

The Property Buying Process in Cape Verde

In this white paper we will lay out the process for buying a property in Cape Verde according to Cape Verdean law.

It is important to note is that the property purchase process in Cape Verde is likely to be different to that of your home country and, therefore, you must ensure you get good legal counsel to help you with the process and make sure you have all the necessary information and required documentation. You will need a lawyer to advise you, check the property title, read the developer's promissory contract or draft your own promissory contract and check the deeds.

Necessary documents -

- Land Registry Certificate (Certidao do Registo Predial)
- Official Location Map (Planta de Localizacao)
- Tax Information Certificate (Certidao Matricial).
- If the property is not registered you must obtain a certificate confirming that the property is not registered in anyone's name (Certidao Pela Negativa) and a tax certificate confirming this (Certidao Matricial Para o Efeito).

The Purchase Process:

1. Appoint a Lawyer and give 'Power of Attorney'

If you are in Cape Verde at the time of purchase you should give your lawyer Power of Attorney before you leave so that they can act on your behalf. There is a special form for this when it comes to real estate purchases. You should go to the Notary and request the Power of Attorney in its proper legal form. Alternatively, request your lawyer to draft you one in Portuguese or in English with a Portuguese translation and have it signed and recognised by a public Notary in your home country.

2. Pay a Reservation Fee

Most sellers or developers require a reservation fee to secure the property before you sign the promissory contract. You should request a copy of this in English (or your own language). Be aware that the developer is likely to only give you a month to come up with the down payment ("sinal"), which can vary from 5% to 90% (in rare circumstances) of the purchase price.

The most common terms of payment for off-plan properties are:

- 30% upon signing the Promissory Contract, 20% with completion of the roof, 50% at the Notary
- 50% upon signing of the Promissory Contract and 50% at the Notary.
- For resale properties it is common to pay an amount agreed by both parties as the down payment.
- In some cases, you will be required to sign a 'Reservation Contract' at this point, which will state the timeline within which you must pay the down payment and sign the 'Promissory Contract'.

3. Lawyer conducts searches

At this stage your lawyer should conduct the title search, review necessary planning permission checks, check if the property is clear of encumbrances (i.e. taxes and household bills) and review the promissory contract.

4. Obtain a Tax Card

Your lawyer should obtain a tax card on your behalf now and for this you need to supply both names of both parents or all purchasers of the property.

5. Sign the Promissory Contract ('Contrato Promessa de Compra de Venda').

Once your lawyer has performed the title search, necessary planning permission checks, has checked if the property is clear of encumbrances and has reviewed the promissory contract they should raise any contractual issues and recommendations for amendment with the developer/seller on your behalf.

In the Promissory Contract, the 'promisor to sell' ('Seller') is bound to sell you that specific property in the future and the buyer is bound to buying that specific property in the future, under the conditions laid out in Promissory Contract. This should include amounts and timelines as well as specific property details. Unless a Reservation Contract has been signed the vendor is not committed to sell the property until the Promissory Contract is signed.

You should be aware that, in case of a breach of contract by the seller Cape Verdean law allows you to choose between specific performance or return in double of your down payment. Nonetheless, you will have to make that choice in the contract drafting.

6. Schedule the Title Conveyance and Sign the Deeds at the Notary

Once any other checks have been completed and any issues or problems have been resolved you or your lawyer (on your behalf) should then sign the public deed ('Escritura') at the Notary. This gives you full and proper title to the property.

7. Register the Purchase

When the deeds have been signed you need to register the purchase at the Land Registry so that title is enforceable against third parties. The local Municipal Authority will update its records and register new ownership of the property.

8. Pay the Relevant Taxes

You now need to pay your property purchase taxes ('IUP'). Unless you already have one you should obtain a tax number (also known as a 'NIF') and pay 3% of the property value at the Finances Department. This amount, added to the Notary expenses, should be a total of 6 - 7% of the property value.

9. Sign contracts with service providers.

Once all the legalities are taken care of you need to sign up with local service providers (unless this has already been arranged by the developer or seller) so that you can have electricity and water. If services are already connected you are advised to take final meter readings before completion.

If there is anything you are unsure of please don't hesitate to contact us on -

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