



# Buyer's Guide To Purchasing German Properties

Buying German Properties is a straight-forward procedure that has minimum standards and security of title, similar to the UK system. However the process is different and alien to most British/Irish buyers so for convenience we have prepared two guides. The first guide is a **brief outline** of the system to give buyers an overview. The second guide offers **in-depth** explanation and information. If you have any further queries then please contact the seller's agents.

## A Brief Outline

If you are the highest bidder at the auction then upon the fall of the hammer you enter into a German property contract known as a deed of purchase. You must attend the contract desk to sign the handling mandate and deposit 10% in GBP STERLING (minimum £1500) of the winning bid. **All other payments are in EURO.** You will also get a copy of the handling mandate to take home with you.

Within four weeks of the auction you must:

- 1) **Pay the remaining balance of 90% to the German Notar administering the sale.** (The Notar is not the seller's solicitor but rather an official licensed, neutral who has been asked by the seller to prepare the conveyance deed.)
- 2) **Pay a further 10% of the purchase price to the trust account of the Notar to pay for all the taxes and purchase legal costs in advance.** (Typical costs are around 7%. Upon completion any overpayment is returned to the buyer by the Notar)
- 3) **Make arrangements for the signing of the deed of purchase in Dresden before the Notar.** (There are various options to do this, please see the in-depth guide on page 2.)

You take possession of the property upon the first day of the new month after you paid the balance. For example if the balance was paid in full by 28<sup>th</sup> February then you take possession upon the 1<sup>st</sup> March. If the balance was paid on the 1<sup>st</sup> March then you take possession on 1<sup>st</sup> April.

**Please note that all payments are held in a trust account by the Notar and are not released to the seller until the entry of the buyer's name into the land registry is legally assured.**

## Buyer's In Depth Guide To Purchasing German Properties

### Lots

Upon the fall of the hammer, the winning bidder(s) are deemed to have read the **special conditions of sale** and immediately agree to enter into a German Property contract known as a **deed of purchase**. The deed of purchase will be executed at a later date, before a Notar in Dresden upon full payment of the sale price. At the auction a legally binding, handling mandate is prepared for the winning bidder who is now referred to as the buyer.

The handling mandate is presented in both German and English. It has been prepared by a German notary. (Referred to as "notar" in the special conditions. Full contact details on page 4.) The notar is not the seller's solicitor but rather a neutral licensed official that has been requested to prepare the handling mandate and the deed of purchase by the seller. Each handling mandate has been prepared individually for each lot and contains a current copy of the information of the property held at the German land registry.

After winning the lot, the buyer should proceed to the contract desk where they will be required to sign the handling mandate. They must pay a deposit of 10% of the winning bid. The buyer will be issued with a copy of the handling mandate.

The next step is to complete paying for the property within four weeks of auction. By **17:00 hrs on Monday 17<sup>th</sup> July 2007** the buyer must:

- 1) Deposit the remaining 90% of the purchase price into fiduciary account created by notar.
- 2) Deposit a further **10%** of the purchase price into the fiduciary account created by the notar to cover all of the buyer's legal costs, taxes and disbursements in advance. (Please see **legal costs** on page 3.)
- 3) Make arrangements for the signing of the deed of purchase in Dresden before the notar. (Please see **signing the deed** on page 3)

**Please note that all payments are held in a trust account by the notar and are not released to the seller until the entry of the buyer's name into the land registry is legally assured.**

The Buyer takes possession of the property upon the first day of the new month after the balance is paid. For example if the balance was paid in full by 28<sup>th</sup> February then possession is given up on the 1<sup>st</sup> March. If the balance was paid on the 1<sup>st</sup> March then possession is given up on 1<sup>st</sup> April.

### Legal Costs

Here is an indication of the legal costs:

- a) 3.5% of purchase price for German property transfer tax. "Grunderwerbssteuer".

- b) Approx 1.5% of purchase price for the notary's fees. (The notary's fees are governed by the law.) The notary will invoice the buyer directly.
- c) Various disbursement fees for the land registry and search certificates from local authorities. These certificates vary from around 5 Euros to approximately 70 Euros. No more than 4 certificates are usually required.
- d) £100 fee for the German solicitor to represent the buyer in signing the deed of purchase in Germany, if required.
- e) The cost of the fiduciary account.

## Signing The Deed

German Law requires that the buyer and seller, or their legal representatives, must attend an appointment with the German notary to sign the deed of purchase. If the buyer would like to attend the signing in Dresden, in person they should formally inform Anne Umlauf of the notary's office (details on page 4) strictly before **17:00 hrs on 3<sup>rd</sup> July 2007**. The buyer must be available to attend the signing in Dresden by **17:00 hrs on 17<sup>th</sup> July 2007**.

For the convenience of the buyer the notary can arrange for a German lawyer to sign the deed on their behalf at a cost of £75, this means that the buyer does not have to travel to Germany just for the signing. In order to arrange this, the buyer must sign the **power of attorney** section of their copy of the handling mandate. It must then be **legalised** and returned to the notary strictly before 17:00 hrs on 17<sup>th</sup> July 2007.

In order to legalise the power of attorney, there are 3 options: The buyer's signing of the handling mandate must be witnessed before:

- a) A UK Notary Public. The notary public then arranges for the foreign and commonwealth office to legalise the document with power of apostille. (Most UK towns/cities have a choice of notary publics, prices vary. Please note that you might have to allow a few weeks for this process.)
- b) A consular officer at the German Embassy in London. (Contact details on page 4)
- c) Any German notary in Germany.

When the German notary has received all of the payments and legal documents then he can set a date for the signing of the deed of purchase. After the signing the notary will make a priority notice application to the land registry called an "Auflassungsvormerkung", to register the legal interest of the buyer, until their name can be fully inserted into the land registry. Upon registration of the Auflassungsvormerkung, the legal rights of the buyer are assured and the property can be handed over as can the purchase funds to the seller. Upon completion the notary will provide to the buyer, detailed accounts of all the legal fees, taxes and disbursements paid on the buyer's behalf. All overpayment from the pre-paid 10% will be refunded to the buyer.

## **German Notar**

Konigstabe 17  
D-01097 Dresden  
Germany

Telefon: 0049 (0) 351 808 06-0  
Telefax: 0049 (0) 351 8080666  
Email: [notariat@koenigstrasse17.de](mailto:notariat@koenigstrasse17.de)

Anne Umlauf  
Email: [umlauft@koenigstrasse17.de](mailto:umlauft@koenigstrasse17.de)

## **Embassy of the Federal Republic of Germany**

23 Belgrave Square  
London  
SW1X 8PZ

T: 020 7824 1300  
F: 020 7824 1470

Email: [mail@german-embassy.org.uk](mailto:mail@german-embassy.org.uk)

## **Embassy Consular Belfast**

Frank Hewitt  
Chief Executive  
Northern Ireland Chamber of Commerce and Industry  
22 Great Victoria Street  
Belfast

[Frank.hewitt@northernirelandchamber.com](mailto:Frank.hewitt@northernirelandchamber.com)

Tel: 02890 244 113

## **German Embassy Dublin**

31 Trimleston Avenue  
Booterstown  
Blackrock  
Co. Dublin

Tel: (+353)-(0)1-269 3011 Fax: (+353)-(0)-1-269 3946

Office hours:  
Monday to Friday 08:00 – 16:30

## Currency Exchange

**AXIA FX**

**225 Marsh Wall, London E14 9FW**

**Tel: 0845 257 8258**

**Quote ref: EUI 155**

[www.axiafx.com](http://www.axiafx.com)

**This general information guide does not form part of the auction contract or the German purchase deed. It is intended as a guide to the German conveyancing process. No warranties are given or representations made as to its accuracy. The successful bidder is advised to obtain their own independent legal advice, particularly in relation to all aspects of the German conveyancing process.**