

# VEFA : HOW DOES BUYING OFF-PLAN IN MAURITIUS WORK?



A former French colony, Mauritius has retained many of the same legal concepts as France in the real estate sector.

The Mauritian government requires the mandatory use of **off-plan sales contracts for the sale of IRS real estate**. Foreign investors and/or Mauritian citizens purchasing an IRS property must therefore sign a specific contract before a notary in Mauritius, in accordance with the terms of the Mauritian Civil Code, which in turn is in line with the French Civil Code.

## Off-plan purchase contracts offer buyers a high level of security.

They include a completion guarantee known as a **GFA (Garantie de Fin d'Achèvement)** – effectively a bank guarantee linked to their acquisition. In the event that the promoter defaults, the partner bank ensures that the project is completed and delivered according to its original specifications.

A reservation contract is also signed when the property is first acquired. This includes provisions for a reservation deposit to be paid to and held in escrow by a bank or notary. The security deposit is therefore unavailable, unassignable and cannot be seized prior to the agreement of the final sales contract. The reserving party is, however, entitled to cancel the acquisition and to recover the deposit if the promoter does not respect the deadlines for the execution of works as set out in the reservation contract.

The **contract of sale** can be signed before a notary as soon as the construction of the property begins, on the proviso that the promoter has sent the following documents by registered post one month prior to the date of signature: the original deed of sale, a plan of the property as drawn up by the project's architect, a general plan of the site and a description of the property.

In contrast to other types of sales, **the purchaser becomes the owner of the land and of the construction in progress upon signing the VEFA contract – that is, before the completion of the work.**

The purchaser then pays funds in according to the construction's progress, based on timelines specified by the promoter and the following payment conditions:

- 5% upon signing the pre-booking contract, to be held in escrow,
- 25% upon signature of the deed of sale,
- 5% upon completion of the foundations,
- 15% upon completion of the ground floor slab,
- 10% upon completion of the roof,
- 10% upon complete installation of all openings (doors, windows, transoms) and glazing,
- 20% upon completion of plastering and laying of tiles,
- 5% upon completion of the villa,
- 5% upon the premises being made available.

As soon as the construction is complete, the promoter will confirm the delivery date with the purchaser and a delivery note will be drawn up.

**BUYING OFF-PLAN ALLOWS FUTURE HOMEOWNERS TO SECURE THEIR PURCHASE AT EVERY STAGE OF THEIR PROJECT.**

**ON THE PROPERTY DEVELOPER'S SIDE, ITS USE IMPLIES GENUINE FINANCIAL SOLIDITY.**