

# BUYING PROPERTY IN MONTENEGRO

Your ultimate **SIMPLE** guide to buying  
property in Montenegro in **20** steps!



The exclusive Associate of  
Savills in Montenegro



*"...the ocean's scent, the light is still, falling on us,  
announcing the presence of the day"*

Tanja Bakić, 2012 - a young Montenegrin poet

## BUYING PROPERTY IN MONTENEGRO

Whether virtually or in person with us, once you have chosen your dream estate in Montenegro, we will manage the process, with your input, to ensure that everything is in order and we get you moved into your 1st, 2nd or investment property as efficiently and comprehensively as possible. The market is swarming with real estate agents. Many are not registered companies, have little knowledge or experience and who work outside the system with a mobile phone and a car. They do not pay taxes nor will you have any come-back should there be an issue with your purchase.

We are currently working with the legitimate agencies in Montenegro to form an association to bring some order to the industry. Celebrating our 20th year in Montenegro, and the exclusive partner of global firm Savills, provides you with the peace of mind you need to make such an important investment decision and choosing us as preferred real estate agency in Montenegro

**As your representative, our role includes, but is not limited to the following (your potential costs are also outlined below in bold)**

**1.** Identifying properties that meet your requirements and presenting them to you.

Should you be visiting Montenegro, we will assist with your itinerary arrangements and we are happy to collect you from Tivat airport and guide you to your hotel.

**2.**

**3.** When you are ready, we will begin the viewing process of the selection of properties that you have chosen.

After many coffees and discussion, where you narrow your choice to one or two properties, we will mediate in the negotiation with the vendor to get you the best possible price.

**4.**

**5.** Once the terms of the sale and purchase are agreed, we will prepare our format of The Reservation Agreement – A document signed by the seller, by ourselves and you, the buyer, which outlines the key important 'heads of terms' which will ultimately be included in the Sales and Purchase Agreement.

We are the only real estate agency in Montenegro to provide an escrow account, as part of our firm, to allow you to make the payment of a holding deposit to secure the property, whilst the necessary due diligence is being undertaken on the property. This reservation agreement is very straightforward and protects the buyer in the event where the property, for whatever reason, is not fit for sale, and as such the reservation deposit is returned to you the buyer. Never send a reservation deposit to a seller, as is the practice with many agencies as it is very difficult to have returned.

**6.**

7.

We absolutely highly recommend that you appoint a local legal representative to oversee the transaction and protect your interests and also to carry out significant due diligence on the property and the history of transactions. It is possible to purchase using only the necessary notary system, but the notary is not obligated to carry out significant due diligence.

We are happy to provide a limited list of legal representatives with whom we have worked for more than 10 years. The ultimate selection is yours, the buyer.

8.

9.

Once the due diligence is completed and the sales and purchase agreement negotiated, the contract is signed by you, or your lawyer, which is common practice, who would have a power of attorney to act on your behalf.

Once the full purchase price is paid, the notary will deliver the contract to the land registry office and execute the transfer of the ownership of the property into your name.

10.

11.

We work by a very strict set of standards within our business, and all costs and processes are completely transparent at the reservation agreement stage. This is where issues need to be agreed such as bank transfer fees and who is responsible, what is included in the property etc. **Bank transfer fees in Montenegro can be significant and up to 1%.** We minimise this cost as we ensure that the buyer is only responsible for the bank fee for payment to an account in Montenegro. Unlike other agencies, we insist that transfer fees for payment of the purchase price to a seller's account outside of Montenegro is the responsibility of the seller. Our job is to ensure that there are no surprises for you later, as commonly happens.

**For a resale property, property transfer tax rates are progressive**

**and amount to:** up to 150,000.00€ 3%;

over 150,000.01€: 4,500.00€ + 5% on the amount over 150,000.01€;

over 500,000.01€: 22,000.00€ + 6% on the amount over 500,000.01€;

Usually this is in line with the contract value, however confirmed by the taxation department in Montenegro.

12.

13.

Where you will not be present for the signing of the sales and purchase agreement, we do recommend that you provide power of attorney to your lawyer. Otherwise, the process of receiving a power of attorney from abroad is expensive and cumbersome and will often require a notary and apostille in your home country.

Costs for legal assistance is reasonable – especially in providing peace of mind. The role of your lawyer is broad and includes overseeing the entire process until the title deed is changed into your name and the transfer tax is paid. They will draft the sales and purchase agreement with your interests in mind, provide legal advice on the property, carry out a historical and current investigation of the property ownership, and where representing you with a power of attorney, should you choose this route, organising the seller and the notary for contract signing and where applicable, overseeing instalment payments. **The typical cost for this service is cca EUR1,000 for a €100.000 property and approximately 1 to 1,5% of the total purchase price, on average.** We see the appointment of a lawyer as a critical step in the process to provide you the assurance and peace of mind you need, in making a wise investment decision.

**14.**

**15.**

Foreigners are treated in the same manner as Montenegrin citizens in the purchase of real estate and taxes and charges are the same for all. Please do note that certain purchases, such as agricultural land, will require the establishment of a company.

A purchase of a new property, being sold for the first time, by a developer in the VAT system, does not attract any 3% Real Estate Transfer Tax as the VAT for the purchase is included in the price.

**16.**

**17.**

All properties for sale, baring extremely luxurious properties within a resort, being purchased by a first time buyer show the prices of the property with VAT included.

Notary fees vary depending on the purchase price of the property. **For a purchase of a EUR100,000 property, the notary fee would be approximately EUR450 with all taxes.** We will advise you of your costs before you sign the reservation agreement.

**18.**

**19.**

**Cursory fees such as translations, interpreters and misc. costs can add to EUR300 – EUR400 per purchase.** These include translations fees at EUR20 per page , interpreter's fee at EUR40-50 per hour etc. Once again, once the purchase price is agreed, we will advise you of all fees you can expect to close the sale.

Then, relax, enjoy your new purchase, fall in love with Magical Montenegro and remember, we have been here for 20 years and represented one of the largest real estate firms in the world, over that entire period. So, you are in safe hands. And finally, we do not charge you any fee. Our fees are completely covered by the seller, which is another reason why choosing an established company such as ourselves is so critical as we have a responsibility to you as to protect our brand and reputation.

**20.**



**DREAM ESTATES MONTENEGRO**

Stari grad 321, 85330 Kotor,  
Montenegro

T: +382 (0)32 304 788

E: [info@dreammontenegro.com](mailto:info@dreammontenegro.com)

W: [www.dreammontenegro.com](http://www.dreammontenegro.com)