

Eight phases to acquire your property with confidence

Every year in Switzerland, thousands of properties are offered for sale and for rent in the various real estate portals, the media and even social networks.

Between new buildings that are being built almost everywhere and properties to renovate, this great diversity sometimes confuses future owners.

It is therefore important to have a clear idea of your own needs, and to be sure not to be blinded by the variety on offer.

However, there is still a long way to go; you will certainly have to determine your needs, but also choose your property, visit it, finance it, draw up and sign the sales contract, ...

Here you will therefore discover in eight points the main phases of the process of acquiring a property so that you have the best possible control over its chronology and its specificities.



Determine your financial capacity

Before any strategic decision, it is necessary to relate your dream to your economic reality.

This phase allows you to precisely determine the purchasing possibilities available to you. It will thus be necessary to estimate a range for the purchase price, the origin and the percentage of equity as well as the level of income required.

Finally, you may be able to develop a tax optimization and resource planning strategy if income declines after retirement. It is strongly recommended to anticipate these questions before looking for your future property. This will allow a more targeted and concrete step two.

Find your property

Once the budget issue has been addressed, it is important to look at the practical criteria. It includes, in order of importance: geographic area, proximity to public transport, schools, amenities, nuisance, ...

The crucial element in seeking your good is to aim for the long term. It is important not to regret your purchase, and to always keep in mind the potential return in the event of a future resale.

Visit

The preliminary rule for this third phase is as follows: only visit properties that meet your requirements and are, on the whole, in line with your initial budget.

Once there, ask the salesperson any questions you find fundamental or intriguing.

Pay attention to how he reacts to embarrassing points and analyze whether he conducts his visit with your needs in mind.

Are you interested in the property? It would be false and hasty to make oral commitments, or even to sign contracts following his first visit. On the contrary, take pictures on the spot. They are a help for the memory and for your reflection. If you have the chance, visit the place several times, at different times of the day.

Likewise, if it is a new building, keep in mind that a furnished, decorated and located penthouse-apartment gives a distorted impression compared to the purchased apartment.

Last point before embarking on the reservation; read the minutes and learn about the life of the condominium if it is a building. Take note of the age of the various facilities in the building. On average, their lifespan is 25 years.

Book

Although it is sometimes common to reserve your property by a simple oral agreement between seller and buyer, in order to save time, in practice, this step is done in writing with the payment of a deposit. It should be noted, however, that at this point there is no financial institution in the loop yet. Therefore, this reservation is made subject to obtaining financing.

It is therefore important not to take any risk on the deposit paid, in the event that a loan refusal occurs. Finally, note that even if the credit is accepted, the valuation of the property can still be a problem for the lender.

For new promotions, a 20% reservation fee is observed in practice. It is also necessary to inquire about the type of contract signed.

Is this a forward sales contract, or do you become the owner, signing a contract with the general contractor?

In this second case, the owner becomes partly responsible for the construction risk but the purchase costs can be optimized.



Analyze the economic potential

This phase is crucial for the finalization of your reservation. It will be necessary to mount a complete dossier on the object as well as on the debtors.

This is when we must consider a possible financial package, in order to improve the situation of the future buyer. If you are considering the financing of equity through the withdrawal of the 2nd or 3rd pillar, it is important to draw up a simulation before and after this withdrawal has taken place.

Once your request has been sent to your financial institution for analysis, you can make a binding offer in writing, valid for two to ten days.

If the financing is accepted, the next phase will be an appointment with the notary. Regarding the final price of your item, negotiations are commonplace.

But keep in mind that your room for discussion will be more for a large object, such as a villa, and a little less for an apartment where the market is more dense.

Finance your property

First of all, let's remember that you have to bring in at least 20% of equity. At least 10% must not come from the second pillar. Likewise, keep in mind that current expenses should not exceed 35% of your net income. Indeed, if the costs were to represent

more than a third of your budget, your financial room for maneuver would be too reduced.

Perhaps the most common form of financing is a mortgage. Determining precise criteria such as income, savings, economic situation, professional and family situation, future projects or even the risk ratio, will make it possible to establish the type of rate, the duration, the loan splitting, or still possible tax deductions.

It is customary to use the mortgage as a form of financing. Thus, the financial institution provides a guarantee on an asset in exchange for a mortgage loan. The most common form is the register mortgage certificate. It will relate to a specific amount and, upon resale, will be transferred to the new purchaser.

If you choose a mortgage, you will also have to decide between direct or indirect amortization. Paying off your mortgage directly will reduce your debt by an amount equal to each payment, gradually lowering the interest charge.

Conversely, indirect amortization does not reduce the debt. You simply put the depreciation amount in the 3rd pillar retirement savings account. This second option may in some cases be more financially and fiscally advantageous.

Prepare the signature

The acquisition of your property must imperatively be done by authentic deed, therefore at the notary. The latter must be in the same canton as the property. Although the choice of the notary is free, in practice it is recommended to take into account the knowledge he may have of the file and the type of property.

At the same time, credit contracts will have to be signed to allow the financial institution to transfer the funds. The latter then contacts the notary to send him the details for the call for funds. In order to cover all the costs inherent in the acquisition process, the notary communicates to the buyer the provision paid for acquisition costs.

On average, this represents 5% of the purchase price and includes transfer tax, land registry fees and notary fees.

Finalize the acquisition

With phases one through seven having gone perfectly, all that remains is to set a date and sign. If this is your first transaction, it is recommended that you visit the notary before signing, to go through the documents and ask questions.

If the lawyer feels that the clauses are one-sided, he will share his impressions with you and suggest other solutions.

After signing the contract, the agreed sum is transferred. It is then the registration in the land register that finalizes the acquisition process.

Homequest by your side



Made up of people trained and specialized in real estate, our team has several years of experience and complete knowledge of the market and the region.

Our set of skills falls under the commercial (eg negotiation techniques, use of marketing tools), legal (eg lease law, notarial deeds) or financial (eg real estate financing). Homequest is therefore your ideal partner to accompany you through these eight phases.