

A Guide To Building And Renovating Property in Italy



De Tullio
INTERNATIONAL LAW FIRM

Building And Renovating in Italy

Introduction

Whether you are thinking of buying, building or renovating a real estate property in Italy, it will involve paperwork and red tape. Many property purchasers from abroad may be unfamiliar with the technical and legal aspects of all this.

In this guide, we aim to provide you with checklists which set out legal frameworks, documents required and processes and procedures involved in making your Italian property purchase, construction and/or renovations as smooth as possible.



Investing in property in any country is a major financial undertaking for most people and it is vital to ensure your investment is safeguarded. Just as you would involve professional expertise in your own country, it is important to seek professional help in Italy. An experienced Italian property lawyer will have contacts with trustworthy, independent

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experts such as surveyors, architects and building contractors and will be able to advise and guide you throughout your property project.

Checklist: due diligence and searches

There are a number of searches that a purchaser needs to conduct between the signing of a preliminary contract and completing on an Italian property purchase¹.

These searches form part of the legal framework around due diligence when purchasing a property in Italy:

1. Verification that the vendor's ownership is lawful. This is done by requiring owner/s to lodge title deeds and/or similar deeds, land registry cadastral plans and surveys; establishing that the real estate is free of encumbrances;
2. Requirement on the vendor to supply a complete package of documentation pertaining to the legitimacy of the real estate:
 - ✓ Licenses, Planning and Building Permits, Certificates of Indemnity, Authorisations, Certified Declarations and Notifications of Works, Owner's Statements proving that the real estate was built prior to 1942 (urban centre) and/or prior to 01/09/1967 (countryside) and that since building date, the property has not been subjected to modifications, other than modifications not requiring planning permission. The whole documentation package should be accompanied by printouts of floor plans and layouts.
 - ✓ Certificate of Habitability, which should include the history of the property.
 - ✓ Land Use Certificates concerning land, from which can be ascertained, use of land and the presence of any landscape and civic restrictions and constraints.
1. Establishing that the property is effectively compliant with the condition of the real estate, based on the above documentation.
2. Verification of Systems Certification and Energy Performance Certification.

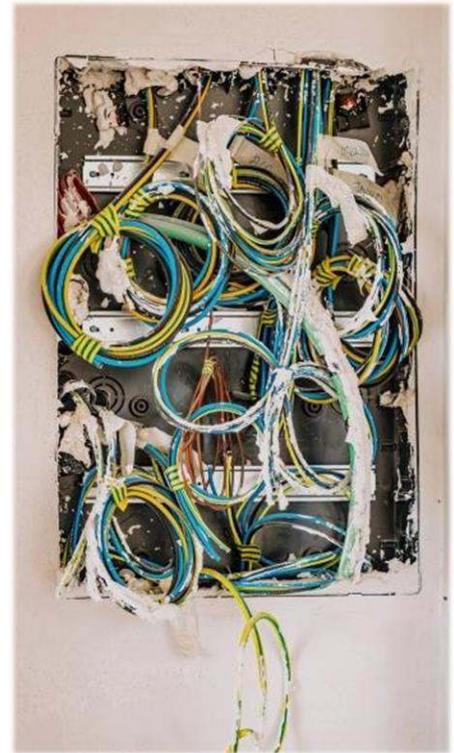


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Checklist: Certificate of Habitability (certificato di abitabilità)

1. A Certificate of Habitability certifies the suitability of a residential property as being fit for human habitation. It is issued by the competent municipal authorities following an inspection to ascertain that the building, and its systems, comply with health, safety and structural stability regulations. According to Italian law, prior to issuing the certificate of habitability, the competent authorities should also verify that the building complies with planning permission.
2. The case law of the Supreme Court is unanimous in stating that in real estate transactions the certificate of habitability is one of the documents that the vendor must deliver to the buyer before completion. As a matter of fact, the buyer has the full right to verify that the property suits his/her legitimate interest. In other words, that a property is usable and will be marketable in future. As such, the above mentioned certificate can be considered an essential requirement of the property because it has direct effects on the
3. legal use of the property as stipulated in the contract.
4. Unless otherwise stipulated in contractual agreements, the responsibility to provide the certificate of habitability belongs to the vendor. In case of delay or failure to deliver a certificate of habitability, there is a clear case of non-execution of a contractual obligation (breach of contract). A recent decision by the Supreme Court states that, "The vendor of a property intended for residential use has a duty to deliver to the buyer the certificate of habitability without which the property is unmarketable". (Cass. 23rd January 2009, n. 1701).
5. In cases where there is no certificate of habitability, the property can still be transferred through a notarial deed of sale. However, this can only be done with the buyer's express, written consent in the deed of sale. Verifying the existence of a



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certificate of habitability before completion of the purchase of a property should certainly be part of legal due diligence.

Checklist: Choosing professional services in Italy

When choosing any kind of expert to help with your property purchase in Italy, it is advisable that you choose the expert yourself. This is to avoid any conflict of interest that may arise from using someone recommended by the vendor or real estate agent. In addition, any professional you engage, should be:

- ✓ Registered with the relevant professional body or trade organisation.
- ✓ Up to date with social security contributions and certificates / licences to practise.
- ✓ Qualified and experienced for the mandate - check cv, qualifications and references.

Checklist: construction or extension of a property in Italy

Should you wish to extend an existing property or to purchase land in Italy with a view to building a new property, once the mandate has been entrusted to a qualified professional, due diligence needs to be done. In order to do this, your professional must follow this procedure:

1. Survey the possible building area from the description of the Land Use Certificate, and the presence of possible urban planning and/or cultural heritage restrictions.
2. Ensure building design complies with provisions of current building regulations and can be completed with the relevant building permit. This needs to be requested from local municipal authorities
3. Obtain planning and building permits.
4. Choose the building company which will execute the works and submit to the builders, detailed architect's project plans and statement of works.



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- ✓ Preferably, request at least three estimates, in order to establish some basis for comparison. Normally a new construction involves at least four different types of companies (excavation company, building contractor, electrician, plumber).
- ✓ For an easier management of the works, it is advisable to contract out the works to a sole company which will subcontract works they cannot execute themselves. This facilitates on-site project management.

Before choosing companies to bid for the project, you should check that:

- ✓ Insurance contributions are up to date. This can be done by examining the company Documento Unico di Regolarità Contributiva (DURC). This is a certificate that certifies whether the company has made insurance contributions to cover their workforce.
 - ✓ Average numbers of annual workforce are sufficient to cover your project.
 - ✓ The company can provide references. Ask to see other examples of their work and talk to previous clients.
1. Once defined, the owner, planning supervisor and building company, begin the works by lodging all paperwork relating to the project with the relevant municipal authorities.
 2. The managers of the construction site are represented by the owner, planning supervisor and building company.
 3. A Safety and Coordination Plan (Piano di Sicurezza e Coordinamento) must be drawn up pursuant to Legislative decree 81/08.
- ✓ Safety Coordinator (Coordinatore della Sicurezza in fase di Esecuzione) must be appointed to supervise the building procedure.
 - ✓ The building company must comply with the terms specified in Safety and Coordination Plan as well as draft its own Operational Safety Plan (Piano Operativo di Sicurezza, (POS)).
 - ✓ All waste produced on the construction site must be properly managed and treated in compliance with local disposal laws.

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Once work is complete, you will need to have everything assessed, inspected and approved. Then the cadastral value of the property needs updating in the land registry and you can apply for a certificate of habitability.

Checklist: Renovating an Italian property

Should you wish to renovate an existing building, without changing the footprint of the property, once the mandate has been entrusted to a professional, this is the procedure to follow:

1. Survey the condition of the property and design the renovation, which should be carried out pursuant to provisions of current regulations.
2. Choose the building company which should execute the works, by submitting the project plan (drafted by an expert) together with a statement of works. This should be as detailed as possible.
 - ✓ Preferably, request at least three estimates, in order to establish a basis for comparison. Normally a renovation involves at least three different kinds of companies, (excavation company, electrician, plumber).
 - ✓ For easier management of works, it is advisable to contract the work to a sole company, which can subcontract the types of works they cannot execute themselves.



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Before choosing companies to bid for the project, you should check that:

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 - ✓ Average numbers of annual workforce are sufficient to cover your project.
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 - ✓ The building company must comply with the terms specified in Safety and Coordination Plan as well as draft its own Operational Safety Plan (Piano Operativo di Sicurezza, (POS)).
 - ✓ All waste produced on the construction site must be properly managed and treated in compliance with local disposal laws.
 6. Once the works are completed, an inspection will be required and the land registry will need to be notified regarding the completion of the renovation works.

Checklist:

Contractor liabilities for defects and/or variations in construction work

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The best advice we can offer before entering into a contract with a construction or renovation company is to call your legal advisor requesting that s/he drafts a contract between you and the company you have chosen to carry out the work.

A professionally drafted contract is your best protection if any problems connected with the works arise.

Whether these issues occur because of defective materials, poor execution of work, variation from the agreed plan or a request for additional money, a professionally drafted contract in both English and Italian will prevent a lot of problems and stress and, often it will save you a considerable amount of money.

Below, is a summary of Italian legislation pertaining to these topics:

Poor execution of work / variations from agreed plan

1. The contractor is responsible for defects and unauthorised variation of works. If there are visible defects, the client should not accept the works. If the client accepts the work, the right to a guarantee is lost (art. 1667, first paragraph of the Italian civil code).
2. In order to formally contest the works, the client should request his/her legal advisor to notify the contractor through a formal letter of default. If the client accepts the works, and defects and/or unauthorised variations of works are visible, s/he will lose the right to a guarantee unless the contractor omitted the defects and variations maliciously
3. The contractor is deemed as acting maliciously if, although aware of the defects and/or variations, the contractor fails to clearly declare such matters to the client.

Hidden defects

1. The acceptance of work does not compromise the client's guarantee with reference to hidden defects. Such defects can be contested when they are discovered.
2. In order to activate a guarantee, the client, through his/her lawyer, should do the following:
 - ✓ Report the hidden defects within 60 days of their discovery.
 - ✓ Take legal action within 2 years from the end of work.

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If one of the two above mentioned obligations is not complied with, the client will lose rights to the guarantee. In cases where the contractor not only omitted to declare the defects, but also behaved in a malicious manner in order to hide those defects, the time limit for legal action extends to 5 years.

Contractor's liability

Once the defects and/or the unauthorised variations have been proven, the fault of the contractor is considered as presumed. This means the onus will be on the contractor to prove absence of negligence.

Guarantees

According to article 1668 of the Italian civil code, in the case of visible or hidden defects the client is entitled to take 4 possible legal courses of action:

- Request the elimination of the defects and/or variations, the total cost to be borne by the contractor.
- Ask for a reduction in price.
- In the case where variations or faults are very serious, the client can request that the contract is cancelled; or,
- Request compensation for damages.



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The logo for De Tullio International Law Firm is centered on a dark blue rectangular background. The name "De Tullio" is written in a large, bold, gold-colored serif font. Below it, the words "INTERNATIONAL LAW FIRM" are written in a smaller, white, all-caps sans-serif font, with wide letter spacing.

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