



FIRST TIME BUYERS

Step-by-Step Guide

Step-by-Step Guide for First-Time Buyers

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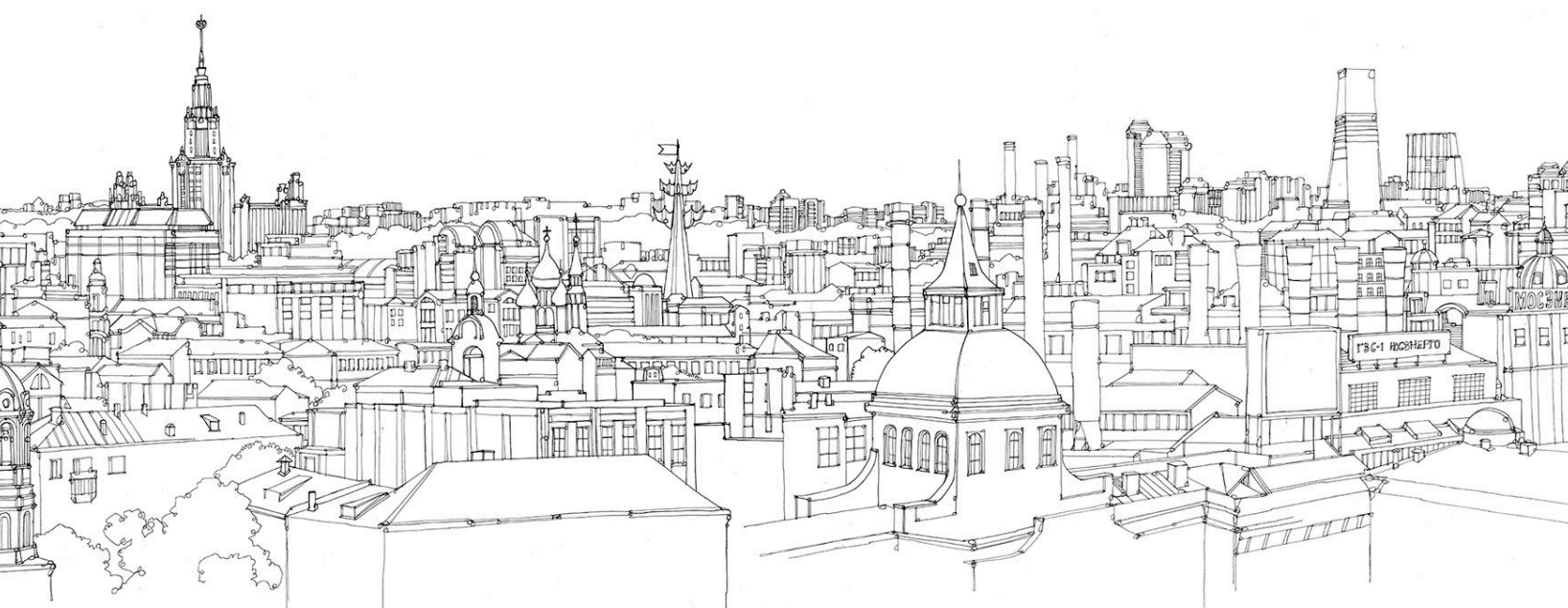
INTRODUCTION

Are you thinking of purchasing your first property? Or have you already started reviewing properties but are unsure about the next steps? If so, you have come to the right place.

Buying your first home is often one of the most significant investments and commitments you will ever make in your life. While the process may feel daunting and overwhelming given the several factors to consider, having the right guidance can transform it into an exciting and empowering journey.

This step-by-step guide will provide you with all the necessary help in taking your first step towards climbing the property ladder and becoming a proud homeowner. It will equip you with the right knowledge, resources, and support to make confident and informed decisions at every stage of this journey. This guide will cover all the essentials, from inquiring about a home loan to moving and settling into your new property. It also includes tips on what to look out for, answers to common questions asked during the journey, and information on the schemes and incentives available that could give you the extra support you might need to become a homeowner.

Without wasting any time, let us dive into the process and make your dream of owning your home a reality—just like countless homeowners in Malta and Gozo have done.



8 STEPS TO BUYING YOUR FIRST PROPERTY

1



Assessing your Financial Situation & Setting a Budget

2



Creating your Wish List

3



Viewing Properties

4



Making your Offer

5



Signing the Promise of Sale (Konvenju)

6



Promise of Sale: Legal & Financial Steps

7



Sealing the Deal: The Final Deed

8



Moving and Settling into your New Home



A low-angle, upward-looking photograph of several modern, multi-story apartment buildings. The buildings are constructed with light-colored concrete and feature numerous windows and balconies. The sky is a clear, vibrant blue. The perspective creates a sense of height and scale.

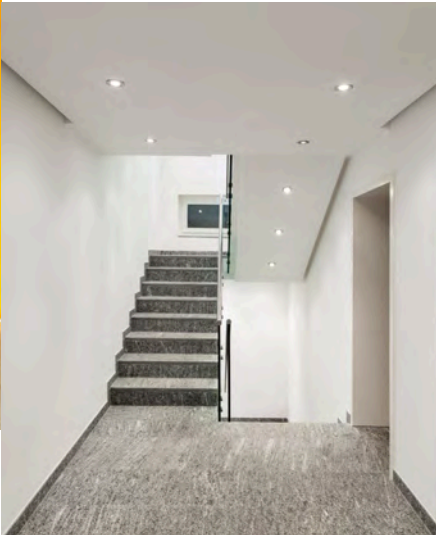
CHAPTER 1:

ASSESSING YOUR FINANCIAL SITUATION & SETTING A BUDGET

First things first, before looking at what properties are currently for sale, you need to know where you stand financially.



How much money do you have saved up? Have you set any money aside for this investment? It is never too late to start.



What are your current financial commitments? Car loans? Insurance? The lower your expenses are, the better the chances of getting a higher loan amount.



What are the upfront costs of buying a property? Keep in mind other costs that come with buying a property: the 10% deposit, notary fees, stamp duty, architect fees, bank charges, home insurance, and life insurance, among others.

LOAN ACQUISITION & ELIGIBILITY

Once you understand what your financial situation looks like, start visiting banks. Do not visit just one. Different banks will offer different loan terms. Do not forget that bank loans will normally cover 90% of the property value, excluding the 10% deposit, which needs to be forked out from your own funds.



YOUR LOAN WILL DEPEND ON:

					
Income	Age	Current Expenses	Credit Score	Job Stability	Other financial commitments and debts

Tip: If you don't have the 10% down payment, the Housing Authority's 10% Deposit Payment Scheme can be an option for you—subject to eligibility criteria. You can find more details about this scheme later in this guide or by visiting: <https://housingauthority.gov.mt/scheme/10-deposit-scheme/>

COMPARE YOUR LOANS BASED ON:

 The total amount of money lent	 Interest Rates, including fixed interest rate options	 Monthly repayments
 Applicable fees, including processing fees, booking fees, commitment fees, the bank’s legal fees, and other related charges.	 APRC (Annual Percentage Rate of Charge) – expressed as a percentage and reflects the total cost of the loan each year, including any fees.	 Total amount to be repaid (i.e., money lent plus interest to be paid). This figure is typically found at the end of the amortisation table.

Tip: If you are buying a property that is still under construction or needs finishing, the bank will include the finishing costs in the loan amount. Therefore, when viewing such properties, factor these costs into the total property price. Additionally, banks may offer the possibility of acquiring a personal loan—usually at a higher interest rate—in addition to your home loan to cover extra expenses related to purchasing a property, such as buying furniture.

TO FIND OUT WHAT AMOUNT OF LOAN YOU ARE ELIGIBLE FOR:

 In person: Visit the bank—make sure to book an appointment first.	 Online Home Loan Calculator: While this offers a quick estimate, in-person visits ensure more accurate information and proper guidance, as you will receive an official quotation (known as an ESIS), which includes all the information about the facility.	 Virtual Meeting: Some banks also provide the convenience of online virtual meetings, which must be booked in advance.
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BEFORE VISITING THE BANK:

Be sure to have copies of your:

- ✓ Payslips
- ✓ FS3 Forms
- ✓ ID/Residence Card
- ✓ Information/documents about any other financial commitments you may have
- ✓ Tax Returns (if self-employed)

 **Important:** To include overtime in your overall income, banks typically require up to 12 payslips along with an FS3 to assess whether it is regular. Please note that the documents required can differ from bank to bank; it is best to call and make sure you have all the required documentation.

TYPES OF HOME LOANS:

Secured Loan: Home loans are usually secured, where the bank provides the loan in exchange for a form of collateral—something the bank can claim if the loan goes unpaid (normally the property itself).

Fixed/Variable Interest: A fixed-interest loan means your interest rate remains unchanged unless there is a change in the Bank's Base Rate (BBR), while variable interest can change depending on the market. Banks often start you off with a fixed rate for the first few years and then shift to a variable rate. If the bank changes its BBR, this will affect the variable rate but not the fixed rate.

Other Loans: Ask about any specialised loans. Some banks offer loans with specialised perks depending on the type of property bought. For example, the Green Home Loan is applicable to properties with low energy use (low energy performance certificate rating), where the bank may give discounted interest rates. These vary from bank to bank. Therefore, you should consult your bank on the various loans available and discuss with your architect whether the property in question is suited to benefit from such schemes.

BOOSTING YOUR PURCHASING POWER: SCHEMES AND INCENTIVES

HOUSING AUTHORITY SCHEMES:

Before creating your property wish list, explore the government schemes available for first-time buyers. These are designed to ease the financial burden of purchasing your first home. Through its homeownership schemes alone, the Housing Authority has helped around one family every two days become homeowners. Some of these schemes include:



Equity Sharing Scheme:

This scheme assists individuals aged 25+ who, despite qualifying for a home loan, find that the amount they qualify for is not enough to purchase a property. Under this scheme, the Housing Authority acquires the remaining amount, up to 50% of the property value (excluding the deposit), which the applicant must repay interest-free after 20 years. The maximum property value under this scheme cannot surpass €250,000.

10% Deposit Payment Scheme:

This scheme assists people aged 21 to 39 who qualify for a home loan to purchase a property valued up to €250,000 but lack the liquidity for the 10% deposit down payment. The bank will provide the 10% deposit through a personal loan, repayable over 25 years, with the Housing Authority covering the interest payments.

Social Loan Scheme:

This scheme assists low-income earners with a monthly grant of up to €167 towards their home loan repayments. The property value should not exceed €140,000, with the Housing Authority covering notarial fees. If deemed eligible, the total loan will also cover the property's deposit down payment. The income threshold levels vary based on the household composition, and the applicant should not possess more than €23,300 in assets.

For further details and to check your eligibility, visit the Housing Authority's website: <https://housingauthority.gov.mt>



MALTA TAX AND CUSTOMS ADMINISTRATION SCHEMES:

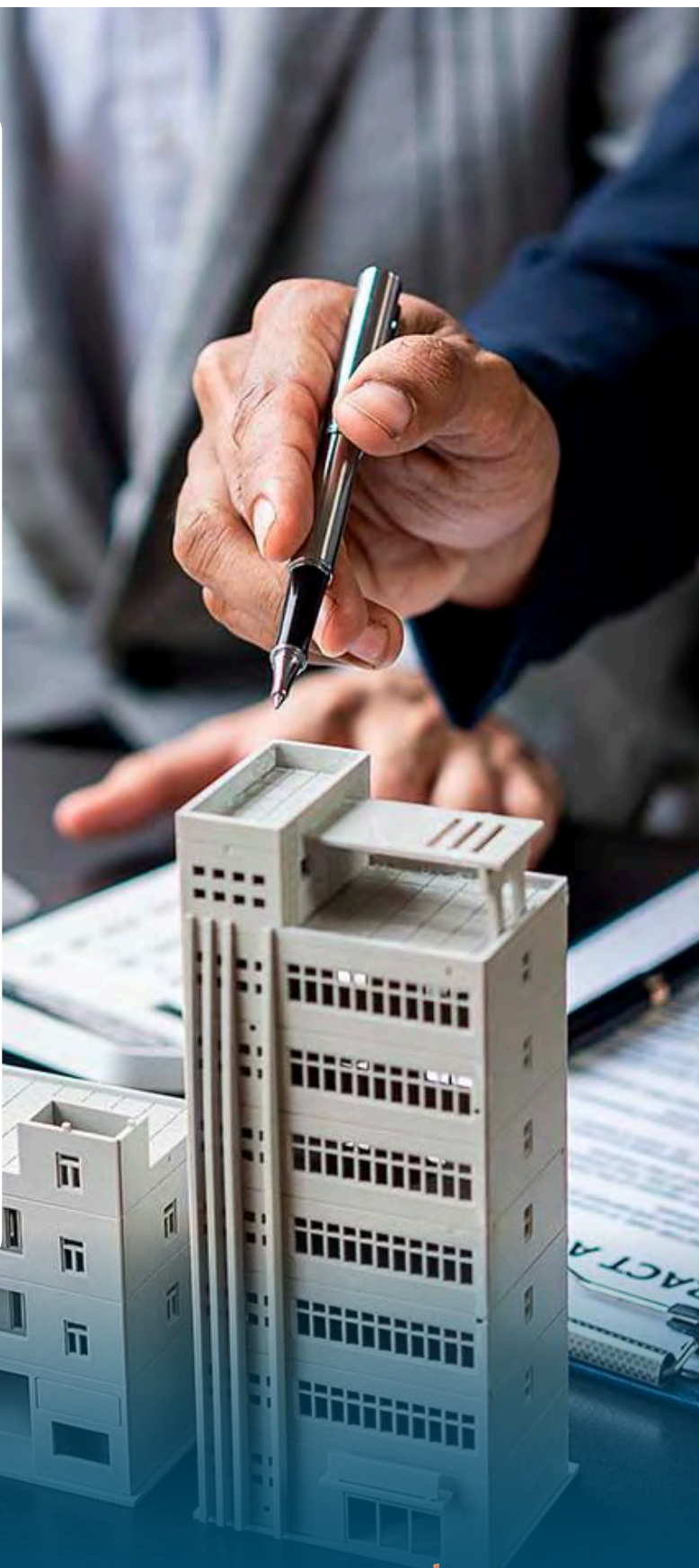
FIRST-TIME BUYERS STAMP DUTY EXEMPTION

Under this scheme, first-time buyers are currently exempt from paying stamp duty on the first €200,000 of the total property value.

For contracts signed before 28th October 2025, first-time buyers must declare in the contract that the purchased property is their first immovable property to qualify for the exemption. For contracts signed from 28th October 2025 onwards, buyers must instead declare that the purchased property is their first residential property, meaning those who previously made purchases, such as a garage and a store, will remain eligible for the exemption. Furthermore, plots of land and airspace purchased by first-time buyers with the intention of constructing their home are considered residential for this scheme.

This declaration is verified through searches conducted by the notary; however, the notary is not responsible for any false declaration. The notary's only responsibility is to submit the searches after registering the contract with the tax department, which are then reviewed by the Commissioner for Tax and Customs.

This scheme has been extended indefinitely, with no set validity period.



RELIEF FROM INCOME TAX AND FROM DUTY ON DOCUMENTS AND TRANSFERS ON CERTAIN PROPERTY TRANSFERS RULES

Buyers and sellers purchasing and selling a property that falls under one of the following categories may benefit from income tax and stamp duty exemption on the first €750,000 of the property value:

a) situated in an Urban Conservation Area (UCA);

b) properties that have been built for more than 20 years and have been vacant for more than 7 years;

c) new properties built and finished as defined by the established guidelines and approved by the competent authority.

To benefit from this scheme, buyers and sellers must provide the documentation required by law to the notary, such as a UCA certificate issued by the Planning Authority in the case of a property in a UCA, which must be attached to the deed. This scheme is valid for contracts published until the 31st of December 2026.



GRANT FOR FIRST-TIME BUYERS

First-time buyers purchasing a residential property that falls under one of the following categories can apply for the Grant for First-Time Buyers Scheme:

a) situated in a UCA area;

b) properties that have been built for more than 20 years and have been vacant for more than 7 years;

c) new properties built and finished as defined by the established guidelines and approved by the competent authority.

For properties purchased in Malta that fall under one of these categories, the first-time buyer will receive a maximum grant of €15,000. For properties purchased in Gozo, for which the deed is signed after 1st January 2024, they will receive a maximum grant of €40,000. Buyers can apply through the [servizz.gov](https://servizz.gov.mt) online application. This scheme is valid till the 31st of December 2026.



CHAPTER 2:

CREATING YOUR WISH LIST

Now that you have a better idea of your loan potential and your budget is set, the next step is to consider which characteristics you are looking for in a property. It is important to be realistic—always keep your budget in mind and be willing to compromise on certain expectations. As you view more properties and do your own research, your expectations will become increasingly realistic.

It is important to distinguish between the must-have qualities of your property and those that you are willing to compromise on. You can compile a ranking of characteristics, such as location or number of bedrooms, in order of importance. Write this down so you can refer to it when browsing/viewing properties. During property viewings, you might adjust your priorities and compromise on different things. While it is crucial to clearly define your expectations and goals when purchasing your first property, it is equally important to approach this process with an open mindset.

**BEFORE LOOKING INTO THE PROPERTY ITSELF,
LOOK AT THE AREA THAT THE PROPERTY IS LOCATED IN:**



Location: Which location do I want my new home to be in? Keep in mind that locality seriously affects property prices. In general, properties in the Northern Harbour region, such as Sliema and St Julian’s, tend to be more expensive than those in Gozo and the Southern region of Malta. Data also shows that the top five localities among first-time buyers are St Paul’s Bay, Mosta, Birkirkara, Żurrieq, and Żabbar. Another factor to consider is whether you want to stay close to the locality you grew up in—many first-time buyers prefer properties near their current address. This trend is more common among those purchasing a property together than those buying alone, where the latter may face more trade-offs due to a relatively lower budget.



Noise Levels: Do I want to live in a quieter or busier area? Noise levels in an area also significantly affect property prices. Properties near busier areas tend to be cheaper.



Amenities: Is having amenities (i.e., shops, bus stations, etc.) close to my home a priority?

Aside from the area, characteristics specific to your property will also affect the price:



Property Type: Which property type am I interested in? (apartments, maisonettes, penthouses, houses, etc.). The most common property type among first-time buyers is apartments, especially for those purchasing alone. While apartments remain the most popular choice among first-time buyers purchasing together, there is an increasing preference for houses and maisonettes.



Property Size: How much space do I need? Consider your current and future needs (e.g., a space for raising a family). While the total size is important, you should also pay close attention to the distribution of the space.



Garage: Am I looking for a garage in addition to the property? Most first-time buyers in Malta and Gozo do not purchase a garage with their property. However, those purchasing a property together were more likely to purchase a garage than those buying alone.



Bedrooms and bathrooms: How many bedrooms and bathrooms am I looking for?



Outdoor space: Is outdoor space a priority for me? Outdoor space can range from a decent-sized balcony to a large terrace.



On Plan vs Already Built Property: Am I willing to compromise on how long it takes to move into my new house? On-plan properties are typically cheaper but take longer to materialise. There is also the risk of disappointment if what is built differs from the initially projected plans or if delays occur in the projected timeline. However, reliable developers often deliver on the promised time.



Furnishings: Properties can be unfurnished (with no furniture), semi-furnished (including some basic items like a bed, sofa, or kitchen), or fully furnished (with everything needed, such as furniture, appliances, and other essentials). The level of furnishings affects both the property's price and the time it takes to move in.



Property Age: Am I looking for newly built properties or older ones? Older buildings typically come with additional renovation costs. If renovations have already been completed, it is important to verify whether the work was done properly. To avoid surprises down the line, be sure to inspect the property with suitable professionals.



Contractor or Developer:
Am I looking to purchase from a specific contractor or developer?



Features: Are there any specific features I want/need my property to have? Features can include common parts and entrances, accessibility, lifts, and energy-efficiency features such as solar panels and insulation.



Completion Level: What property completion status am I looking for? Do I want to conduct all the finishing myself, or do I want to move into the property immediately? You can purchase homes either on-plan, shell, or in a finished state, which can significantly influence the property price. Properties in shell form are generally cheaper, but you will be covering the necessary finishing costs yourself. This option requires careful budgeting and guidance from architects and contractors.



CHAPTER 3:

VIEWING PROPERTIES



After setting your budget and wish list, the next step is property viewings. You can search and view properties with the help of a real estate agent, or you can independently view homes listed directly by the owner. Both methods come with their own advantages and disadvantages. Here is a list of common benefits associated with each buying method:



REAL ESTATE AGENT

Efficiency: Since real estate agents typically have a large portfolio of properties, you can communicate your budget and wish list, and the agent will try to find the right property for you or one that matches your criteria the closest.

Knowledge: Their day-to-day experience in the property market equips them with enough knowledge about which properties to avoid, price recommendations, rules and regulations, market conditions, and trends, among others.

Skilled and Unemotional Negotiators: During the negotiations, your emotions may run high, potentially hindering your chance at getting a good deal. Agents are often skilled negotiators who can assist you in securing a better deal through negotiations on your behalf.



DIRECT FROM OWNER

Potential Savings: Purchasing directly from the owner eliminates intermediary costs, such as real estate agent fees and commissions. This can result in a lower overall property price.

Negotiation: Direct communication with the owner allows you to build a personal relationship, which can offer more control and flexibility during price negotiations.

Potentially Faster Property Transaction: Buying directly from the owner may simplify the process and lead to a quicker transaction, as fewer parties are involved.

While purchasing with the assistance of a real estate agent or directly from the owner remains the most common method in Malta, another option is to use property brokerage services (*sensar*), which legally can only charge a 1% commission from either party. It is important to note that regardless of which intermediary service you use, they all must have a valid licence to work in the real estate industry. Intermediaries who do not conduct more than two transactions per year do not require a licence.

You can use any of the following online or offline methods to find properties for sale:

ONLINE METHODS:

Social media: Facebook Marketplace, Facebook Groups, Facebook Pages, Instagram, TikTok

Websites: Real Estate Agent Websites, Property Broker Websites, Developer Websites

Applications: Real Estate Apps

OFFLINE METHODS:

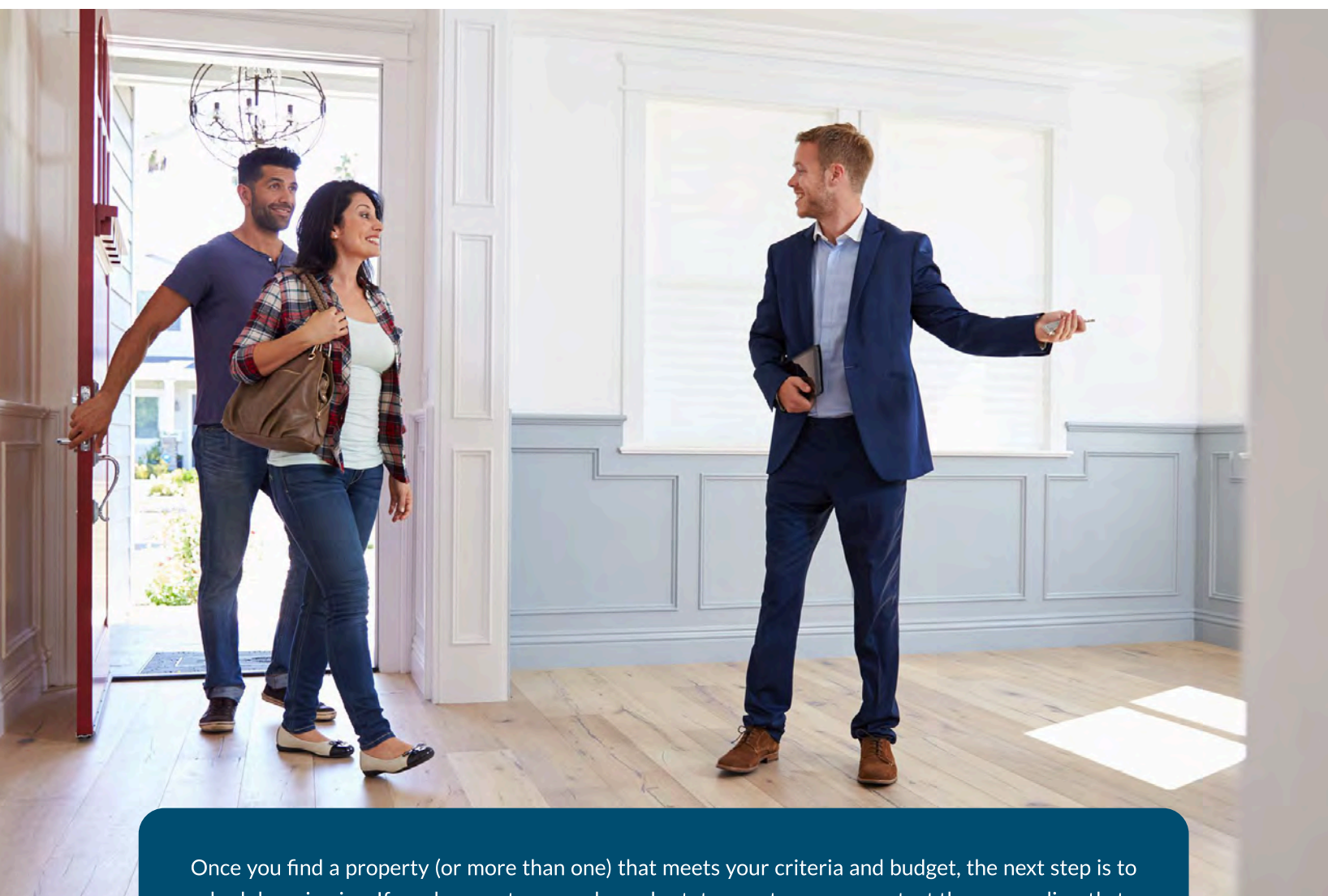
Newspapers

Magazines

Word of Mouth

Visiting Real Estate Agents or Property Brokers in Person

Walking around in areas of interest looking for 'For Sale' signs



Once you find a property (or more than one) that meets your criteria and budget, the next step is to schedule a viewing. If you have not engaged a real estate agent, you can contact the owner directly to arrange a visit. Otherwise, your agent will handle the viewing appointments on your behalf.

WHAT SHOULD YOU TAKE WITH YOU WHEN VIEWING A PROPERTY:



Notebook and pen



Measuring tool



Your wish list



Flashlight



Phone/camera



List of any questions you have



Property Plans: Request the plans in advance or during the visit (if available). Keep in mind that older properties may not have readily available plans.

CONSIDERATIONS

During the property viewing process, you should consider the following factors:



Price: Is the property overpriced or underpriced compared to comparable properties in the same locality/area? A significantly lower asking price may be an indication of substantial costs (e.g., renovation) or an indication that something is wrong.



Nearby Listings: Several properties nearby are all listed for sale. This may be an indication of potential issues within the area.



Structural Damages: Structural damages may include structural movement cracks and signs of settlement, deteriorated beams and concrete slabs, as well as cracked masonry ceiling slabs (*xorok*). While these are not reasons to back out of a potential purchase, you should factor these repair costs into your overall budget. Significant damages could result in costly repairs, so identifying them in advance can help with price negotiations or ensure that all necessary repairs are completed before the purchase. Assistance from an architect is recommended since not all damages are easily visible to the untrained eye.



Water Ingress and Inadequate Waterproofing



Damages to Finishes: Damaged finishes may include signs of humidity, mould growth, insect infestations, and cracked windows.



Suspicious Work: Keep an eye out for any work that appears suspicious. Verify whether the owner has obtained the necessary permits for that work.



Duration of Property on the Market: How long has the property been listed? Extended listing times may suggest overpricing, condition issues, or other potential concerns.



Finishings: Ask the owner or agent for a list of finishes to understand what the price includes. This is especially important for off-plan properties and those sold as finished, as it clarifies whether items like doors, bathrooms, and common area expenses are included.



Expected Move-in Time: Consider the expected move-in time, especially for properties still under construction, as they may have longer waiting periods. Ensure the timeline fits your needs, but always allow some flexibility for potential delays.



Developer Reputation: When purchasing on-plan properties or properties under construction, consider the developer's reputation. Some developers may have a history of delays or other issues, so you should assess their track record.



Nearby Developments: Check whether there are any planned or potential developments on neighbouring properties or nearby sites.



Third-party Servitudes and Easements: Check if there are any third-party apertures directly or indirectly overlooking the property; any rights of access allowing third parties to enter the property or parts thereof; shared water cisterns, drainage, or water catchment systems; or the passage of third-party services through the property.



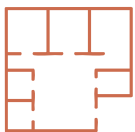
Property Age and Last Renovation Date: Older properties without recent renovations may require repairs. Consider the costs for maintenance and upkeep when viewing these properties.



Previous Owners' Tenure: Properties sold after a short period of ownership may indicate potential issues. However, always ask the owner/agent about the reason for the sale, as there could be other contributing factors, such as financial reasons and divorce, among others.



Issues/Disputes/Ownership Uncertainties: Check for any disputes related to building permits or uncertainties regarding ownership. Purchasing a property with such issues can lead to complications and delays during the process.



Apartments: When viewing apartments, clarify how many units are in the block, whether any units were sold, if there is an active association to join, and any associated costs, including lift maintenance and condominium fees.



Government Incentives or Subsidies: Check if the property qualifies for government incentives or subsidies, such as grants for properties in UCAs.



Rental Restrictions: Some properties may have restrictions on renting in the future.



Restrictions on Renovation or Extension: Check for any short or long-term restrictions on renovating or extending the property.



Conformity to Sanitary Laws and Planning Permits: Assistance from an architect is recommended.

Tip: In the ‘Additional Material’ section, you can find a more comprehensive list of frequently asked questions during property viewings, helping you make a more informed decision.



If the property is free from any red flags, set another viewing appointment and have a specialist—such as an architect—thoroughly inspect the property before making an offer. Specialists have extensive knowledge and practice in their fields and could help you identify any red flags you missed during your initial viewing. You should also ask the seller/vendor for their deed of acquisition and have your notary review it.



Tip:

The first property you view is rarely the one you purchase. Do not worry, the right property will definitely come along. Stay positive and keep looking.

CHAPTER 4:

MAKING YOUR OFFER

Congratulations!

You have reached a significant milestone in your home-buying journey. Once you have found your dream home, the next step is to make an offer. Before submitting your official offer, stay calm and do not make any hasty decisions. Keep yourself informed, and be sure to consider the following:



Compare with Recent Nearby Property Sales:

Were there any recently sold properties in this area? What price did they sell for? When comparing recent nearby property sales in the same area/locality, you should also consider the property's characteristics.

Professional Guidance: Engage an architect to examine the property and ask for feedback on the price and whether it has any significant repair and maintenance costs. The architect should also verify whether the plans comply with the planning and sanitary regulations and whether any modifications or extensions made to the property have all the necessary permits. In the case of any irregularities or illegalities, these must be communicated to the notary so that the promise of sale agreement will include an obligation for the seller to resolve them at the seller's expense. You should also identify the potential for development, not only of the property in question, but also of neighbouring properties and those nearby. Gathering information about the area's designation (e.g., residential, commercial, or mixed-use) is also essential, as it can significantly impact potential long-term changes in the area.

Market Analysis: See other properties on the market with similar characteristics and their asking price. Does your offer align with current market prices? Do not forget that location and the standard of finishes, among other factors, can significantly affect the property price.

Other Interested Buyers: Find out if there are any other potential buyers interested in purchasing the property or if there have already been offers received by the owners that have not yet been accepted.

Asking Price: While conducting your research, also consider the property's asking price. Remember that the asking price is rarely the closing price—there is always room for negotiation.

Now that you have considered the above, you are ready to make your official offer. The owner may make a counteroffer on the price. If you are buying the property independently, this is where your negotiation skills come into play. If you are using a real estate agent's service, be clear with the agent about how much you are willing to pay, and they will negotiate on your behalf. Finally, when you make an offer, always inform the property owner that it is subject to bank loan approval should a loan be required.

CHAPTER 5:

SIGNING THE PROMISE OF SALE (KONVENJU)



Once your offer has been accepted, it is time to put everything into writing in the presence of a notary. This process is known as the signing of the promise of sale (*konvenju*). If you do not have a notary, conduct some research on reputable notaries, or you could ask any relatives or friends for a recommendation. Some sellers may recommend using their notary; however, as the notary fees are paid by the buyer, the choice of a notary is entirely up to you. You should select one with whom you feel comfortable entrusting your work.

While notary fees are regulated by law and calculated using the electronic calculator available on the Notaries of Malta website (<https://www.notariesofmalta.org/members/calculators/bills/>), certain fees may vary depending on specific circumstances—such as the property's value, the loan amount, the root of title, public registry searches, and other aspects of the transaction.

Since notaries maintain a neutral and unbiased role during this process, it may also be advisable to consult a lawyer before signing the promise of sale. A lawyer's role is to fully protect your interests, where a simple legal consultation can save you thousands of euros down the line.

At this stage, the notary's primary responsibility is to draft the promise of sale, which legally binds you and the seller to an agreement. While the specifics may vary from one transaction to another, a promise of sale typically includes the following:

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.

On the day of the promise of sale signing, you should have:



Chequebook for the Deposit Payment: Although it is common to pay the deposit by a personal cheque or banker’s draft, you can also make payments through a bank transfer. In the case of a bank transfer, contact your bank in advance to ensure that your transfer and credit limits are increased and sufficient to cover the amount payable on the day. However, it is always advisable to clarify this with your notary in advance, as notaries have the right to decide which types of payments are preferable or acceptable for their practice. Cash payments amounting to or exceeding €10,000 are illegal according to the Use of Cash (Restriction) Regulations. Additionally, notaries may have established policies against accepting cash payments even if the amounts are less than €10,000.



A valid ID card, passport, or any other official document used for personal identification



Payment for the stamp duty

On the other hand, the seller is required to present a copy of the original acquisition document for the property being sold as proof of ownership. This must be provided to the notary before the promise of sale. Along with personal identification documents (e.g., ID card or passport), the seller may also need to provide additional documents, such as a block plan and any other required paperwork.

Upon signing the promise of sale, you must provide the deposit, typically 10% of the total property value. This amount, however, may vary depending on the agreement you have with the seller. The notary normally retains the deposit in a clients’ account until you sign the final deed; however, in some cases, the seller may request that the deposit be transferred directly to them. At this stage, you should pay the stamp duty, which amounts to 1% of the total property value, if it is due.

Keep in mind that once you sign the promise of sale, you cannot back out of the purchase unless there is a valid reason. Such valid reasons could include the bank’s refusal of the home loan or the seller’s failure to get approval for pending permits—provided these clauses are included in the promise of sale.

Therefore, before signing, take your time to read the preliminary agreement carefully and thoroughly, and, if necessary, request a meeting with the notary beforehand. Bring someone with you to review the promise of sale to highlight any important details you may have missed. Although this step may seem daunting, a trusted notary of your choice will help ensure it goes smoothly, so do not hesitate to ask questions during the process.

The notary should register the promise of sale within 21 days. Once registered, you and the seller will receive a postal notification from the Inland Revenue. If you do not receive the notification a few days after the 21-day period, contact the notary to confirm that everything is in order.

CHAPTER 6:

PROMISE OF SALE: LEGAL & FINANCIAL STEPS

Once the preliminary agreement is signed, the seller and/or real estate agent must take the property off the market, including removing all online listings and taking down any ‘for sale’ signs. If the seller listed the property with multiple real estate agents, all relevant agents must be notified to remove it from the sale list. Following the preliminary agreement signing, both parties begin preparations for the final deed.



DOCUMENTS REQUIRED FROM AN ARCHITECT

Once the promise of sale is signed, you need to obtain the following documents from an Architect:

Schedule 8: This highlights the physical attributes of the immovable property	Property Report and Valuation and other similar documentation required by the bank, including bank valuation forms	Land Registry Plan / Site Plan	Approved Layout Plans / Drawings and Planning Authority Permits	UCA Certificate issued by the Planning Authority (if applicable)
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You need to forward the original Schedule 8 document, the Land Registry Site Plan, and the UCA Certificate (if applicable) to the notary, while the other documents may be required by the bank.



HOME LOAN APPLICATION

At this stage, it is important to initiate the home loan application process. Unlike the initial loan estimation, which requires fewer documents, this stage requires submitting a more comprehensive list of documents.

These typically include:

- ☐ ID card or passport
- ☐ Latest 3 payslips (last 12 payslips to include overtime in your overall income)
- ☐ Latest FS3
- ☐ Records of any investments you have
- ☐ Property report, valuation, as well as estimations of costs (if any) related to the property by the architect. Certain banks might require a property valuation from their appointed architect, whereas others might allow you to submit a property valuation from an architect of your choice. This is generally determined based on the purchase price of the property.
- ☐ Land Registry plan
- ☐ Building permits, layout plans, and site plans (if applicable)
- ☐ Energy Performance Certificate
- ☐ Bank statements—both current and savings accounts
- ☐ Revolut statement of the previous year (if applicable)
- ☐ All documents of other financial commitments that you have
- ☐ A copy of the signed promise of sale (konvenju)
- ☐ Employment contract (including confirmation of successful completion of the probationary period)
- ☐ Jobs plus employment history
- ☐ Ground rent receipts (if applicable)

In case you are self-employed, you may also need to provide:

- ☐ TA22 Form (if part-time self-employed)
- ☐ Latest 3 income tax returns
- ☐ Latest VAT statement
- ☐ Latest National Insurance Contribution statement
- ☐ Latest 2 tax statements



This list may vary from one bank to another, and some banks might also ask for documents other than those mentioned previously. Make sure to contact your bank beforehand to ensure you have all the required documents.

Once your home loan application is approved, the bank will issue a facility letter (i.e., sanction letter), including all the terms and conditions of the loan. Read this carefully, as breaching this document may result in serious repercussions. The bank usually issues the sanction letter in triplicate—one for you to keep, one to be signed and returned to the bank, and another for your notary. Furthermore, during the home loan application, you must pay any associated fees, such as processing and legal fees. The amount payable for such fees may vary from bank to bank, with some fees being refunded once the final deed is signed.

NOTARY

During this period, the notary bears the following primary responsibilities:

Searches: The notary conducts property searches on your behalf to establish the property's legal status and identify any potential issues. After examining the title, the notary will inform you of any issues identified. If the title is clear and free of defects, the notary will submit the file to the bank financing the purchase. In the case of a defect in the title, obtaining bank financing may become very difficult. However, for properties purchased without bank financing, or where the defect does not affect the bank's lending position, it is up to you to decide whether to proceed with the purchase.

That said, you have the right to instruct the notary not to examine the title to the property. While this is not advisable, if you do so, the deed of sale will include a specific clause stating that you have exempted the notary from examining the title to the property.

Due Diligence: By law, the notary is required to conduct a due diligence exercise on the parties to assess the risk of the transaction. You should cooperate with the notary if they request any documentation, such as:



Completing a Know Your Client (KYC) form (real estate agents are also required to complete the KYC form, thereby further strengthening the due diligence process).



Providing documentation regarding your source of wealth and funds, such as payslips or bank statements.

Note: The notary is not responsible for verifying whether the property permits are in order; this responsibility lies with the architect.

BUILDING & LIFE INSURANCE

A life insurance policy is typically required by all banks when applying for a home loan. Therefore, once the sanction letter is issued, and at least six to eight weeks before the promise of sale is due to expire, the next step is to obtain a life insurance policy, of which the sum must be equivalent to or exceed the home loan value. Additionally, you must also obtain building insurance to cover the property for which the home loan is being taken on.

To obtain a building and life insurance policy, you have two main options. You can opt for insurance packages provided by the bank. Alternatively, you can shop around other insurance agencies to see which provides the best life insurance package for you.

If you do not qualify for a life insurance policy for one reason or another, refer to the New Hope Scheme offered by the Housing Authority:

New Hope Scheme: This scheme assists individuals who, despite satisfying all bank lending criteria, cannot access the property market due to difficulties obtaining a private life insurance policy because of medical conditions. The Housing Authority offers a loan guarantee of up to €250,000 to individuals who were either rejected by two life insurance providers, have a 12-month deferred insurance application, or were quoted premiums exceeding 250% of the average premium quoted for their age group.

PROMISE OF SALE EXTENSIONS

We strongly advise completing all necessary tasks within the timeframe specified in the initial agreement. If you fail to complete your obligations as stated in the promise of sale, the seller has every right to choose not to extend the promise of sale. However, if both parties provide consent, a promise of sale may be extended and the notary shall register the extension with the Malta Tax and Customs Administration within 21 days from the date of the extension.





CHAPTER 7:

SEALING THE DEAL: THE FINAL DEED



After you have completed all the steps required during the promise of sale period, the next step is to sign the final deed and officially become a homeowner. Before signing the final deed, confirm with your notary to ensure everything is in order, including that you and the seller have fulfilled all your obligations outlined in the promise of sale. Additionally, a final inspection by your architect is recommended before signing the final deed—especially when purchasing properties on plan—to ensure that everything aligns with the terms outlined in the promise of sale.

FINAL DEED SIGNING PROCEDURE

If you have obtained a home loan to purchase your property, the final deed must be signed at the bank.

On the day, you should take with you:

- ☐ **A valid ID card, passport, or any other official document used for personal identification**
- ☐ **Payment:** Clarify the payment method for the pending balance with the notary beforehand.

At this stage, the seller may also need to provide additional documents on the day, including personal identification documents, any documents requested by the notary (e.g., plans and permits), the EPC certificate, all keys to the property being sold, and receipts confirming the settlement of any pending bills, such as ground rent, electricity, and water, among others. For properties sold on plan or in a semi-finished or finished state, a copy of the final compliance certificate should also be provided.

On the day of signing, the notary will read out the final deed and explain its contents, and it is your responsibility to confirm that everything aligns as previously discussed. If something is unclear or differs from the agreement, speak up.

If neither you nor the seller has any issues, you may proceed to sign the deed. Congratulations—you are officially a homeowner. As required by law, the notary is responsible for paying the taxes due by both the seller and the buyer on their behalf, as well as registering the property with the Public Registry. If the property lies within a land registration area, the notary will also be responsible for registering the deed at the Land Registry.

COSTS

After closing the deal, you must settle the following expenses:

- ☐ The outstanding balance of the property price (excluding the deposit)
- ☐ The remaining stamp duty
- ☐ Notarial Fees
- ☐ Architect Fees
- ☐ Any other unpaid expenses incurred during the process
- ☐ Pay your finishing/furnishing (if applicable): If finishing costs have been included in your home loan or you acquired a personal loan in addition to your home loan to cover any further finishing or furnishing expenses, you would need to provide the bank with quotations or invoices for works done or materials ordered. The bank would then be able to pay the contractors/suppliers directly or, at times, pay the funds directly into your own account.

CHAPTER 8:

MOVING AND SETTLING INTO YOUR NEW HOME



After moving into your newly owned property, you have some tasks to complete. These are:

ID Card Address Change: Contact Identity Malta to inform them of your change of residential address. You can either pre-book a slot online at <https://identita.gov.mt/booking-system/> or visit their premises without an appointment to submit the change of address application. You need to provide the following information and documents, but it is best to confirm with Identity Malta before your visit to ensure you have everything you need:

- ☐ E-ID card
- ☐ A filled-out ID10a form with the details of your new residential address. You can print and fill out this form before visiting Identity Malta or at the premises.
- ☐ The new residential address
- ☐ Evidence of your new residential address, including a water and electricity bill, bank statement, lease or property purchase contract, and other necessary documents

Arms Bills: If the purchased property does not have electricity and/or water services, you should apply for this service with ARMS by completing and submitting Form A, 'Application for new electricity and/or water services'. If the property has these services—as is often the case when purchasing a previously occupied property—you should complete and submit Form F, 'Registration of Change in Consumer'. You can download these forms from the ARMS website: <https://arms.com.mt/en/services/apply-for-a-service/applications-forms> and submit them by e-mail to customer care@arms.com.mt, by post, or in person at one of their offices.

Postal Address: Change your postal address by downloading the MaltaPost 'Redirection of Postal Articles Form' and handing it over in person at any post office together with all the required supporting documentation. You can access this form at <https://www.maltapost.com/redirectionofmailscheme>. Applications received by post are not processed.

Pending Mail: If you have any packages in transit, contact the organisation sending you the package to inform them of the address change.

Update Driver Licence Address: Fill out Transport Malta's DRV010 form and submit it with a copy of the identity card and the original driving licence card. For more information or to access the form, you can visit: <https://www.transport.gov.mt/land/driving/driving-licence/changes-to-my-driving-licence-789>

Internet and Cable Service: Contact your respective internet provider to transfer your existing services to your new address or create new ones.

Waste Collection Services: Familiarise yourself with your locality's waste collection service timetable.

Other entities you should inform about the new residential address are:

- ☐ Healthcare providers (e.g., Mater Dei Hospital and private clinics)
- ☐ Insurance providers (e.g., health and vehicle Insurance)
- ☐ Employment records (e.g., Malta Tax and Customs Administration)
- ☐ Your employer for various purposes, such as payroll, tax documentation, and company communications (e.g., work doctor visits when you are sick)
- ☐ Physical subscription service providers (e.g., newspapers and magazines)

**POST-PURCHASE ASSISTANCE:
SCHEMES AND INCENTIVES**

Once you have settled into your newly acquired property, go over the various government schemes and their eligibility criteria.

**HOUSING
AUTHORITY
SCHEMES**



First-Time Buyer Scheme (FTB): The FTB scheme is a one-time grant of €10,000 paid over 10 years in yearly instalments of €1,000. The only two criteria to qualify for this scheme are that the property you acquired is your first primary residence and through a bank loan. Additionally, if only one of the applicants is a first-time buyer, the allocated one-time grant is €5,000, paid in yearly instalments of €500.	Grant on First Residence (GFR): The GFR scheme covers a percentage of the fiscal receipts submitted by first-time buyers for construction or finishing works. The maximum allocated grant is €5,824, paid in two separate instalments, with the first covering shell work expenses and the second covering finishing work expenses.	Subsidy on Adaptation Works (ADP): The ADP scheme provides financial assistance of up to €21,000 to help individuals refurbish old dwellings deemed by the Housing Authority to be in a sub-standard condition so as to render them habitable and of an acceptable standard condition. This scheme's eligibility criteria require the purchased property to have been built for at least 15 years before the date of the application, and the household's annual income must not exceed €27,877.92 for the applicants to receive the minimum refund. Additionally, the property must be used as your primary residence for at least ten years from the final payment date.
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REGULATOR FOR ENERGY & WATER SERVICES (REWS) SCHEMES

Reverse Osmosis (RO) Scheme (Purchase of Water Purifying Equipment): Buyers purchasing reverse osmosis and water filtration systems to purify water at home can receive a grant to cover part of their costs. Buyers can apply through the REWS online application. This scheme is valid till 31st December 2026.

Roof Insulation and Double Glazing (Retrofitting) Scheme: Buyers installing roof insulation and double glazing, both retrofitting, to reduce the consumption of energy, can receive a grant of up to €1,000 for each installation. Buyers can apply through the REWS online application. This scheme is valid till 31st December 2026.

Domestic Cisterns Restoration Scheme: Buyers carrying out cistern restoration works to harvest and use the rainwater in their homes can apply for a grant of up to €1,000 to cover 50% of the total costs of restoration works and a further grant of up to €100 to cover the certification costs. Buyers can apply through the REWS online application. This scheme is valid till 31st December 2026.

Renewable Energy Sources Scheme: Buyers purchasing photovoltaic (PV) or battery storage systems to reduce energy consumption or use renewable energy sources can benefit from a grant that covers part of the costs incurred for such purchases. There are three grant options available under this scheme. More information can be found by visiting the REWS website. Buyers can apply through the REWS online application. This scheme is valid till 30th November 2026.

Tap Water Scheme: Buyers installing water filtration system equipment (activated carbon filters) to reduce the use of plastic water bottles can receive a grant of up to €100, covering 60% of the total costs. Buyers can apply through the REWS online application. This scheme is valid till 31st December 2026.

Water Heater Scheme: Buyers investing in water heating system equipment can benefit from a grant to partially cover the expenses incurred. This scheme supports the purchase of solar hot water systems, solar collectors, heat pump water heaters, and PVs (including boilers). There are three grant options available under this scheme. More information can be found by visiting the REWS website. Buyers can apply through the REWS online application. This scheme is valid till 31st December 2026.

! All schemes are bound to a budget. Even though the schemes have a valid expiration date, their funds might be depleted before then, leading to the closure of their applications. Go through all the information and guidelines provided for each scheme before committing yourself to prevent missing out on a scheme due to a lack of information. For instance, most REWS applications consist of two parts. Part A must be completed before the equipment is purchased and installed, and Part B must be completed after installation.

MINISTRY FOR FINANCE SCHEME

Grant on the Restoration and Finishing of Privately Owned Residential Properties:

Buyers purchasing a property that falls under one of the following categories may receive up to €54,000 to cover restoration and finishing costs:

a) situated in a UCA area;

b) properties that have been built for more than 20 years and have been vacant for more than 7 years;

c) new properties built and finished as defined by the established guidelines and approved by the competent authority.

Buyers can apply through the servizz.gov online application. This scheme is valid till the 31st of December 2026.



BUILDING & CONSTRUCTION AUTHORITY SCHEME

Buy Sustainable Property Scheme: This scheme promotes sustainable housing by providing grants to people who purchase an energy-efficient residential property and sign the deed of acquisition after 1 October 2025. There are two types of grants under this scheme:

NET ZERO or LESS Grant: Properties with an EPC Rating of 0 kWh/m²·yr qualify for a €9,000 grant, distributed over three years in annual instalments of €3,000.

Energy-Efficient Properties Grant: Properties with an EPC rating at least 20% better than the latest Minimum Energy Performance Requirements (Document F) qualify for a €4,500 grant, distributed over three years in annual instalments of €1,500.

Buyers can apply through the Building & Construction Authority's online application form. This scheme is valid till end of September 2026.



SPECIALISED LOANS

Are you looking to make your new home more energy-efficient and eco-friendly while reducing utility costs? You are in luck as many banks provide specialised loans for the purchase of energy-efficient products and appliances in support of a greener and more sustainable environment to reduce carbon dioxide emissions.

The following products are typically eligible under these specialised loans:

- ✓ Renewable energy systems: Solar water heaters, PV panels, and wind turbines
- ✓ Insulation and double-glazing products: Wall, roof, window, and door insulation
- ✓ Energy-efficient heating and cooling systems
- ✓ Energy-efficient appliances: Refrigerators and cooking devices with a satisfactory energy efficiency label
- ✓ Energy-efficient lighting systems
- ✓ Restoration of domestic cisterns/wells

While the benefits of such loans may vary from one bank to another, here are some of the main advantages:



Discounted interest rates



Fast and flexible process



No processing and commitment fees



Full financing for eco-friendly purchases through dedicated personal loans





Glossary

AIP

An Acquisition of Immovable Property (AIP) permit is a permit that non-residents must obtain to purchase property in Malta. Properties acquired under this permit cannot be rented out. Maltese and EU citizens who have resided in Malta continuously for at least five years do not need to obtain an AIP permit. If Maltese and EU citizens fail to satisfy this criterion, they do not require this permit only if the property is for primary residence or business activities/services supply. However, if the property is for secondary residence purposes and they have not resided in Malta continuously for at least five years, they must obtain an AIP permit. Non-EU citizens must obtain an AIP permit for all property purchases, regardless of the property's intended use. However, if EU/non-EU citizens purchase properties in certain zones in Malta, known as Special Designated Areas (SDAs), they do not require an AIP permit. Examples of these zones include the Portomaso Development in St Julians, Smart City, and the Cottonera Development in Cottonera, among others.

Building Insurance Policy

A building/home Insurance policy is a common requirement by banks when taking out a home loan. Depending on the package you choose, this policy protects your investment—from covering the building structure and everything inside it, including fixtures and fittings, such as baths, windows, and doors, to theft and damage caused by events like weather or fire. This type of insurance is mandatory until you repay the full loan, after which it becomes optional to maintain home insurance.

Energy Performance Certificate (EPC)

The Energy Performance Certificate (EPC) displays the energy performance of the building and its carbon emissions through a numerical/alphabetical rating scale. It also provides recommendations for improving the homes' energy efficiency, thus improving the overall rating. An EPC is valid for 10 years, during which one can use it multiple times, provided no significant renovations or new constructions occur. All properties listed for sale must have an EPC, of which the prospective buyer must have a copy before entering into a promise of sale agreement.

Final Deed of Sale

The Final Deed of Sale is a legal document confirming the transfer of property ownership from the seller to the buyer. After all conditions outlined in the promise of sale agreement have been fulfilled, both parties must sign the final deed of sale. At this stage, the buyer pays the agreed purchase price to the seller, along with any additional fees, such as stamp duty. Following the signatures of both parties, the notary also signs the deed, at which point it becomes officially published. The notary then enrolls it with the Public Registry of Malta and, where applicable, with the Land Registry.

Finished

Properties sold in a finished state refer to those dwellings that include basic internal finishings, such as tiling, skirting, plumbing, electrical wiring, sockets, and flooring. However, properties advertised in a finished state can vary from one listing to another, so you should carefully review the list of finishes to understand what they include. Two common types of finished properties are those listed as finished excluding doors and bathrooms, and those listed as finished including doors and bathrooms. One key advantage of purchasing a finished property is the ability to move in sooner as opposed to properties sold in shell form or on plan, which typically take longer to move into.

Freehold

Unlike properties with ground rent (non-freehold properties), freehold properties mean that the property is not subject to ground rent and you are the outright owner of both the building and the land it sits on, with complete control. Some key benefits of owning a freehold property include no recurring fee payments, full ownership, no conditions attached to the ground rent of the property, no modification or improvement restrictions, the ability to sell, rent, or use the property without limitations, and a typically a higher resale value.

Ground Rent

Ground Rent, also known as *cens* or emphyteusis, is a financial obligation attached to immovable property. It legally obliges the emphyteuta/property owner to pay an annual ground rent.

There are four main types of ground rent:



Perpetual non-revisable ground rent is a fixed-rate ground rent with no expiration and no increases over the years. While the emphyteuta can redeem this type of ground rent, if it is not redeemed, they must continue paying it indefinitely.



Perpetual revisable ground rent also has no expiration but is subject to periodic adjustments to reflect inflation or other economic factors, as specified in the deed of constitution.



Temporary ground rent applies for a fixed period—typically 99 or 150 years—and, upon expiration, the property reverts to the original owner unless the ground rent is renewed, converted into a perpetual ground rent, or redeemed by means of a public deed. However, under Maltese law, if the property is used as an ordinary or summer residence and the ground rent belongs to the Government (Joint Office), the emphyteuta has the right to convert the ground rent into a perpetual one through a specific scheme.



Temporary revisable ground rent is the same as temporary ground rent but is subject to periodic adjustments over time.

If the property is subject to ground rent, the notary should, when possible, trace back to its constitution to confirm its nature and ensure no disadvantageous conditions are attached. Furthermore, if one purchases a property subject to ground rent, a one-time recognition fee—known as *laudemium*—must also be paid to the ground rent owner upon the transfer of a title. Therefore, two payments are due in the first year: the ground rent and the recognition fee.

In addition to ground rent, the property can also be subject to other burdens, for example, the *piż piju* in favour of the Church.



Home Loan

A home loan is a sum of money borrowed from a bank or financial institution to purchase a residential property. The bank or financial institution grants the applicant a specific amount, payable over a set period through monthly repayments, along with the interest accrued on the loan.

There are different types of home loans: those for first-time buyers purchasing their first property, loans for acquiring a second or additional property, and loans for individuals buying properties intended for rental purposes, also known as buy-to-let loans, among others.

The criteria and repayment terms vary depending on the purpose of the loan. For example, when purchasing a first property, banks typically require a minimum upfront contribution of 10% of the property price. In contrast, banks usually require a minimum upfront contribution of 25% when purchasing a second or buy-to-let property. Therefore, it is essential to determine in advance whether the property is a first or second home and whether it will be used as a primary residence or for rental income.

It is also important to note that a property purchased as a primary residence cannot be used for rental purposes under the original loan terms. If a buyer later decides to rent out such a property, they should communicate with the bank for property guidance on the necessary steps.





Life Insurance Policy

Life insurance is a financial safeguard for both the individual and their immediate family, providing a pre-agreed sum to support the family in the event of the policyholder's death. When applying for a home loan, banks require the borrower to obtain life insurance. This policy acts as security against your home loan by covering the outstanding loan amount in the event of your death. Depending on the terms agreed with the insurance company, life insurance can also provide coverage in the event of a permanent disability that limits your ability to work.

On Plan

On-plan properties, commonly known as 'off-plan' properties in many countries, are those dwellings sold before construction begins or during its early stages. Here buyers purchase the property on paper, based on the architectural plans. While some prefer ready-built properties because they can see them physically before the purchase, on-plan properties are becoming increasingly popular.

Buying on-plan not only gives you additional time to save and plan, but it also provides you control over things that you might want to change from the plan before construction begins, adjusting it to your liking where possible. However, there are also some drawbacks to consider, including the lengthy waiting period between contract signing and moving in, the fact that you are buying a property without seeing it, and the need for careful planning and decision-making.

Personal Loan

In addition to a home loan, one can also apply for a personal loan to cover finishing costs, such as purchasing furniture. This type of loan is granted based on the applicant's creditworthiness, considering their income and credit history.

The most common type of personal loan is an unsecured loan, which does not require collateral. However, borrowers may also opt for secured personal loans backed by some form of collateral, which normally attracts a lower cost of borrowing. While all banks offer personal loans to help cover finishing costs, some also provide specialised personal loans specifically designed for home improvements.

It is important to note that personal loans generally carry higher interest rates than home loans, come with a lower maximum borrowing limit, and have a shorter repayment term.

Promise of Sale

The promise of sale, also known as *konvenju*, is a legally binding agreement where the seller commits to selling their property to a prospective buyer while the prospective buyer commits to purchasing it. The duration of a promise of sale typically ranges from 6 months to a year, but it can be set for any length of time, with the possibility of extension for valid reasons. This agreement is only valid if registered with the Commissioner for Tax and Customs.



Property Broker

A property broker, also known as a *sensar*, refers to a licensed individual in the real estate industry who acts as an intermediary in property transactions. In other words, a property broker offers a similar service to that of a real estate agent, with the main difference being that a broker works independently without employing branch managers and property consultants. Malta's laws and regulations stipulate that property brokers can only charge a commission fee of 1% from each side, while the commission fee charged by a real estate agent can vary and is paid by the seller.

Real Estate Agent

A real estate agent refers to licensed professionals in the real estate industry who act as intermediaries in property transactions, negotiating and arranging deals between the owner/developer and the buyer. A real estate agent usually works within an agency that typically employs branch managers, as well as property consultants. The fees charged by estate agents are paid by the sellers using their services.

Sanction Letter (Facility Letter)

A sanction letter, also known as a facility letter or credit agreement, is issued by the bank confirming your creditworthiness and that your loan has been approved. It outlines all the terms and conditions of the loan, such as the loan amount and repayment terms, the bank's tariff of charges, and any other relevant details. Once issued, you should review it thoroughly. If you agree with all the terms stipulated in this letter, you should sign and return a copy to the bank, implying that you accept the loan offer. Additionally, you should provide a copy to your notary and pay the bank's processing fees associated with the issuance of this letter.

Shell Form

Properties sold in shell form refer solely to the construction of the property, focusing on the external structure of the building, excluding all interior finishings such as plumbing, electrical wiring, interior doors, bathrooms, and other finishings. These properties typically include the exterior walls, roofing, common areas (if they are part of a block), and external apertures, such as windows and external doors. Properties in shell form are generally cheaper than those with some degree of finishing. However, while the initial cost may be lower, additional work and expenses are required to complete the finishing.





Stamp Duty

Stamp duty is a tax payable when purchasing a property in Malta, applicable to private and commercial properties, as well as land. The buyer is responsible for paying this tax, which is generally 5% of the property's value, subject to certain legal exemptions—particularly for residential properties and first-time buyers. Payment is made in two instalments: provisional stamp duty upon signing the promise of sale agreement and the remaining amount during the final deed signing. First-time buyers purchasing their first immovable property are exempt from paying stamp duty on the first €200,000 of the property's value but must pay the tax on any amount that exceeds this threshold.

UCA

Urban Conservation Areas (UCAs) refer to areas in Malta and Gozo that hold historic or architectural importance and are essential to Maltese heritage and identity. To preserve this heritage, the government offers various schemes and incentives to encourage and support property owners in UCAs to restore and maintain their buildings. These initiatives not only help property owners but also play a crucial role in safeguarding Malta's cultural and architectural heritage.

To benefit from government schemes and incentives targeted at properties in UCA areas, you must first obtain a UCA certificate from the Planning Authority confirming that the property falls within a UCA area. This certificate, along with any other requested documents, should then be submitted to the Malta Tax and Customs Administration.



ADDITIONAL MATERIAL

LIST OF COSTS WHEN PURCHASING A PROPERTY IN MALTA & GOZO

Bank Fees:

It is important to note that bank fees can significantly vary from one bank to another. Depending on the terms and conditions of the bank, some costs are refundable or waived while others are not.

Generic Fees

- ☐ Mortgage processing fees
- ☐ Legal fees
- ☐ Update of searches fees (periodically)

Other fees you might incur:

- ☐ Bank-appointed architect (BAA) fees (if the bank appoints an architect)
- ☐ Late payment fee
- ☐ Early payment fee
- ☐ Commitment fee: If the full loan amount is not drawn by the specified date in the sanction letter
- ☐ Amendments to sanction letter conditions fee
- ☐ Closure fees (once the loan is settled)
- ☐ Waiver/postponement/cancellation of hypothecs fee
- ☐ Post-deed checking of hypothecary charge fee
- ☐ Printing of statements fee

Deposit: Typically 10%

Property Broker Fees/Commission (if using property brokerage services)

Notarial Fees

Architect Fees

Registration Fees:

☐ Public Registry fees

☐ Land Registry fees (if the property falls within a Land Registration Area)

Searches Fees

Stamp Duty:

For first-time buyers, the first €200,000 of the property price is exempt from stamp duty, with the remaining amount charged at 5%.

Insurance

☐ Life insurance policy

☐ Building insurance policy

Ground Rent and Recognition Fee (*laudemium*) – If applicable

Renovation/Finishing Costs

Acquisition of Immovable Property Permit (AIP):

Non-Maltese residents who have lived in Malta for less than 5 years must acquire an AIP permit before buying a property.

Moving in costs

☐ Fees related to change of address (e.g., license, ID card, ARMS)

☐ Setting up of internet and cable services

☐ Condominium fees (periodically)

☐ Mover fee to move belongings from one residence to another

PROS AND CONS OF BUYING VS RENTING IN MALTA & GOZO

RENTING

- ✓ Flexibility and freedom to relocate easily
- ✓ No maintenance costs (usually covered by the landlord)
- ✓ Low initial costs (more affordable option)
- ✓ Fast process
- ✓ Easier to budget (fixed monthly rent and no unexpected homeownership expenses)
- ✗ No ownership or equity
- ✗ Potential changes in rent prices
- ✗ Restrictions imposed by the landlord
- ✗ Limited ability to personalise the space
- ✗ Lack of stability
- ✗ Risk of lease termination

BUYING

- ✓ Long-term investments (building equity)
- ✓ Stability and security
- ✓ Freedom to personalise space
- ✓ Potential passive income (e.g., renting out)
- ✓ Fixed mortgage payments
- ✓ Potential capital appreciation
- ✗ High upfront costs
- ✗ Long-term financial commitment
- ✗ Less flexibility in relocating
- ✗ Maintenance responsibilities
- ✗ Market risks (property value fluctuations)



PROS AND CONS OF BUYING ON-PLAN VS READY-TO-MOVE-INTO PROPERTIES

ON-PLAN PROPERTIES *

- | | |
|--|--|
| ✓ Lower purchase price | ✗ Committing to a property without seeing it |
| ✓ More time to budget, save, and plan | ✗ Long waiting period between signing the contract and moving in |
| ✓ Potential customisation to the property's design and layout (since construction has not yet begun) | ✗ More effort is needed for planning and decision-making |
| ✓ Personalised finishes according to your liking (e.g., furniture, appliances, doors, tiles, electric sockets, etc.) | ✗ Uncertainty about the final product and its quality |
| ✓ First owner of the property | ✗ Potential delays in construction and project completion |
| ✓ New Construction (potentially including the latest features such as double-glazed windows, insulation, energy efficiency features, etc.) | ✗ Selling the property before completion can be costly |
| | ✗ Higher risks involved in the process |

READY-TO-MOVE-INTO PROPERTIES

- | | |
|---|---|
| ✓ You will get what you see | ✗ Higher purchase price |
| ✓ Immediate possession | ✗ Potential renovation and repair costs |
| ✓ Faster process and transaction | ✗ Tailored to someone else's taste or needs |
| ✓ Established neighbourhoods | ✗ Uncertainties regarding the property's full history (e.g., maintenance and past issues) |
| ✓ No construction delays | |
| ✓ Lower risk | |
| ✓ Typically furnished, including an already installed kitchen | |

*** A well-drafted promise of sale can significantly mitigate many of the risks and uncertainties associated with purchasing properties on plan, including clauses regarding the quality of workmanship and finishes.



FREQUENTLY ASKED QUESTIONS DURING PROPERTY VIEWINGS:

WHEN VIEWING READY-TO-MOVE-INTO PROPERTIES:

- ☐ How old is the property?
- ☐ When was the property last renovated?
- ☐ In what condition are the roof, plumbing, and electrical systems?
- ☐ Do the appliances have any warranties?
- ☐ What are the average monthly utility costs (water and electricity bills)?
- ☐ Does the property have any outstanding utility bills or fees?
- ☐ Are there any primary reasons why the owner is selling the property?
- ☐ Were any major works or renovations carried out on the property? If so, are they covered by a valid building permit?
- ☐ How long did the previous owner(s) live in the property?
- ☐ Are there any issues with the property that need fixing or updating?
- ☐ Is everything according to permit?

WHEN VIEWING PROPERTIES UNDER DEVELOPMENT:

☐	What is the expected completion date?
☐	How many units are available, and how do the prices vary?
☐	Has the Planning Authority approved all necessary permits?
☐	Can I make changes to the property (e.g., layout/structural changes, kitchen placement, socket placements, etc.)?
☐	Who is the developer, and what is their reputation/track record?
☐	What is the timeline of the development?
☐	Will a compliance certificate be issued before the final deed?
☐	Are there any incentives for buying early?
☐	Who is the architect overseeing the development?
☐	If finishes (e.g., tiles) are included in the price, can I choose the supplier myself?
☐	What items can I personalise based on my preferences?
☐	If the construction has not yet begun, when is it scheduled to start?
☐	Are there any disputes or complaints from third parties (e.g., neighbours) regarding the development?
☐	Can I make regular visits during the construction phase?
☐	Are there any expected delays with the construction?
☐	Are there any penalties for delays in the development?
☐	Will the notary keep the deposit?
☐	If finishes are included, are there any warranties, and what is covered?
☐	What happens to my deposit if the development stops?

GENERIC QUESTIONS THAT APPLY TO ALL PROPERTY TYPES:

☐	How long has the property been on the market?
☐	What is the asking price?
☐	What is included in the sale (e.g., finishes, furniture, etc)?
☐	What is the neighbourhood like (e.g., noise levels, average age of neighbours, etc)?
☐	What is the property's total area (i.e., square metres)?
☐	What sustainability features are included in the property (e.g., solar panels, air purification systems, solar water heater, insulation)?
☐	Are there any planned future developments in the area?
☐	Are there any other interested buyers or offers? If yes, what is the current offer?
☐	Does the property require any renovations? If yes, what are the estimated costs?
☐	What is the asking price of nearby properties listed for sale?
☐	What was the price of similar recently sold properties in the area?
☐	Does the property have any ground rent that needs to be paid?
☐	What is the expected time to move into the property?
☐	Are there any uncertainties about the property's ownership?
☐	Does the property have any structural problems that I should be aware of?
☐	Does the property have a readily available architect valuation report?
☐	Is the property eligible for any government discounts or subsidies (e.g., UCA)?
☐	What is the expected deposit?

☐	If I place an offer, will the seller be willing to fix a few things?
☐	What is the expected timeline and duration of the entire process?
☐	Does the property have any dampness, cracks, or leak issues?
☐	Does the sale include a garage or parking space?
☐	What amenities are near the property?
☐	Are there any issues with flooding in the area surrounding the property?
☐	Does the property have any disputes or issues related to building permits?
☐	Is the Energy Performance Certificate (EPC) available?
☐	If the property is an apartment, is there an active owners' association I can join?
☐	In the case of apartments, how many units does the block consist of?
☐	Are there any restrictions for renovating or extending the property?
☐	Does the property have a lift? If yes, what are the associated costs?
☐	What type of construction material is used?
☐	Is the property part of a condominium? If yes, what are the associated costs?
☐	In which direction does the property face? Does the property receive natural light, and if yes, to what extent?
☐	Can I speak directly with the owner/seller for further clarification?
☐	Will I have any rental or resale restrictions?
☐	What other costs are associated with the property purchase?

WISH LIST

Budget

Locality/Localities

Desired Amenities (e.g., shops, bus stations):

Property Type (e.g., apartment, house):

Number of Bedrooms: Number of Bathrooms:

Garage? ☐ Yes ☐ No

Completion Level (e.g., shell, on-plan, finished):

Furnishing Level (e.g., unfurnished, semi-furnished, fully furnished)

Property Age (e.g., newly built, recently renovated):

Property Size (square meters):

Outdoor Space (e.g., balcony, terrace):

NEED (MUST HAVE)	WANT (OPTIONAL)

Notes/Considerations:

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