

Civil Law Notary Information's

Buying Property in Germany

1. BASICS

Currently the German real estate market offers excellent value for money. Moreover, the acquisition of real estate in Germany is a far safer bet than in any other member state of the European Union, due to a highly secure land registration system.

The German law does not require both parties to hire a solicitor to guarantee the safe transaction of property, instead requiring both parties to agree on the appointment of a Civil Law Notary (CLN). The CLN will then notarize by authentic instrument the contract of sale and impartially assist both parties until the purchase price has been paid and the property has been transferred.

In Germany the purchase price must be settled before the property is transferred to the buyer. The payment does not take place until it can be guaranteed that the seller cannot sell effectively to another buyer. This means that there is no such thing as "gazumping" under German law. Furthermore, the CLN will ensure that the purchaser of the property receives it free of any registered real charges.

2. CONSUMER PROTECTION

The CLN will always send a draft of the contract to both parties, so that both parties may examine the contract in advance. German law is especially protective of the consumer. A contract between an entrepreneur and a consumer cannot usually be notarized before the end of a two week period. Furthermore, the consumer shall only be represented by a special confidant or a solicitor. The contractual remedy of rescission only exists insofar as it is agreed as an inherent term of the contract. There is no cooling-off period.

3. TAX PURPOSES

The acquisition of real estate for valuable consideration produces conveyancing duties. The conveyancing duties vary between 3.5 and 7% depending on the Bundesland. Real estate transactions are usually VAT exempt. If the acquisition takes place without reward then a donation tax (7% - 50%) has to be paid after deduction of a tax-free allowance depending of the degree of relationship between the donor and the beneficiary. Earnings from real estate are subject to full taxation in Germany. Current costs include the land tax which must be paid to the community. The amount is fixed by the community.

4. RESEARCHES BY THE BUYER

German law obliges the seller of a property to disclose all relevant material and legal patents and latent defects he knows of as long as this information is not available publicly by other means. Of course, a seller should be careful and make a full disclosure of defects and encumbrances even before the notarization. Furthermore, he must answer bona fide to all questions related to the sales object. It is important to notice that the exchanged information should be mentioned in the authentic instrument to give full proof of facts. In case of wrongful non-disclosure there will be rescission of the contract where the non-disclosure is judged to be substantial. Even a non-substantial non-disclosure may be judged to be substantial if the seller declared in the contract or the pre-contractual period that the non-disclosed defect did not exist. The buyer must research on public available sources himself about facts related to the property he is interested in. As the Land Register isn't public the CLN will check it for the parties.

5. TRANSACTION COSTS

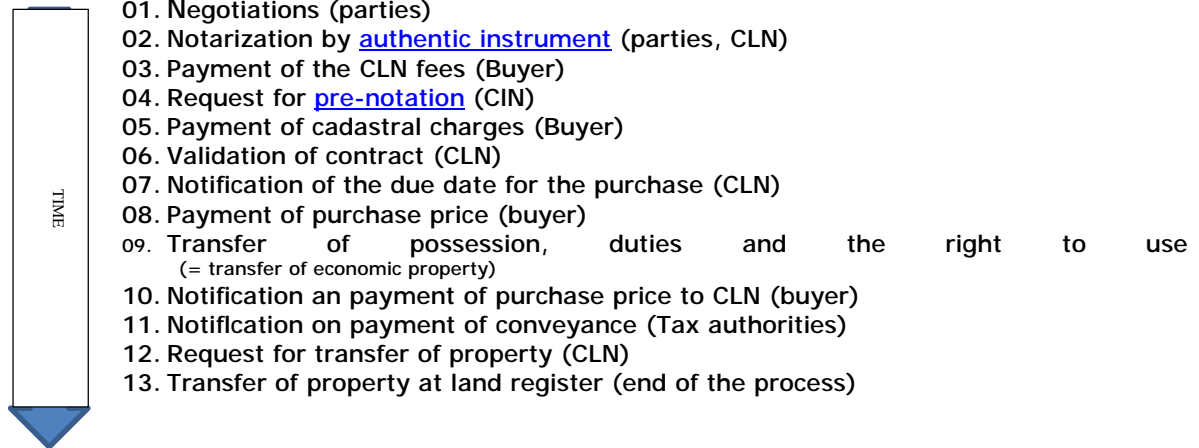
Costs for the acquisition of real estate include:

- a) Civil Law Notary costs and fees
 1. Costs of notarization
 2. Purchase contract execution
 3. Collection fees (in case the CLN ensures safekeeping of the purchase price)
 4. VAT (19%)
- b) Land register costs and fees
 1. Costs for registration of pre-notation
 2. Costs for transfer of ownership

3. Costs for registration of mortgage rights (if applicable)
- c) Other fees for public authorities (as and when required)
- d) Courtage (as and when required)

Notice: The parties do not need to set up insurance since Civil Law Notaries are insured to a high degree.

6. CONVEYANCING SCHEME



7. TRANSFER COST (CLN AND COURT)

Notice: The following listing is just an abstract calculation. The effective bill will depend be calculated in respect of the content of the authentic instrument.

A	B	C	D	E	F	G
PURCHASE PRICE	CLN	CLN	COURT	COURT	PERCENTAGE	PERCENTAGE
UP TO	CONTRACT	REAL CHARGE	CONTRACT	REAL CHARGE	B+C	B+C+D+E
7.000,00 €	234,43 €	129,12 €	115,00 €	60,00 €	4,99%	7,69%
10.000,00 €	291,55 €	157,68 €	137,50 €	75,00 €	4,29%	6,62%
13.000,00 €	320,11 €	171,96 €	149,50 €	83,00 €	3,61%	5,57%
16.000,00 €	348,67 €	186,24 €	161,50 €	91,00 €	3,19%	4,92%
19.000,00 €	377,23 €	200,52 €	173,50 €	99,00 €	2,90%	4,47%
20.000,00 €	405,79 €	214,80 €	185,50 €	107,00 €	2,96%	4,57%
22.000,00 €	405,79 €	214,80 €	185,50 €	107,00 €	2,69%	4,15%
25.000,00 €	434,35 €	229,08 €	197,50 €	115,00 €	2,53%	3,90%
30.000,00 €	470,05 €	246,93 €	212,50 €	125,00 €	2,28%	3,51%
35.000,00 €	505,75 €	264,78 €	227,50 €	135,00 €	2,10%	3,24%
40.000,00 €	541,45 €	282,63 €	242,50 €	145,00 €	1,96%	3,03%
45.000,00 €	577,15 €	300,48 €	257,50 €	155,00 €	1,85%	2,87%
50.000,00 €	612,85 €	318,33 €	272,50 €	165,00 €	1,77%	2,74%
60.000,00 €	709,24 €	366,52 €	313,00 €	192,00 €	1,70%	2,63%
65.000,00 €	709,24 €	366,52 €	313,00 €	192,00 €	1,57%	2,43%
70.000,00 €	805,63 €	414,72 €	353,50 €	219,00 €	1,66%	2,56%
80.000,00 €	805,63 €	414,72 €	353,50 €	219,00 €	1,45%	2,24%
90.000,00 €	902,02 €	462,91 €	394,00 €	246,00 €	1,44%	2,23%
95.000,00 €	902,02 €	462,91 €	394,00 €	246,00 €	1,36%	2,11%
100.000,00 €	998,41 €	511,11 €	434,50 €	273,00 €	1,43%	2,22%

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110.000,00 €	998,41 €	511,11 €	434,50 €	273,00 €	1,30%	2,02%
120.000,00 €	1.094,80 €	559,30 €	475,00 €	300,00 €	1,31%	2,02%
125.000,00 €	1.094,80 €	559,30 €	475,00 €	300,00 €	1,26%	1,94%
130.000,00 €	1.191,19 €	607,50 €	515,50 €	327,00 €	1,31%	2,03%
140.000,00 €	1.191,19 €	607,50 €	515,50 €	327,00 €	1,22%	1,89%
150.000,00 €	1.287,58 €	655,69 €	556,00 €	354,00 €	1,23%	1,90%
155.000,00 €	1.287,58 €	655,69 €	556,00 €	354,00 €	1,19%	1,84%
160.000,00 €	1.383,97 €	703,89 €	596,50 €	381,00 €	1,24%	1,92%
170.000,00 €	1.383,97 €	703,89 €	596,50 €	381,00 €	1,16%	1,80%
180.000,00 €	1.480,36 €	752,08 €	637,00 €	408,00 €	1,18%	1,82%
185.000,00 €	1.480,36 €	752,08 €	637,00 €	408,00 €	1,14%	1,77%
190.000,00 €	1.576,75 €	800,28 €	677,50 €	435,00 €	1,19%	1,84%
200.000,00 €	1.576,75 €	800,28 €	677,50 €	435,00 €	1,13%	1,74%
230.000,00 €	1.755,25 €	889,53 €	752,50 €	485,00 €	1,09%	1,69%
260.000,00 €	1.933,75 €	978,78 €	827,50 €	535,00 €	1,06%	1,64%
290.000,00 €	2.112,25 €	1.068,03 €	902,50 €	585,00 €	1,04%	1,61%
320.000,00 €	2.290,75 €	1.157,28 €	977,50 €	635,00 €	1,02%	1,58%
350.000,00 €	2.469,25 €	1.246,53 €	1.052,50 €	685,00 €	1,01%	1,56%
380.000,00 €	2.647,75 €	1.335,78 €	1.127,50 €	735,00 €	0,99%	1,54%
410.000,00 €	2.826,25 €	1.425,03 €	1.202,50 €	785,00 €	0,98%	1,52%
440.000,00 €	3.004,75 €	1.514,28 €	1.277,50 €	835,00 €	0,97%	1,51%
470.000,00 €	3.183,25 €	1.603,53 €	1.352,50 €	885,00 €	0,97%	1,49%
500.000,00 €	3.361,75 €	1.692,78 €	1.427,50 €	935,00 €	0,96%	1,48%
550.000,00 €	3.647,35 €	1.835,58 €	1.547,50 €	1.015,00 €	0,94%	1,46%
600.000,00 €	3.932,95 €	1.978,38 €	1.667,50 €	1.095,00 €	0,93%	1,45%
650.000,00 €	4.218,55 €	2.121,18 €	1.787,50 €	1.175,00 €	0,92%	1,43%
700.000,00 €	4.504,15 €	2.263,98 €	1.907,50 €	1.255,00 €	0,92%	1,42%
750.000,00 €	4.789,75 €	2.406,78 €	2.027,50 €	1.335,00 €	0,91%	1,41%
800.000,00 €	5.075,35 €	2.549,58 €	2.147,50 €	1.415,00 €	0,90%	1,40%
850.000,00 €	5.360,95 €	2.692,38 €	2.267,50 €	1.495,00 €	0,90%	1,39%
900.000,00 €	5.646,55 €	2.835,18 €	2.387,50 €	1.575,00 €	0,89%	1,38%
950.000,00 €	5.932,15 €	2.977,98 €	2.507,50 €	1.655,00 €	0,89%	1,38%
1.000.000,00 €	6.217,75 €	3.120,78 €	2.627,50 €	1.735,00 €	0,88%	1,37%

Explanation of the columns:

Column B: The costs are calculated on basis of the legal tariff ([GNotKG](#)). The CLN will notarize and take care of the transaction procedure. Not included are costs for the process of deletion and the deletions itself of encumbrances registered in the interest of the seller and its creditors. Included is the VAT. There might be more steps needed which might lead to higher costs.

Column C: In this model the buyer has registered a real charge for a credit institution to be able to pay the purchase price by credit in its totality. The costs include the VAT. As the granted loan regularly is lower than the purchase price to be paid, the costs for the real charge will be lower.

Column D: The court fees displayed show the costs payable to the court for a normal contract without specificities. The fees are calculated for the registration of the pre-notation, the later occurring transfer of property followed by the deletion of the pre-notation.

Column E: This model assumes that the loan granted is as high as the purchase price to be paid. The costs include the VAT. As the granted loan regularly is lower than the purchase price to be paid the costs for the real charge will be lower.

Column F: This shows the percentage of the total costs of the contract (A,B,) in relation to the purchase price.

Column G: This shows the percentage of the total costs – contract and real charge (sum B:D) in relation to the purchase price.