

Buying, selling, renting a house in Belgium



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What you should know

Small handbook for the use of our clients, edited with the contribution of external professionals by Banca Monte Paschi Belgio.



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For cases of greater complexity, it is recommended to consult professionals

The contract of sale

A buyer should obtain detailed information before buying a property. We recommend to:

- visit the property several times;
- seek the advice of professionals;
- check the situation regarding land development;
- ensure that the property has a valid planning permission.

1. Types of sale

- A private agreement: (de gré à gré): the buyer and the seller agree on the price and conditions, written in a provisional convention or "compromis de vente" (sale agreement) definitely binding both parties;
- Public: an auction is announced through advertisements in the press and managed by a notary who can be contacted by interested persons. The deed of sale is drawn up immediately after the public sale and there is no sale agreement.

2. The sale agreement

Once the buyer and seller agreed on the modalities of the sale, the provisional convention (compromis de vente) can be dressed up.

This convention validates the sale and commits all parties. The terms serve as base for the preparation of the notarial act.

Usually, a deposit (10% of the price) is paid by the purchaser at the time the sale agreement is signed.

The compromise may contain a special condition, thus the buyer and the seller link their agreement to the fulfillment of this condition.

Usually, this condition concerns the buyer (the granting of a mortgage loan - bank loan).

3. The Notary Public's Act

Prior to the drafting of the act, the notary must seek information concerning the seller, the use of the property and compliance with the zoning requirements.

After this step, the notary draws up the authentic act.

Once the act is signed by both parties, the notary takes care of the recording at the administration and transcribes a copy at the office of the mortgages of the 'district' in which the property is located to make it effective against third parties.

There are legal fees to be paid which include registration fees (see paragraph 5), attorney fees (about € 2,500) and costs of different acts (about € 625).

4. The cadastral income (revenu cadastral)

Is the average normal net income that the property would yield to the owner in one year at the housing market. This is calculated by the administration of cadastre, registration and ownership.

It allows the calculation of income tax that the regional real estate owner must pay annually.

5. Registration fees.

The purchase of a property submits the buyer to the payment of a registration fee of 12.5% in the region of Brussels-Capital, between 6% and 12.5% in the Walloon region and between 5% and 10% in the Flemish region.

Sometimes, if the property is new, it can be bought with the application of VAT (21%). A property is considered new until December 31th of the second year after the commissioning. In that case, the buyer does not pay the registration fee on the value of the property, but only on the value of the land.

The lease contract

1. Condition of the real property

The property must meet the basic needs of safety, health and housing conditions.

These conditions occur at the time of the entrance of tenant in the building.

2. Duration of the contract

In theory, the lease is nine years.

It ends after nine years if a notice is sent by the owner or tenant at least 6 months before the expiration date.

In the absence of this notice in the statutory period, the contract is extended for a period of three years under the same conditions.

The landlord can also terminate the lease:

- At any time, with a notice of 6 months, if he decides to personally occupy the property or take it to certain members of the family;
- Upon the expiration of 3 years or 6 years, with a notice of six months, if he decides to do construction works in the building that will cost the equivalent of at least 3 years of rent;
- Upon the expiration of 3 years or 6 years, with a notice of six months and payment of an allowance of 9 months (after 3 years) or 6 months (after 6 years) of the rent.

The tenant may terminate the lease at any time with a notice of 3 months.

But if the notice is sent during the 3 first years of the contract the tenant must pay a compensation to the owner equivalent to:

- 3 months of rent in the first year;
- 2 months rent in the second year;
- 1 month rent in the third year.

A lease contract may be terminated for a period not exceeding three years.

It will be terminated if a notice is sent by the tenant or the landlord 3 months before it expires.

In the absence of a notice or if the tenant continues to occupy the property without the owner's objection, the contract shall be considered for a period of nine years as from the beginning.

3. Lease taxes and expenses

The owner requests a sum for rent and may also request an amount to cover monthly expenses (water, electricity, use of common parts, etc.).

This amount (to cover rent and monthly expenses) can be indexed by the owner each year, at the anniversary date on which the contract has become active:

$$\frac{\text{base of rent X new index base}}{\text{old index}}$$

(you can call the "Office de Propriétaire" to know the indices)

The rent and the monthly coverage may be increased or decreased with the agreement of both parties but not before six months before the expiration of each period of three years.

This agreement shall apply from the first day of the period of three years following.

4. The condition of premises report "Etat des lieux"

Before the start of the lease, the parties shall establish an "état des lieux d'entrée" in which they explain in detail the state in which the property is.

At the exit of the tenant, this will be an "état des lieux de sortie" to see if there are damages, which will result in the payment of compensation to the owner.

These "etats des lieux" can be done by an expert to be appointed in the rental contract signed by the parties. Without the "état des lieux" at the entrance of the tenant, the latter is held to return the property at end of the contract in the state he received it.

5. Lease bail

Most leases provide that the tenant must provide a rent guarantee. It is not mandatory unless stipulated in the contract.

There are three types of security:

- The warranty paid by the tenant on a blocked bank account until the end of the contract (can not exceed the equivalent of two months of rent);
- A bank guarantee which allows the tenant to gradually build up the guarantee with a financial institution (can not exceed the equivalent of three months of rent);
- A bank guarantee via an agreement between the CPAS and a financial institution (can not exceed the equivalent of 3 months rent).

6. Registration of the contract

The lease must be signed by the registered owner.

In the absence of registration of a lease of nine years, the tenant can put an end to the contract at any time without compensation.

7. Observations

A contract signed by a married person is presumed also to be by their spouse.

At the signed lease agreement should be attached:

- An attachment foreseen by the royal decree of May 4, 2007, pursuant to Article 11a of the Law on rent for all contracts entered into after May 18, 2007;
- A copy of the royal decree of July 8, 1997.

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