

A guide to buying a property in Hungary

Before purchasing a property you should always inspect the government land register for any legal requirements, rights and restrictions including the seller's ownership title, mortgages, liens, pre-emption rights, rights of way, canals, lines, brooks.

For this purpose you can obtain a current extract from the government land register about any Hungarian property available from every district court.

After choosing a property, the buyer, agent and lawyer engage in the purchase process.

The legal procedures can take up to 6 months and registering the property with the local Land registry can take up to further 60-90 days.

No restrictions apply to ownership of property by Hungarian legal entities.

Non-European citizens are further obliged to gain the approval of the relevant Administrative Office (Kozigazgatasi Hivatal) in order to purchase property as a private person. According to regulations most foreigners should receive a permit within 2-3 months.

1. Find a property. A real estate agency will arrange viewings and answer any questions about the property, payment procedures and advise on a notary who can handle the purchasing process from a legal perspective. . Title searches are usually included in the services lawyers offer. A structural and/or architectural survey of the apartment and building are recommended. When a property has been selected, make a formal offer in writing via a real estate agent. When the seller accepts the offer, it is binding. At this stage a purchase agreement or sale contract is drawn by a Hungarian solicitor/notary who will also start the process of securing local government approval of the purchase

2. Sign the preliminary sales contract and pay the deposit (10-20%). The completion date is agreed. A Notary will draw up the sale contract on behalf of both parties. Please note in Hungary the same Notary acts for both parties and is seen in law as an intermediary for both the buyer and seller.

4. Obtain permission to purchase property. Foreigners need a special permission from the local municipality for the purchase of the property. It takes 6–8 weeks to obtain this permit.

5. Sign the final sales contract and make the final payment. You will be asked to transfer sufficient funds to cover the purchase and all fees and costs to the Notary clients (trustee) account before the agreed completion date. Once both parties have signed the sale contract the Notary passes the money over to the vendor, but only after ensuring that the property is recorded in the land registry, and that the buyer has unencumbered title. Other clauses are inserted into the contract to ensure that the vendor has settled bills with suppliers so that no debts from the previous owner are lingering after the

date of sale.

The buyer and the seller must sign the final sales contract in the presence of a notary public.

Because of the permission process, closing usually takes place 60-90 days after initially signing the Preliminary sales Contract. The buyer must notify the seller immediately after receiving the purchase-permission from the Administration Office. Closing usually takes place within a week. The most important step is when the buyer and seller sign the Closing Statement, which is a declaration that the purchase price has been paid in full and possession transferred. The buyer then takes possession. The final registration of ownership rights takes about six months.

Property Purchase costs % of contractual value:

Notary fees -you should allow 2.% + vat (payable by the buyer)

Property transfer tax 4% (payable by the buyer)

Additional costs:

Municipal permission to buy property up to Eur1000.00 (payable by the buyer)

Official translation services about Eur100.00 per hour (payable by the buyer)

Real Estate Agent's Fee:

Real estate agent's fee varies between 3.5% to 5% of the property's purchase price. In Hungary the agent's commission is usually payable by the seller but there are not set rules to this, depending on the circumstances, the buyer could also pay a commission.

IMPORTANT - Disclaimer :

The above information is provided as guidance only, ECSM Property Ltd. does not accept any liability for the reliability of the information and statements made as this is obtained from 3rd parties.

We always recommend you take legal advice from a fully qualified local Lawyer or Notary before buying a property overseas.