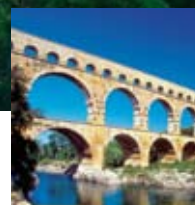


# *Buying a home in France*



HSBC 

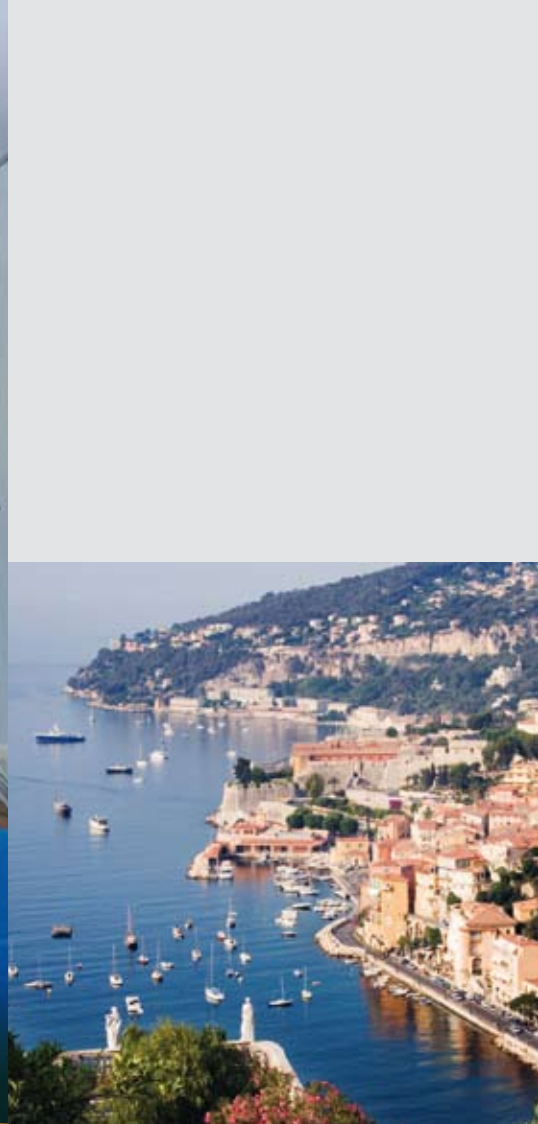
Votre banque, partout dans le monde

You may have spent your holidays in France or just dreamt of living there. You may have fallen in love with a specific region or area and you would like to buy a property there:

HSBC France will help you with the mortgage process and make it easy for you. Our *Buying a home in France* offer is for non-residents who need to finance their residential property in France. There is no need to come to France for your mortgage: all documents can be completed before your arrival.

Our English-speaking specialists will take care of you through every step of your project and give you all the necessary advice. You will be introduced to English-speaking relationship managers in your desired location:

Welcome to France!



# HSBC: your mortgage partner



# ■ HSBC France in every step of your project

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▶ **As you would expect from a member of the HSBC Group, one of the largest banking and financial services organisations, we offer practical assistance with the purchase of your property: benefit from the «Buying a home in France» process.**

▶ The International Banking Centre in Paris, **has a bilingual team dedicated to “non residents” who want to invest in a French property and who also need a mortgage loan.** Our “Buying a home in France” team have a vast experience in this domain and will be very happy to assist you in getting started, during the process and key stages of your project. **They will answer your questions and explain in English the details surrounding your purchase.**

▶ **All the documents with regard to your “Buying a home in France” mortgage are in English or translated into English for you to understand:** request for an in principle mortgage quotation, account opening + mortgage, application forms, life cover subscription, mortgage contract.

▶ Our Buying a home in France team have contacts **with English-speaking professionals\***: notaires, solicitors, surveyors valuation experts,... and can put you in touch with them if you require. You are welcome to contact them directly to set up an appointment. They will assist you in your project.

\* These names will be given to you upon your request and does not involve HSBC France in any way.

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## **French bank account:**

*Monthly repayments covering both capital and interest are paid in euro via a HSBC France bank account. **Opening an account with HSBC France is part of the mortgage process.***

*Payments can be made by a transfer from most overseas current accounts to HSBC France. Your HSBC France account can be used to pay the direct debits for taxes due in relation to your property as well as bills for electricity, telephone and gas.*

# ■ General information for non-residents mortgages

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## ▶ **Buying a home in France.**

- ▶ **Currency:** EURO
- ▶ **Loan to valuation ratio:** up to 85% of the purchase price or our valuation, whichever is lower (excluding legal fees)
- ▶ **Minimum Amount:** Euro 50,000
- ▶ **Maximum term:** 25 years. Applicants must be aged over 18 and all borrowing repaid by the age of 75, subject to status.
- ▶ **Interest rate:** fixed rate/variable rate/capped rate
- ▶ **Security:** first legal charge (mortgage)
- ▶ **Repayments:**
  - Existing property: Repayment of capital and interest will be required in monthly instalments. The first instalment will be dependent on the date of the first drawdown of the loan.
  - Property under construction: the first instalment will be payable within one month of the first drawdown of the loan. The instalments are based on the amount of funds released. A maximum of 24 months deferred payment of capital may be granted on that occasion.
- ▶ **Lender:** HSBC France
- ▶ **Arrangement fees:** 1% of the amount borrowed (please consult for further details)

**The first legal charge on the property has to be registered upon signature of the final deed with the notaire.**

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER DEBT SECURED ON IT.**



## ▶ Documents required for mortgage arrangement:

### ▶ **Property details** (Preliminary contract)

### ▶ **Evidence of income:**

- Last 3 pay slips and a letter from your employer confirming your salary, position and length of service (if self-employed, please provide your last 3 years audited accounts)
- Latest income tax return (if self-employed, please provide your last 3 tax returns)
- Evidence of other income (rent agreement or bank statements for investment income)
- Last 3 months Bank statements

### ▶ **Proof of identity**

- Personal identification (passport, birth and marriage certificates must be certified by an HSBC officer or a legal authority).
- Confirmation of address: copy of gas, electricity or phone bill (not mobile phone) showing present address (dated within last 3 months), also must be certified by a HSBC officer or a legal authority.

## ▶ Main criteria for mortgage loan approval by HSBC France.

- ▶ Yearly income of more than Euro 100,000 net after taxes or GBP 120,000 gross, and financial investments or savings of more than Euro 20,000 after the property purchase has been done.
- ▶ **Affordability** - up to 33% (fixed monthly commitments including the requested mortgage loan repayments compared to the net income per month) or a sufficient disposable income
- ▶ **Regular and stable income**
  - Salary applicants: we normally require you to have worked for the same company for at least 12 months.
  - Self-employed: you must have run your business for at least 3 years.
- ▶ **Mortgage insurance:** Life cover is mandatory and provided by Erisa\*. This insurance pays off all or part of your remaining mortgage in the event of death or permanent incapacitation. Insurance cost is monthly calculated on the outstanding capital.

\*Erisa is a HSBC subsidiary, regulated by the French Insurance code. Full terms and conditions will be given to you when you apply to this product.

## Currency risk:

*It is worth considering how to protect yourself against currency risks. The foreign exchange market can be unstable and anyone looking to undertake a large transaction should be aware of the risks. **CHANGES IN THE EXCHANGE RATE MAY INCREASE THE STERLING EQUIVALENT OF YOUR DEBT.** For more information, or to set up our forward contract facility, please, contact us.*

# Interest rates

## ▶ **Your tailor-made quotation.**

### ▶ **You want to repay your mortgage with constant monthly payments?**

*Our advice:* You should choose a FIXED RATE mortgage. When the mortgage is signed, a constant rate is calculated on the basis of current bond prices. The rate is fixed for the term of the mortgage.

The rate, the term and the amount of monthly payments are fixed. You will know exactly how much you will have to pay each month until the end of your mortgage. You will not have to worry about it.

*Early repayment (partial or total) can be done at any time. A fee equivalent to 3% of the amount repaid will be charged.*

### ▶ **You want your monthly payments to be in line with current interest rates?**

*Our advice:* You should choose a VARIABLE RATE : this rate is linked to the Euribor 12 months.

The rate is revised yearly on the date the mortgage was completed. On the one hand, if the rate decreases, your monthly payments and the cost of your mortgage will be reduced.

On the other hand, if the rate increases, please note that your monthly payments will also increase. You can switch to a fixed rate at any moment without any fees.

*Early repayment (partial or total) can be done at any time without any charges.*

### ▶ **You want to balance the risk?**

*Our advice:* Benefit from the mix of a fixed rate for part of the amount and a variable rate for the rest.

You will then be able to balance risk and security: your mortgage is divided into 2 parts (all details on fixed and variable rate mortgages are explained above)

### ▶ **You want to take advantage of a good interest rate while you decide upon maximum monthly payment in case the rate increases?**

*Our advice:* CAPPED VARIABLE RATE : a yearly revision of the mortgage's rate is made, based on the benchmark rate with a guaranteed ceiling rate of +2%.

Principle: This is a good compromise between a variable and a fixed rate since you can benefit from a decrease in rates and have security in case of rate increases.

Note that you cannot switch to a fixed rate during the mortgage.

*Early repayment (partial or total) can be done at any time, a fee equivalent to 3% of the amount reimbursed will be charged.*

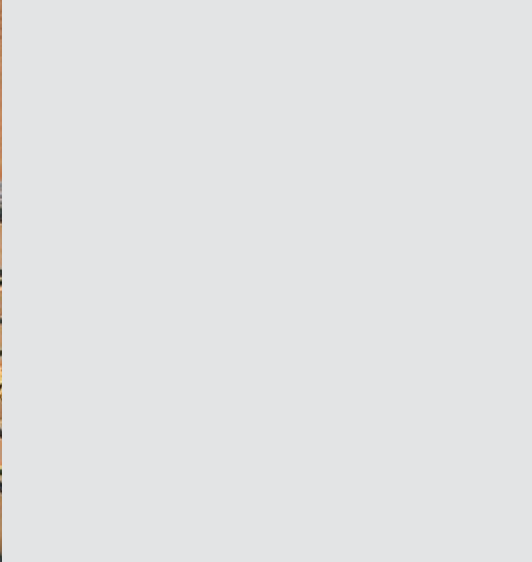
## How much can I borrow?

*Under French legislation HSBC France has to check: the income level, its stability over the duration of the mortgage, and the amount of the regular outgoings.*

*This process is done to be sure of the borrower's capacity to repay the mortgage.*

*For this purpose, HSBC France verifies that the total loan repayments (including the requested mortgage) and charges do not exceed 33% of your net monthly income.*

*We suggest you complete our request on line and we will contact you very shortly (<http://banque.hsbc.fr/bhf>). The final decision and quotation are given by our "Direction du Cr dit", based on many criterias. Each mortgage request is analysed on a case by case basis.*



Everything you  
need to know before  
starting your project



# ■ Steps towards your French property

## ▶ **The purchasing process:**

▶ **1. Consult HSBC France website ([www.hsbc.fr](http://www.hsbc.fr)) to fill in the online request form.** Our specialists will contact you to discuss your project.

▶ **2. Find the right property in the right area.** You may have already decided on a specific area or may have a French region in mind, perhaps having been there on holiday.

▶ **3. Sign the preliminary contract** (preliminary sales agreement), once you have found the right property. An initial deposit should be made (usually 10% of the purchase price).

Please note that in France **the law on Urban Solidarity and Renewal protects the buyer:** if you have changed your mind, you can withdraw within 7 days after the day following the presentation of the letter notifying the deed. By notifying your decision by a registered letter with return receipt within 7 days, you will not have to pay any penalties. From the day following the withdrawal, you must be refunded within 21 days.

▶ **4. Fill in the “Buying a home in France” account opening, the mortgage application and the life cover subscription.** Once completed, send it

to your Relationship Manager with all the requested documents. You will be issued with a mortgage offer, (subject to HSBC France approval on your mortgage and insurance applications).

▶ **5. Once you have received the mortgage offer,** you must wait at least 10 working days (not more than 30) before signing and accepting the offer (conditions of Consumer Law in France). Finally, sign the documents and send it to your HSBC relationship Manager who will send a copy to the Notaire.

▶ **6. The Notaire prepares the deed of sale** to be signed and will request the mortgage funds. As soon as you have signed the relevant documents, you are the owner of a French property : **“Welcome to France”!**

NB: the length of time between the initial sale contract and completion can vary but it is normally around 2 to 3 months.

**It is highly recommended that you ensure your new home is insured against damage.** The policy must be effective from the same date as the signing of the deed of sale.



## ■ The role of the “notaire”

### ▶ In France, the conveyancing process is undertaken by a notary.

▶ A “notaire” is a publicly appointed official who is responsible for ensuring that the property is habitable (ie, no irregularities) and that the purchase or sale is carried out and legal verifications are made.

▶ As “notaires” are personally responsible for the establishment of the contracts, they must be objective in the advice they give and be impartial in their dealings with the parties involved.

▶ A “notaire” represents neither the seller nor the buyer but the French Government.

▶ Therefore, the same “notaire” usually acts for both the vendor and the purchaser. This is not mandatory and you can appoint your own notaire if you wish. The fees (paid by the purchaser) are fixed by French legislation (+ local fees).

▶ HSBC France has contacts with many English-speaking notaires in France and can put you in touch with one.



### SCI :

*A SCI (Société Civile Immobilière) is a property-holding company. It enables two or more people to buy a property together. As a separate entity, the SCI has administrative and accounting obligations. For any further information on the creation of a SCI and its cost, or tax implications, please contact your notary, your solicitor or the French tax authorities.*

## ■ Rates and taxation

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► **As soon as you have bought your property, you have to register to the French Taxation Centre for Non-Residents.**

“Taxe foncière” (land tax):

The amount of the “Taxe foncière” depends on the size and the location of the property. The tax is paid by the owner of the property on the 1st of January of each year with payment due in the final quarter of the year (owners of new constructions are exempt of tax payment for the first two years).

“Taxe d’habitation” (local services tax):

This tax covers the services and maintenance provided by the local council. The estate agent can inform you of the amount you will have to pay for your new property.

**French inheritance laws and Taxation:**

If you face inheritance issues, we strongly recommend that you contact specialists.

HSBC France has established a list of UK based solicitors specialising in French Property Law. We also have contacts with English speaking notaires throughout France : they can advise you about your specific circumstances and inform you about property taxation applicable to residents and non-residents.

**Feel free to contact us!**

**Please note that France has signed taxation agreements with most countries which means that you will avoid double taxation.**



# Glossary

## Useful french terms



- ▶ **Acte de vente:** Deed of sale
- ▶ **FNAIM:** The initials of the Federation Nationale des Agents Immobiliers et Mandataires which is the main French national association of estate agents.
- ▶ **Maitre d'oeuvre:** Master builder
- ▶ **Agent Immobilier:** Real estate agent
- ▶ **Assurance multirisques habitation:** Household insurance policy for buildings and contents
- ▶ **Mandat exclusif:** Exclusive mandate for an estate agent to sell a property as opposed to a mandat simple which is a non-exclusive mandate.
- ▶ **Cadastre:** Land registrar
- ▶ **Notaire:** Notary, a lawyer who is a legal professional and a public officer appointed by the Ministry of Justice to handle the conveyancing of all property sales in France. Notaire's fees: 'frais de Notaire'.
- ▶ **Pièce:** A room
- ▶ **Condition suspensive:** Suspensive clause, eg, agreement only if the buyer is granted a loan.
- ▶ **Compromis/Promesse de vente:** Preliminary contract. This is a contract by which one person undertakes to sell to another person without the latter immediately consenting to buy. It is guaranteed with deposit that is forfeited if one party pulls out.
- ▶ **Frais de garantie:** The registration fees are notarial fees for the writing of a deed (ie, the notary public's commission) and all legal fees and taxes due for any real estate transaction.
- ▶ **Taxe Foncière:** Land tax
- ▶ **Taxe d'habitation:** local tax for services
- ▶ **Terrain:** land or ground
- ▶ **Expertise:** valuation or survey
- ▶ **Hypothèque:** mortgage
- ▶ **Apport personnel:** personal contribution
- ▶ **Assurance décès:** Life insurance
- ▶ **Période d'anticipation:** pre-repayment period
- ▶ **Période d'amortissement:** repayment period
- ▶ **Frais de dossier:** Mortgage arrangement fee
- ▶ **VEFA (Vente en l'état futur d'achèvement):** acquisition of a property to be built (off plan)
- ▶ **Mensualités:** monthly repayment charge

# Contact us

▶ **Call «Welcome HSBC»**

*From France: 0 810 815 819*

*From abroad: +33 (0)1 55 69 74 54*

▶ **Log on to [www.hsbc.fr](http://www.hsbc.fr)**

▶ **Fill in the online "Buying a home in France" request form:  
<http://banque.hsbc.fr/bhf>**



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