will maximise the time you can spend enjoying it, check out travel costs, flight times and airports, also take into account distance from the airport the other end.
2. Enjoying it, again this may sound all too obvious, never assume that just because there's loads of restaurants (or golf or whatever) nearby that they are any good. Try before you buy.
3. Neighbours, no one can choose their neighbours but try to get a feel for those around you, a great local social circle adds immensely to enjoying it.

enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



Understand the Finances

Draw up a budget, if you're buying off plan get a written statement of all the costs involved and the stages. Make sure local taxes are included, legal costs, title insurance, furnishing and contents insurance; don't forget items such as utility connection charges and costs, local rates and community charges. If you get on top of these things before you start choosing there's less chance of a surprise spoiling your day.

If you are thinking about buying an overseas property on a local mortgage, our overseas mortgage pages provide a detailed overview of the process, costs and the amount you can borrow country by country.

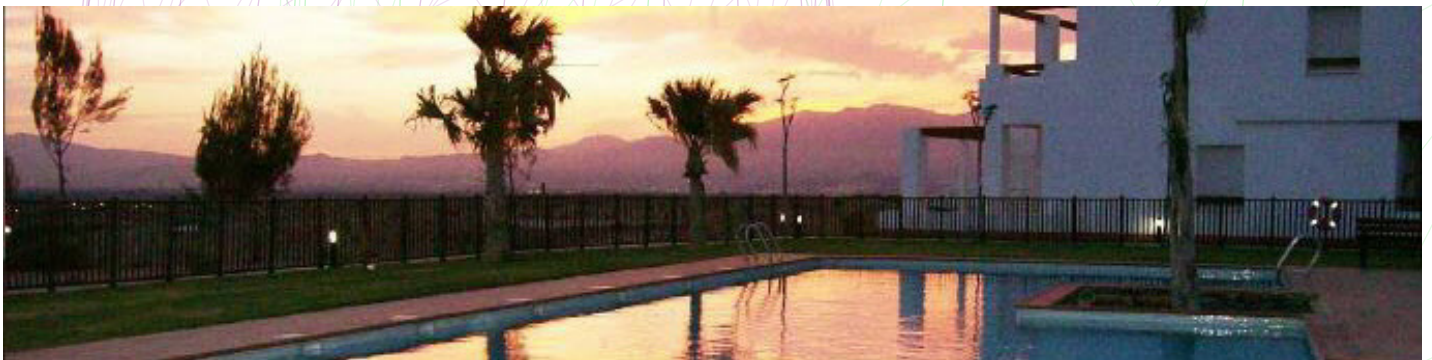
For many lenders of overseas mortgages the rules they use to assess affordability are different to the UK, in the UK most lenders use earnings or income to calculate the amount you can borrow, overseas lenders tend to look at your disposable income as a baseline for the multiple of what they are prepared to lend, some will take guaranteed rental income or where there is a sitting tenant into account, but many are wary of any assessment you may personally make as to the projected income derived from letting.

As a general rule of thumb the typical Loan To Value (LTV) overseas is 70%, some lenders will go to 80% but more than this rare.

Some developers offer special schemes, offering to pay the interest on Re-Mortgage or Loan you take out to pay the 30% deposit, these offers are usually linked to guaranteed rental schemes, where there will be restrictions on personal use, and apply mainly to Holiday Resort property e.g. where the ongoing letting of the property is undertaken by a management company who promote the resort as holiday destination. This is known as an offset finance scheme.

Arranging your overseas mortgage is easily done in the UK with either UK specialist companies or UK the branch of major lenders. Our advisors will be pleased to provide any information you may require

Some other things to bare in mind are the fluctuations in exchange rates, the risk of this can be offset by taking out a contract which fixes the exchange rate for periods of up to 3 years, again our staff will be happy provide a list of companies you can contact for detailed advice



enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



opc investments

Don't leave your brain on the plane



You arrive at your destination researched up to hilt, clear ideas on what you want, where you'd like to be and how much you can afford and you come back with something entirely different! Believe me this happens, not to say it's a bad thing, but if gone looking for a property to rent out and ended up buying your dream holiday home, then you wasted your time making sure you know why you're buying. Choosing a place to live or holiday in is an emotional decision, buying an investment is a business decision, never should the two be mixed.



Prepare, Prepare and Prepare

Preparing for your viewing trip is the best way to ensure you arrive with everything you need and armed with the right questions.

To see it to believe it, there is nothing like seeing for yourself the property you are thinking about buying. The trip is a great opportunity to get a feel for the location and to how you can get the most out of your property to suit your lifestyle.

With limited free time it is worth setting aside some times in advance when you can make a viewing trip. This can save problems when that right property comes up at short notice.

Plan who you want to accompany you and check their availability, typically it may be family but sometimes a close friend can be invaluable.

Work out what the "must haves" are in advance. What is really important to you about the property you want to buy, so you know what to look for when you are there.

enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



Don't leave your brain on the plane

Prepare for the visit - Use this viewing trip check list to help you prepare.

- Passports – required when signing any documents, even car hire
- Driving licence – acts as additional ID.
- Property details – to check when viewing and to remind you after the event
- Notebook and pen
- Maps
- Tape measure (try a cheap laser one)
- Camera/video recorder
- Sturdy shoes – you may be visiting building sites
- Credit and debit cards
- Mobile telephone – to keep in touch with key people when abroad
- Telephone numbers of:
 - Overseas Property Centre advisor
 - Your legal advisor
 - Your financial/mortgage advisor
 - Travel insurance contact numbers
 - Your credit card emergency number
 - Any other important numbers
 - A phrase book – just in case

enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



Some Tips

While you are on the visit use your time on the trip to give yourself the best chance of coming home having made a decision to buy the right property for you.

Take plenty of photos whilst you're there, make notes of what you like and dislike. Be honest about the properties you are being shown – if you're too polite you will not end up seeing what you want

Explain what your budget is and where there is flexibility, ask whether your fittings and finishes will be the same as the show-home. Ask at the time if you can change them

Try not to see more than 5/6 properties in one day, otherwise you'll never remember what you've seen, just because a property has been reserved by someone does not mean all is lost - you can get onto a waiting list if it becomes available again.

Make sure you have time to yourselves so that you can look around the area, visit the town at different times of day to get the full picture of life and get as much local information as possible from the sales advisor – local shops, doctors, hospitals, activities such as golf etc. Use the local amenities form to help you

Check what payments will be due from you and when, as well as when the property is due to be completed, get a schedule of all costs such as notary fees, local taxes, service charges etc. Use the Cost to buy the property and Cost to maintain the property lists to remind you. Remember to take legal advice before signing a contract. If you do decide to purchase a property you should only be required to pay a reservation deposit and to sign a reservation agreement.

When you come back, if you have decided to buy a property on your viewing trip now is the time to finalise the arrangements to complete the purchase.

* If you have not yet decided to buy a property – take time to go over your notes and photos – discuss the properties you have seen

- * Go through the pluses and negatives of each property
- * Do any of the properties you have seen meet your objectives?
- * Do you need further information to help you decide

If you have not seen a property that you want to buy this time – review the reasons why - there is always another time to make that right purchase

- Wrong location
- Right place, wrong property
- Review budget and expectations

enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



opc investments

Make it your viewing trip not their's

A viewing trip is a business trip, make sure you are seeing what you want see, take the time you need, get space on your own to discuss what you've seen, don't stick to the hotel and sales advisors, get a taxi into town and find out for yourself what it's like firsthand.

Be forthright, what do I mean by this, it's the advisors usual practice to escort you around the property and you keep saying "yes... lovely... very nice etc." when deep down you hate it. The problem this creates is your advisor thinks they are on the right track and keeps taking you to similar places. Be clear about what you like and don't like, nobody will be offended remember they want you to buy the right thing as much as you do.

At Overseas Property Centres we work hard to ensure your Viewing Tour lives up to our values of Straightforward, safe and personal

We go out of our way to ensure you have all the knowledge you need, your personal viewing tour folder will contain everything you need to make that informed choice. Make sure your itinerary is designed to strike the right balance between property viewings, getting to know the area and thinking time, your host is with you on a one to one basis to answer your questions and make certain you stay safe in your purchase decision.

Booking your viewing tour is straightforward, simply let us know when it is convenient for you and our staff will organise the itinerary that suits you, which will be explained in detail when receive your own personalised viewing tour folder.

Viewing Appointments

If you are making your own arrangements to visit an area and would like to arrange to view properties we will be happy to make the necessary appointments for you. If you are putting together your own itinerary then make sure you leave enough space in your schedule to do a second viewing and have time to go through all the detail while you are there.

We accompany many of our clients on viewing trips to make sure everything goes smoothly and that you have an experienced advisor at your side to act as sounding board and answer the many questions that are bound to come up during your visit. When booking your visit our staff will ask you if you would one of our advisors to accompany you.



enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



opc investments

Avoid the "you're confused, I'm confused" syndrome

When you view several properties in one day (good idea to never view more than 5) make notes, take pictures (if your camera allows- switch the date time feature on) pay attention to the details such as tiling schemes, kitchen units and work surfaces, bathroom fittings etc. You'd be surprised at the end of the day when your discussing the pro's and con's just how much you've forgotten and if you're confused and debating what tiles were in what bathroom you can bet your advisor will be no help, after all they see is 100's of properties a year.

Same goes for show homes when buying off plan, don't assume that everything you see inside and outside is what you're buying. Make sure you understand the specification that will be handed over to you.

Do a second visit and this time take time to walk around the neighbourhood, it's also a good idea, particularly if the property that's captured your heart is in a built up area to also go there at night.



enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



opc investments

Make an offer or is the price right?

It's certainly true that in the UK, making an offer is the custom, however in some countries this practice is alien and in some it can get confused with a common practice of agreeing how much money should "go under the table" to avoid the seller certain taxes. By all means ask for a discount, this is less ambiguous, if it's not forthcoming don't push too hard a better strategy and often more successful is to ask for free extras, e.g. white goods, satellite installation etc.



Whose lawyer are you anyway?

Many off plan properties are sold with a legal package included, in the UK a solicitor can not act for both parties because a conflict of interest may arise and everybody will end up shouting "whose lawyer are you anyway".

When the purchase is offered including a legal package, the lawyer will be acting for the seller, however, the risk the purchaser takes depends to a large extent on who the seller is and the local system. If you are dealing with a very large established developer in a country where the system is far more straightforward than the UK then perhaps it's not such a bad thing.

Getting a lawyer to act for you only is much easier than it sounds, and cost should be no more than 1.5% of property price. Appointing a lawyer is pretty much the same as in UK, when you've agreed to purchase a property either get in touch with us and we'll recommend a local English speaking lawyer who we trust, or if you prefer the country's embassy will often be able to provide a list.

enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



Pay the right way

When it comes to paying for your property the best way is to use a specialist currency exchange company. These companies offer a personal service and can help you avoid any unpleasant surprises on exchange rate fluctuation.

If you are buying a property overseas with cash from the UK, you will need to convert your money into the local currency. This can be expensive if you rely on a high street bank. However, there is growing competition from foreign currency specialists. They often offer a better rate, may not charge fees and provide the option of taking out a "forward contract" so you can fix your exchange rate and not have to worry about currency fluctuations.

Until ten years ago the UK was forced to accept the poor exchange rates and hefty transfer fees offered by our banks. In addition, customers frequently had to pay receiving bank fees on top. But with an estimated one in 20 of us now owning property abroad, the options have opened up for cheaper, and more flexible and efficient currency purchasing. A quick glance at bank rates, compared to those offered by currency exchange specialists, shows that the traditional banks are often not competitive.

A leading exchange company has suggested that a home buyer spending 100,000 euros could have saved almost £3,000 by using their service instead of a bank.

It is important to find a service which will act quickly to transfer funds. Buyers have found that their bank was not able to act quickly enough when they needed to transfer funds. For purchasers buying off plan it is usual to make stage payments. As well as looking for better rates, it's worth shopping around for companies that charge less, or nothing at all, to transfer your money abroad. This can reduce the cost of buying your property.

Once your dream home is built, you may find you want to send regular payments to your foreign bank account to keep it topped up to use on bills and spending money. Fees will vary among the specialist companies but depending on the amount being transferred may be free. This is particularly relevant for retired Brits abroad who may have their pension sent overseas each month. If you pay the average bank's flat fee of £27 for each monthly transfer, you could be paying over £300 a year.

There are several ways of buying currency. However please remember these transactions require specialist advice and they may involve an element of financial speculation and uncertainty.

The major choices are: Spot Rate: You buy a sum of foreign currency at the day's rate for immediate delivery.

Forward Contract: You fix the rate for a period of up to two years. You will have to put down a deposit, but it may be useful for making stage payments for an off-plan property. In this way you have fixed the cost. However, as rates fluctuate this may cost you less or more than if you waited and bought at the spot rate.

enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



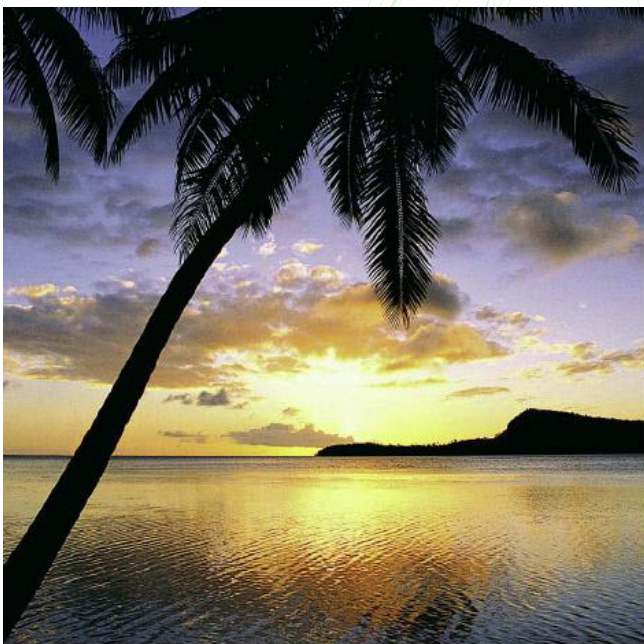
opc investments

Maximise your return on investment

If you're going to rent out your property, the more you market the property the more it will be occupied, and remember an empty property is like an empty hotel room and any contribution to your cost is better than none, most of all don't put all eggs in one basket

1. Register your property with agencies, don't go exclusive, locate a mix of local companies and international companies, 2 of each is good as more than this can make the management of the vacancies difficult. Send them a list of available dates weekly, this avoids double bookings and keeps your property in there mind.
2. Promote it privately on web sites like <http://www.holiday-rentals.com>
3. Family and Friends, offer them reduced rates as means of filling occupancy gaps.

Follow up, Follow up, Follow up, your aim should be to get everyone to repeat book for next year, the more repeat bookings you get the less you need to spend on marketing and repeat visitors tend to be more careful visitors.



And finally don't put off making a will

This is more important than most people think, it is imperative that you make a will which is legally robust in the country of your property. Your Will(s) must be translated into the host language and registered.

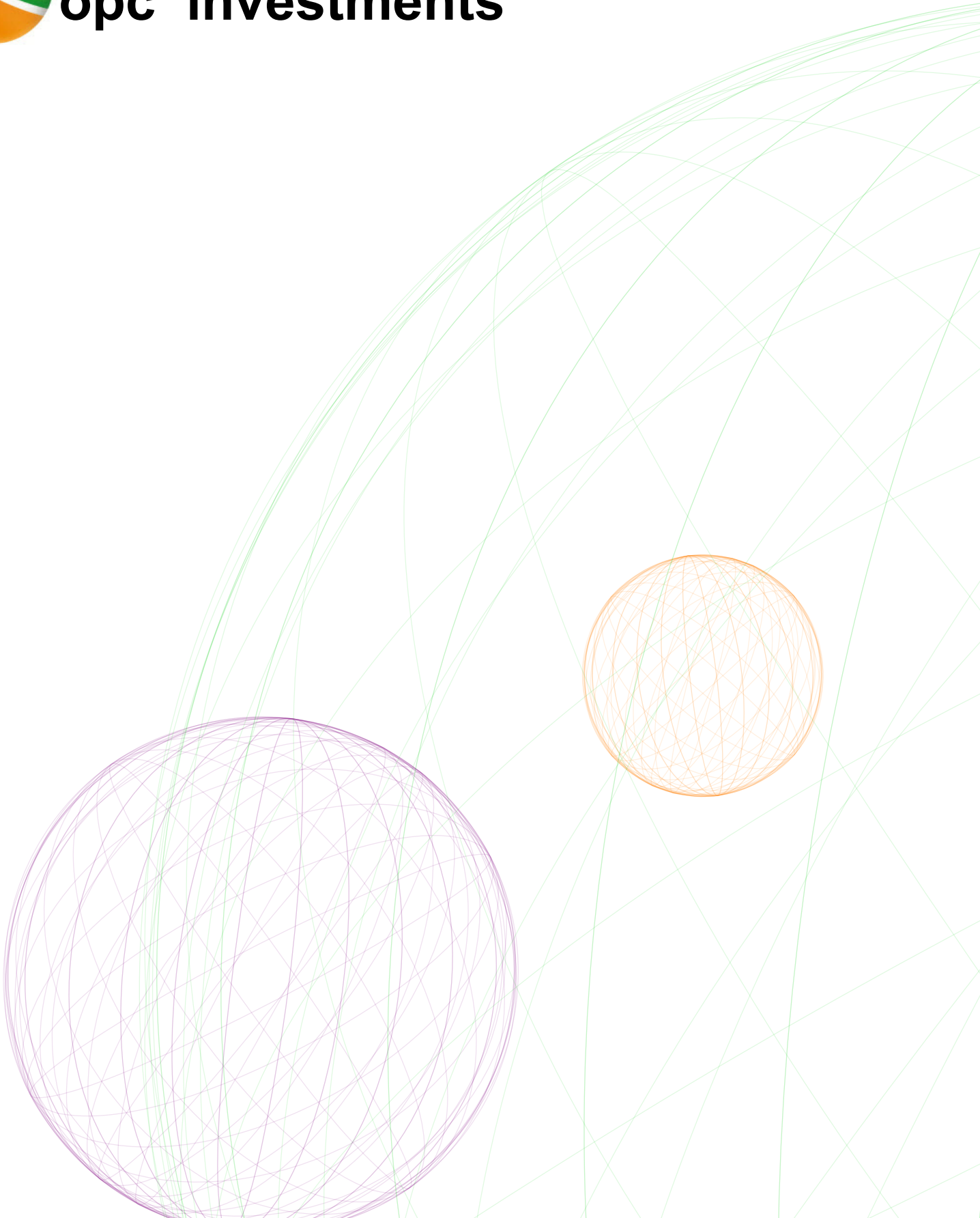


enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com



opc investments



enquiry@opcmail.co.uk

www.overseaspropertycentres.com
www.opcinvestments.com