Understanding Promissory Contracts (CPCV) in Portugal

Description



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What is a Promissory Purchase Agreement?

A Promissory Contract of Purchase and Sale (CPCV) is a legally binding preliminary agreement that precedes the final property deed. This document:

- **Formalizes** the buyerâ€™s and sellerâ€™s commitment to complete the transaction
- **Establishes key terms** before the notarial deed
- **Provides legal protection** for both parties

Key Legal Requirements

1. Mandatory Written Form

- Required under **Article 410 of the Portuguese Civil Code**
- Must include **notarized signatures**
- Requires certification of:
  - Habitation license (*LicenÃ§a de UtilizaÃ§Ã£o*)
  - Construction license (for new builds)

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2. Two Final Contract Types

1. **Deed of Sale**: Final property transfer document
2. **Loan with Mortgage Deed**: Required when using bank financing

Essential Elements of a CPCV

Every promissory contract should clearly specify:

âœ” **Property Details**

- Complete description (location, boundaries, construction status)
- License verification (habitation/construction)

âœ” **Financial Terms**

- Total purchase price
- Deposit amount (typically 10-30%)
- Payment schedule (including balance due at signing)

âœ” **Timeline**

- Deadline for final deed execution (typically 30-90 days)
- Property delivery date

âœ” **Legal Protections**

- Penalties for breach of contract

- Conditions for deposit forfeiture/return
- Right to specific performance (Article 830 Civil Code)

Critical Considerations

Tax Implications

- IMT (Property Transfer Tax) becomes due after CPCV signing
- Stamp duty (0.8%) applies to the contract value

Deposit Rules

- Buyer deposits are typically non-refundable if they withdraw
- Seller must return double the deposit if they withdraw

Financing Contingencies

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- Recommended clause for mortgage approval
- Typically allows buyer exit if financing fails

Why Professional Assistance is Crucial

At ProDirecta, we ensure your CPCV:
âœ Complies with all legal requirements
âœ Protects your financial interests
âœ Includes proper contingencies
âœ Facilitates smooth transition to final deed

Need help drafting or reviewing your CPCV? [Contact our legal team today]

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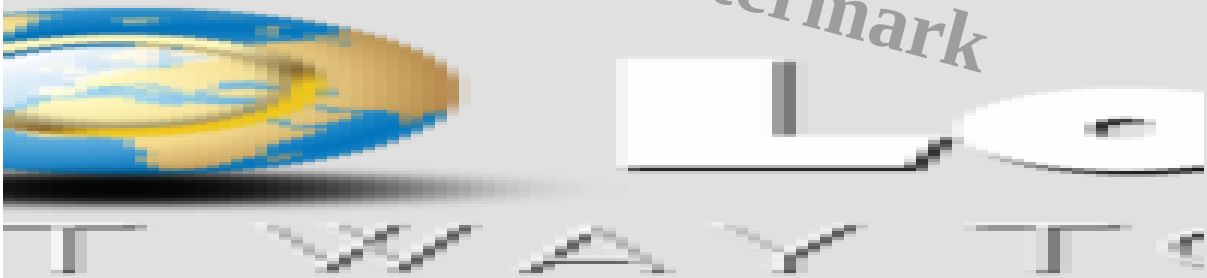
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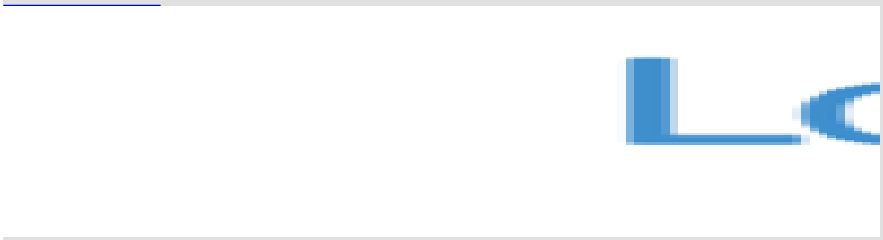
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