

ESSENTIAL  
QUESTIONS TO ASK  
WHEN BUYING A  
HOUSE IN FRANCE  
and how to ask them



MARK SAMPSON

# ESSENTIAL QUESTIONS TO ASK WHEN BUYING A HOUSE IN FRANCE

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# Introduction

My wife, Deborah, and I have done it three times in roughly 15 years. Which is not excessive, but just often enough to reinforce the lessons of hindsight and to be able to speak with a certain degree of authority.

Ah, if we'd known then what we know now... The first time, it was a rush of blood to the head. We were in our thirties, which seemed awfully mature, but appears dangerously young now. I'd sold a share of a house in Brighton and we'd recently moved to Sheffield at a time when you could still buy a terraced house as a Christmas present. We had money in our pockets and fancies in our head. For three weeks of a hot, stormy summer at the end of the 1980s, we drove around the Dordogne and the Lot in a convertible Beetle to see what all the fuss was about. We took a tent, some clothes, a map and some sales literature from the few UK agents that specialised at that time in French properties. If the Internet existed, I wouldn't have known how to use it.

By the end of our holiday, we had signed a contract for a stone farmhouse in the Corrèze. It proved far too big for us and not quite as habitable as we had surmised. The village it abutted proved to be a hotbed of destructive jealousies and family squabbles. The climate was not as hot and sunny as it had seemed during our scouting trip. But the property had cost our requisite £15,000. We took out a loan with the Alliance & Leicester to pay the legal fees, and the place – more by chance than by foresight – would prove an adequate and generally happy family home for the first eight years of our self-imposed exile. However, had we borrowed a little more money and asked some of the essential questions that because we didn't know enough, we didn't ask, we might have bought something in an up-and-coming picturesque town like Martel and watched a shrewd investment appreciate before our very eyes. But that's the wonder of hindsight.

The second time, it was a matter of necessity. One of the questions we failed to ask when we bought the farmhouse concerned the arrangements regarding the little attached house next door. Of course it was sheer lunacy to buy a house that had been divided into two by bickering brothers. The smaller annexe next door was rented by the old couple across the road to an ex-soldier who smoked limp roll-ups and recounted his experiences in Algeria and Vietnam. He lived, we discovered later, in abject squalor. When he moved out, the proprietors installed a surly man who would sweep into our shared courtyard at the end of his working day, then often proceed to take a leak against the garage door. The folly of our purchase really hit home. Having lived happily in a row of Victorian terrace houses, the prospect of attached neighbours hadn't seemed such a big deal. These ones proved as invasive

as chronic indigestion. Somehow, we'd completely missed the whole point of buying a house in the French countryside: which is surely to get away from it all and live in the kind of splendid detachment that money rarely buys in the UK. We realised that we would never find anyone as daft as us to buy it in its current situation. So when the infirm proprietors proposed to offload it to their English neighbours (who surely had more money than sense), we jumped at the chance of sole ownership. £25,000 seemed quite a lot for what amounted to a two-up two-down, but it meant that we could undo the damage done by the warring siblings and use the annexe as (a singularly unsuccessful) *gîte*.

By the third time of doing it, I had passed 50 and we were veterans of a decade in a foreign land. The reality of approaching retirement with little provision prompted our 'third age' executive action. We bought a solid semi-detached stone house in Brive with a loan from La Poste. It would serve as a treatment centre for Deborah's aromatherapy practice, with an apartment above big enough for a small family. The anticipated income would just about meet the monthly repayments. By now we were wise enough to ask the right questions.

This is a book, then, to guide you through the process of buying your own place in France – if that's what you decide that you really want to do – by steering you clear of some of the pitfalls into which we (and certain other friends and acquaintances) have unwittingly stepped. By common consent, these are the essential questions that you need to ask – not just of significant others, but also of yourself. Do you, for example, want to buy a house to live in either full-time or part-time or simply as an investment? If, say, it's for living in *définitivement*, are you quite sure that you know what's

involved? I know plenty of people who have done it and made a go of it – and drawing on their successful experience – asked them to contribute to the list of essential questions. Equally, I know those who haven't made it and, for some reason or other, have decided to sell up and go back home – often because of a failure to examine the fundamental reality of buying property in a foreign country.

Among my acquaintances is a couple in their thirties who have bought an old hotel. It wasn't very expensive and, having sold their property in the UK, they can't be short of a few euros. It's situated at the side of an old Route Nationale, but all the passing traffic now uses the adjacent motorway. It will cost at least what they paid for the building itself to bring it up to a standard that will suit today's potential clientele. Neither of them speaks any French, so they're hoping to attract English-speaking guests (even though it's located in an area that tends to be bypassed in the race to the sunny south). I wish them all the luck in the world, but I can't help but wonder what on earth they are thinking of.

Forgive me if at times I sound a tad cynical or paint a gloomy picture. If, having read this book, you can place your hand on your heart and say: 'Yes thanks, I'm clear in my mind that I want to do this – and I know how to go about it', then it has served its purpose.

I should say at this point that this book is *not* designed to serve as a comprehensive handbook. While I try wherever possible and appropriate to provide some helpful up-to-date information, bear in mind that regulations (especially those that emanate from our dearly beloved European Commission) change with alarming regularity. I see this more as a useful framework to guide you logically through the whole process,

to be supplemented (if you want to learn more) by at least one of the very good publications already on the market.

You'll find the questions divided into a number of sections that correspond roughly with the various stages of the process you will need to go through. Although the answers I provide are as detailed as I feel it helpful at this stage, you may nevertheless want to consult professionals such as estate agents and so on for further useful views and ideas. Questions that you may have to ask French people – in different shapes and guises – have been translated in the summary at the end of each chapter. You may, of course, discover other questions (relevant to your own particular circumstances) that you should ask along the way, but these are the basic ones relevant to most purchases.





## Chapter 1

# Why do I want to buy a house in France?

Recent refugees from the UK paint a gloomy picture of life in the mother country. Can it really be as bad as all that? Is it going relentlessly down the pan? I certainly hope not. I wonder sometimes whether we allow ourselves to be swept away by the tide of negativity that is the media's making. So, this chapter is designed to get you to explore your motivation. We're very happy here, but it's not all a bowl of cherries across the Channel. French life creates its own unique set of problems. If the idea of acquiring French property (either to live in or to invest in) is partly induced by a feeling of general malaise, then make sure that you're not romanticising the whole house-in-France notion?

I hope by the time you reach the end of this chapter that you'll be quite sure that you really want to do this. Or not, as the case may be.

## Q 'Why France?'

I have a couple of friends nearby who are organic farmers. He's Dutch and she's English. When they decided they wanted to be organic farmers, they also decided that they wanted to live and farm somewhere other than Britain or the Netherlands. They looked around in Portugal, and in Spain (the real Spain and not the pretend Spain of the *costas*). One day while watching a wrinkled sun-scorched peasant farmer herding his goats, they recognised that such people would be their only neighbours. The woman pictured herself popping into a bar – and a host of male eyes fixing her askance. It was all just too different. So then they looked in France. The countryside was green, the climate was mild, the property was (then) inexpensive and it was that much closer to their respective homes. The language and culture were different, but it still felt more familiar. They bought a farm irrigated by the Dordogne in summer, and they have stayed there happily ever since.

So why do so many of us Brits gravitate towards a country that has inspired and continues to inspire quite ambivalent feelings? France is a foreign country, but the Channel is narrow enough to swim. The people are different, but we have loved them as familiar enemies for hundreds of years: they conquered us and then we conquered some of them and then, because we helped them out of a pickle in the second world war, they feel grateful and resentful at the same time and love-hate us more than ever. They might speak a different language, but it's one we generally try to learn (rather unsuccessfully) at school. The

culture is unfamiliar, but not as unfamiliar as it is in Greece or Bulgaria. Administration and customer service are dreadful, but no worse than the equivalent in Italy. Property is plentiful and cheaper than it is in the UK, but it's not as cheap as it is in Romania or Croatia. The food and wine are good, but not as good as they're cracked up to be. The climate's rather better than our own, but not as extreme as it is in Spain or Portugal. The cost of living may be slightly higher, but the quality of life is better. And, of course, it's eminently accessible by road, rail and air. So why *not* buy property in France?

### **Q** *'What's my motive for buying a house in France?'*

If you simply want to dabble in French property, you could buy a house or a flat as an investment and rent it out to others until you are ready to sell. If you like the lifestyle sufficiently, you could buy somewhere as a holiday house. Or you could go the whole hog and move to France.

### **Q** *'Should I buy a house as an investment?'*

It's certainly not a bad idea. Much depends on the area that you choose, because property in some parts of the country tends to appreciate faster than it does in others. Generally – and based on trends over the last few years when prices have risen consistently after a fairly long period of stagnation – property prices are more stable than they are in the UK. Steady growth (in recent years at around an annual 10 per cent mark) rather than cycles of boom and bust seems to be the hallmark. FNAIM (The Fédération Nationale de l'Immobilier) – one of the two professional bodies to which most French estate agents will belong – publishes a monthly

analysis of the property market on its website ([www.fnaim.fr](http://www.fnaim.fr)). After a fairly static second half of 2006 following significant growth during 2004 and 2005, the forecast for 2007 was for growth of somewhere between 3 and 5 per cent.

French *agents immobiliers* (estate agents), of course, are as guilty as their UK colleagues of talking up the market. It's hardly surprising, I suppose, given that their fees for a sale are around 8 per cent, which is an awful lot when you consider that the top whack for a UK agent is something like 2.5 per cent. Given the level of the various agents' and legal fees associated with buying and selling property in France, along with an awareness that the real breathtaking bargains are now a thing of the past, it would certainly make an investor looking for a big and/or speedy return think twice about buying a house here.

Nevertheless, there is an interesting scheme sponsored by the French government. French leaseback property is regarded as one of the best kept secrets of the property investing world. Although established for more than 20 years now, it's certainly not common knowledge that this scheme allows investors in qualified leaseback developments to claim back the 19.6 per cent TVA (the French equivalent of VAT) they pay on the price of the property. In return, the government reaps the reward of having tourists with money to spend stay in the property that you own. Although you own the property outright, you agree to hand it over for a fixed term (from nine to 11 years maximum) to a management company that guarantees to pay you a net return of something like 4.5–6 per cent of the cost of the property. So if you buy a house for, say, €120,000, you would actually only pay around €100,000 because the TVA element of the sale is refunded. If the guaranteed return was 6 per cent, you would receive an annual income of roughly

€6,000. At the end of the period, the management company returns the property to you to deal with as you wish. This is somewhat simplified and there are a few caveats (the risk, for example, that the developers go bust and thus scupper the letting agreement), but if you want to know more then you can download a free guide at [www.jamesgreenandco.co.uk](http://www.jamesgreenandco.co.uk) (just one of several property consultants that can steer you in this direction), or contact them by telephoning 01624 828701.

Leaseback aside, you can place your investment property in the hands of a good agent and let him or her do the hard work in return for a reasonable fee. However, French law favours the tenant over the landlord, so if you get saddled with a rogue incumbent you could find yourself embroiled in some Dickensian legal action. We'll look at some of the legal issues of renting – be it short- or long-term – in Chapter 8.

When it comes to selling the property, there are certain legal and fiscal pitfalls to consider. TVA and capital gains legislation is fairly complicated (isn't it always?), and you might find yourself with large bills to pay that take big chunks out of the return on your investment. Again, we'll look at these issues in Chapter 8.

### **Q** *'Should I buy a house in France as a holiday home?'*

Since France is still the most popular holiday destination for Brits (indeed, the most visited country in the world, with over 77 million visitors annually), you would be in good company. Given the country's popularity, you could probably find a fair number of friends and relatives who will want to use the house when you're not there and who might be prepared to contribute to its upkeep.

But... having bought our first French house for this purpose, I sometimes question the wisdom of the holiday-home option. For one thing, you tie yourself down to a particular location year in and year out. Moreover, to get the most out of your house, you'll probably want to come out at least two or three times a year – which can all get rather expensive. The more you visit, the more (hopefully) you'll love your retreat but the more emotional dissonance you might experience. The good thing about a conventional holiday is that you know it's a finite thing: at the end of a week or two, it's over and you can return home with some happy memories and some nice snaps to show your friends, then quickly get back to real life. Whereas we found that every time we left our holiday home in the Corrèze and embarked on the long haul back to Sheffield, the wrench of leaving became more and more difficult to endure – with the result that we became increasingly dissatisfied with real life and couldn't wait to get back to our other home. You start thinking that a holiday could be for life rather than for just two or three weeks of every year.

If your new holiday home requires some degree of renovation, there's a real danger that you could be wearing yourself out rather than recuperating from the daily grind. Even if you decide not to do the work yourself, there will be materials to source and workers to mobilise.

On top of this, there is the expense to consider of keeping your holiday home legal and insured and in the style to which you have become accustomed. There are plenty of neighbours around who will volunteer to keep a watchful eye on your property, opening the shutters the day before your arrival and such like. Nevertheless, there are things to worry about too, such as stormy weather conditions or a roof that needs fixing

and you'll find yourself wondering what's happening hundreds of miles away from your principal residence. And if there's work to organise, it's hard enough to do it when you're *in situ*, let alone back in the UK.

So a French holiday home can be lovely, but you want to be quite sure that you appreciate just what the trade-off could be for those precious two or three weeks of tranquil evening meals on the terrace.

### **Q** *'Should I buy a house in France to live in?'*

We come to the third option. There are something like 250,000 British nationals already living either full-time or part-time in France. What's more, as increasing numbers of younger people find themselves priced out of the UK property market, almost a third of first-time buyers are now opting to buy abroad as an alternative. Many of them choose France. So are you one of the several thousands annually who want to move to France, lock, stock and barrel?

If you are, then you want to make absolutely sure that the house you decide to buy is the right house in the right area, because the upheaval of moving across the Channel is not one that you would wish to repeat too soon. And you want to be fairly sure that you can make a real go of it. Such is the gulf in property prices that it would be too hard to swap a spacious family home in France for a cramped terrace house in somewhere like Preston.

Personally, I agonised over this for aeons, drawing up lists of pros and cons on flipchart paper, driving myself and my wife so crazy in the process that finally we said, 'Oh come on, let's just do it', which is maybe not the soundest basis for such a momentous decision. This is such a big question to consider

that we should divide it up into a number of more manageable sub-questions.

***'How easy will it be to support ourselves in France?'***

The answer boils down to some kind of Micawber-like equation: whether your anticipated incomings can accommodate your regular outgoings. You hear conflicting things about the cost of living. Officially, the UK is a more expensive place to live in than France. My impression, as part of a self-employed family, is that the cost of living averages out slightly higher here. Food, clothes, furniture, building materials, white goods, cars all cost more. The cost of running your car is a little cheaper and insurance is on a par with UK premiums. The combined property taxes probably add up to less than most council tax assessments. Running a telephone and a television costs more or less the same. There's not much in it when it comes to income tax, but if you're self-employed and you have to pay the equivalent of National Insurance contributions, you will be flabbergasted by the quarterly bills. Nor, of course, is health care free, so you will need to factor in the cost of either full or top-up insurance. Even eating out is not quite the bargain that we often suppose. So make sure that, as the Americans say, you 'do the math'.

If you are employed or retired – with a pension – you will probably manage. Particularly as shopping is not quite the social obsession that it is in the UK. Apart from the pre-Christmas panic, shops are still shut on Sunday. The fabled French quality of life is more about enjoying the kinds of natural pursuits that generally come free.

If you are self-employed, you could find it more of a struggle. Self-employment is seen by the French government not as an