

## **Buying a French property?**

### **Meet 5 professionals to help you on your way**



**A guide for buyers\* by Cubism Law's French property lawyer  
Guillaume Barlet**

\*This guide is for information purposes only specialist legal advice should always be taken before buying a French property.

Whether it is a holiday home, buy-to-let accommodation or a commercial venture, buying property in France can sometimes be seen as a daunting experience. You will need to work with various professionals en route to completion and this guide offers you some pointers on what you can expect on your journey to becoming a French property owner.



### **1. The Estate Agent**

Your first contact is usually the estate agent who will help you find a property in France based on your requirements, or if acting for the vendor will actively look for a buyer.

The estate agent's commission is usually paid by the buyer and this is one of the issues that is agreed at the start of the transaction.

In France all estate agents must be registered with the French Trade Authorities and the activities of the estate agent are regulated by a specific Act: *the Loi Hoguet*. One rule that is stipulated by this act is that all agents must have a professional card (*carte professionnelle*) that allows them to carry out the business of estate agency, and it is always advisable to check this accreditation prior to instructing them.

***A buyer is likely to sign three different documents with the estate agent: the visit receipt, the agency agreement and the preliminary agreement.***

#### **A. Visit receipt**

A potential buyer who has visited a property may have to sign a visit receipt (*bon de visite*) to provide the agent with evidence of this visit. ***This document is not an agreement and can be safely signed without binding the buyer to purchase.***

#### **B. Agency agreement**

Before any negotiation or commitment, an agency agreement (known as a *mandat*) between either a vendor looking to sell a property or a buyer looking for a property must be signed with the agent.

***The mandat must comply with strict legal requirements*** and any non compliance or breach of this *mandat* would render it partially or entirely null and void which would prevent the agent from being entitled to a commission. It may include an exclusivity clause which must clearly appear in the agreement. This exclusivity forbids you to deal with another professional to sell the property or to sell it directly, failing which compensation would be payable to the agent. If the agent agrees to it, the exclusivity clause can be modified to allow the sale by the vendor himself but not through another professional.

### C. The preliminary agreement

The form of the agreement presented will depend on the type of property purchased with varying conditions. A buyer will not be committed in the same way as a result of signing one type of agreement or another.

***TIP: In many instances, an agreement commonly known as a compromis will be prepared. This agreement is binding and once signed it is usually difficult to modify anything so it is important to make sure that all clauses are suitable prior to signing and giving your agreement.***



### 2. The Lender or Loan Broker

***If you require a loan to finance your property, then as in the UK, the loan broker will be able to assist you in your decision to carry out the procedure with the chosen lender.***

French law affords a degree of protection for the borrower when applying for a loan to finance a property transaction. Hence, the borrower must be well informed about the nature and importance of the commitments made. French law enforces strict regulations with which the preliminary offer of the loan must comply. A 10-day period is then given to the borrower to fully review and understand the information and to decide whether to go ahead with the loan; this is known as a cooling-off period.

When borrowing to acquire, it is necessary that you are committed to both the purchase and the loan and not just one or the other. Therefore, if the contract states that the price is paid directly or indirectly by means of a loan, then this contract is under the legal condition of obtaining this loan. Thus, the failure of the loan application usually invalidates the purchase.



### 3. The Currency Broker

As an alternative to a bank, other specialists such as currency brokers may present a better option to manage your international payments. In some cases, currency brokers may beat the exchange rates offered by banks. In the UK, reputable currency brokers will be regulated by the FSA.

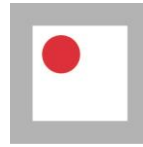
***TIP: Payment of a French property purchase can be made in another currency if the parties are entitled to do so (e.g. British Pounds Sterling when both buyer and seller are UK residents) although the price mentioned in the completion deed would still have to be in euros.***

### 4. The Notaire

*Notaires* usually get involved at the stage of registering the deed of sale on completion. “*Notaires* are public officers, authorised to receive all deeds and contracts to which the parties have or want to give the character of authenticity attached to acts of public authority, and to ensure the date, keep its record and deliver the original deeds or copies” (Order n°45-2590 of 2<sup>nd</sup> November 1945 relating to the status of *notaires*). *Notaires* have received delegation by the French state to act on behalf of private parties.

In Britain, it is common practice when purchasing a house to have two different lawyers acting for the respective parties. In France, the registration of the deed must be carried out by a French *notaire* who is not representing either the vendor or the purchaser. It is therefore strongly advisable to appoint another lawyer. In addition, the *notaire* is a tax collector and has not necessarily any knowledge of the rules applied in the UK. As a result, he will not necessarily work in both the parties’ best interests.

***TIP: Notaires’ fees are bound to a legal tariff. As a result, the registration of the same deed by a notaire in Paris, Bordeaux or Marseille should cost the same. However, it is always preferable to ask different notaires for a quote detailing each costs, taxes and fees before any confirmation to carry out the work. In case of doubt, it is always possible to seek independent advice and have the quote checked by a specialist.***



## 5. The Lawyer

*As soon as a property has been chosen, a lawyer that specialises in French property can assist with all of the above and generally with all the legal aspects of the transaction.*

As mentioned, the first contract which in most cases is binding on both parties is, unlike the UK, often drafted by the estate agent responsible for the sale. The risk here is that as the estate agent is not a legal specialist, the buyer is at risk of signing a deal that does not protect his/her interests or wishes. This is why it is very important to have a lawyer that can review and amend the contract clauses in order to efficiently protect the client's best interests.

A French lawyer can also provide advice in relation to the property purchase and generally liaise with all parties involved in order that the buyer's instructions are implemented correctly. Such ancillary matters for which you may seek advice include tax or inheritance issues.

### **About the Author**

Guillaume Barlet is a London based French lawyer (independent *Juriste*) specialised in resolving issues and anticipating cross-border matters for private individuals. Guillaume has in-depth experience in French real estate, estate planning and taxation including the acquisition and sale of French properties. Please contact [Guillaume Barlet](mailto:guillaume.barlet@cubismlaw.com) at Cubism Law for further information.



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### **Testimonial**

"Guillaume Barlet proved to be our saviour. His attention to detail, expert knowledge of the process of buying in France, coupled with a very personable approach, took us through every step of the way, including absolutely essential Estate and Inheritance planning.

I would recommend Guillaume to anyone who is looking for an excellent service and complete peace of mind that the very different French buying process runs as smoothly as possible."

**Steve, Managing Director - Gloucestershire, UK**