CHECKLIST

Promise of Sale Consideration Checklist

What to consider before signing the Promise of Sale.

Details of Both Parties

Information about the seller and the buyer.

Property Information

The property address, property type, the level of finishing, whether any ground rent is applicable, and other relevant details.

Deposit Payment

The deposit amount, payment terms, and who will hold the deposit (e.g., seller or notary). While it is common practice to deposit 10% of the purchase price with the notary upon signing the promise of sale, this is not a fixed rule and is open to negotiation. Additionally, as banks typically finance up to a maximum of 90% of the property's price, the remaining balance must be covered by your own funds. You can also negotiate the timing of this payment with the seller.

Property Price

The agreed-upon price of the property.

Validity Period

The validity period of the promise of sale and when the final deed signing will take place. When the purchase is financed through a bank loan, a promise of sale typically has a validity period of at least 6 months. However, this period can vary depending on the terms agreed with the seller and notary.

Subject to the Bank Loan Clause

The promise of sale agreement must include a specific clause granting you the right to withdraw from the agreement and recover any deposit if the bank does not approve the required loan amount. Since the agreement specifies a timeframe for the purchaser to be covered by this clause, you should discuss with the bank beforehand how many weeks are needed for the issuance of the sanction letter to reflect this in the promise of sale.

Subject to Approved Permits and a Valid Legal Title to the Property

In the case of pending permits, you should inform the notary accordingly so that the notary includes a clause stating that the promise of sale is subject to the issuance of the necessary permits. This gives you the right to withdraw from the promise of sale agreement and receive the deposit back if the Planning Authority denies approval.

Subject to the Housing Authority's Approval

If you have applied for a Housing Authority scheme to purchase a property, such as the 10% Deposit Payment Scheme, the promise of sale must include a clause stating that the sale is subject to the Housing Authority's approval for that scheme.

Date of Completion

If the property is in shell form or being sold on plan, the promise of sale should specify the completion date.

Easements and Servitudes on the Property

Subject to Conforming to all Planning and Sanitary Laws

Subject to Planning Permission

If planning permissions are required for any development or necessary alterations forming part of the purchase negotiation, including regularisation or sanctioning, the promise of sale should include a clause stating that it is subject to the successful obtainment of such permissions.

Subject to Compliance Certificate

If the property is being purchased during the construction phase or on plan, the promise of sale agreement should include a clause stating that the seller must provide the buyer with a compliance certificate. This can be done at the buyer's or the seller's expense, depending on your agreement. This clause ensures that the Planning Authority can issue such a certificate, confirming that the works have been carried out according to the approved permits, with proper craft and in compliance with current regulations.

Subject to a Maximum of 5% Discrepancy in Measurements

For properties purchased on plan, the law permits a maximum discrepancy of 5% in measurements. Therefore, a clause should be included stating that if the discrepancy exceeds 5%, you have the right to terminate the promise of sale.

Other Clauses Required by Law

In addition to the aforementioned clauses, the law also requires other clauses in a promise of sale, such as the seller's warranty of peaceful possession and the absence of latent defects in the property.

Other Conditions

Include any agreements made between you and the seller (if applicable), such as a list of agreed-upon finishings.