



Legal Service of Legal Management in Judicial Auction

Regardless of the purpose of the judicial auction, one of them being one of the THREE preferable options, (buy to sell, buy to rent or buy to live in the acquired property) we will compare the steps to follow in an ordinary sale and what others steps would be followed in a judicial auction.

To begin with this matter, the following table refers to the different costs that exist between an ordinary purchase and a judicial adjudication:

CONCEPT	ORDINARY PURCHASE	JUDICIAL AUCTION
Judicial adjudication	Free	Free
Notarial deed	The cost is shared between the seller party (70%) and the buyer party (30%)	Free
ITP*1 and/or AJD	8% of the purchase value	8% of the purchase value
Registration fees and expenses	Paid by the buyer party	Free

Steps to take into consideration in the process of a JUDICIAL AUCTION:

1. A judicial auction of the property in which we are interested is called by the creditor. We will have TWENTY calendar days for investigate the property in order to bid on it on the official website of the Spanish government (BOE / MINISTRY OF JUSTICE / JUDICIAL AUCTIONS).

2. After having exceeded the period of study of the property and its economic burdens, we will proceed to pay the deposit necessary to begin our bid, which is 5% of the appraisal of the property (the valuations in which the vast majority of judicial auctions are usually supported on are usually those that were carried out on the property when the current debtor-executed requested the mortgage loan for the acquisition of the property executed and which is currently in judicial auction after a foreclosure has occurred due to non-payment).

In case our bid is not the winner one, this aforementioned deposit will be returned to the bidder around a week of finishing the judicial auction in the same account from where we formalized the bank transfer.

3. In case our bid is the winner one, the court will give us a period to pay the remaining amount on our position in the judicial auction itself. If we do not pay the remaining amount in the mentioned term, we will lose the deposit of 5% paid according to the previous paragraph.

4. Pay the ITP tax

5. Once the property has been adjudicated to you, we will ask the Court for the Cancellation of burdens to send the same to the Property Registry and keep on the property as many loyal rights which can protect the buyer regarding the cancellation of the debts of the previous owner and the registration of the new one in the foreclosed property. The only burdens that would remain in force on the property would be those prior to the executor of the judicial auction, those incurred with the community of owners (ordinary and extraordinary community fees) and City Hall where the property its located (IBI*²). All of the above would be the data for study prior to the payment of the 5% deposit.

**¹ ITP it's the tax that has to be paid for buying a property in Spain, specifically in Andalusia it is 8% of the purchase value, its acronym ITP stands for "Impuesto de Transmisiones Patrimoniales" which means basically property transfer tax. This tax can fluctuate from 3.5% to 9% in judicial auctions depending on the amount of the auction and the age-equity of the successful bidder, or if we deal with an officially protected dwelling.*

**² IBI it's an annual tax that every property owner have to pay to the town hall, the acronym stands for "Impuesto sobre Bienes Inmuebles" and which varys depending on each property.*