



GIRASOL
H O M E S
ESTABLISHED 2007

www.girasolhomes.com

SPANISH MORTGAGE GUIDE

I won't live in the property full time, can I get a mortgage?

Yes. You don't have to live in the property to qualify for a mortgage. With most banks and mortgage lenders, everything can be arranged for the mortgage and bank account allowing you to complete on your property purchase without having to travel to the country of purchase. We arrange mortgages for customers from countries the World over, including the UK, Ireland, (Europe in general), USA, Australia, Russia, Asia and United Arab Emirates.

I don't need a big mortgage, just 30,000€ Euros, can you help?

Yes, we work with lenders that are willing to lend small mortgages.

What loan to values are available for Spanish mortgages?

This will depend on your residency status. For example mortgages of up to 80% of the property price or value (whichever is the lower) are available to resident borrowers, whereas for non-resident borrowers the maximum would be 70% of the property price or value (whichever is the lower).

How can I find out how much I can borrow?

The most reliable way to find out how much you can borrow would be to contact one of our English speaking mortgage advisors to consider your individual case.

Every person's situation is different and mortgages are not one size fits all. Our personalized approach to Spanish mortgages will ensure that the advice you are given is adapted to your specific situation each time.

Due to European consumer law, lenders have to assess how affordable it is for you to take on an overseas mortgage. To do this, they will take into account any existing loans, mortgages, outstanding credit card balances which are not paid off in full at the end of each month, child maintenance, rents etc. that you may have as fixed outgoings. They will compare this with your income, and providing that your outgoings (including the new mortgage for which you are applying) do not surpass 25 - 40% (depending

on the lender) of your net income, then your application should be successful. Due to the nature of the banking system some flexibility is available in certain cases.

Each lender will assess an application in a different manner depending on in-house policies so it is therefore impossible to predict 100% the outcome of any mortgage application, although our lengthy experience in this domain does help in assessing potential borrowers and advising which lenders would be susceptible to agree to your mortgage.

I'm self employed, will I qualify?

We are often asked whether those who are self employed or company directors can obtain a Spanish mortgage. The answer is often yes, but it is impossible to speculate as each case is very different. Two to Three years of business accounts and personal tax returns are normally required.

What interest rates are used?

Mortgages in the EU are based on the Euribor index (EURIBOR stands for Euro InterBank Offered Rate) and are either based on the Euribor 3 Month, 6 Month or 12 Month Index. To find out more about the Euribor, please visit the official website: <http://www.euribor.org>

What types of mortgages exist?

Spanish lenders have a more conservative approach to mortgage lending and as such the mortgages available are straightforward. All mortgages are capital and interest repayment mortgages with either fixed or variable interest rates. Interest only mortgages are not available.

Can I get a mortgage for Buy to Let Properties?

Lots of people are currently purchasing buy to let as these are attractive investment alternatives to buy to let property in their home countries.

Most lenders do not differentiate their mortgages based on the use of the property, i.e. main home, second home, buy to let property. However, they will not take into consideration any potential rental income that you may receive from the property. You must prove that you have the ability to pay the mortgage based on an affordability assessment on your current circumstances.

The property I want to purchase requires renovation work. Can I get a mortgage for this too?

It is possible to finance the renovation works as well as the property purchase with an overseas mortgage, depending on the lender. You will be required to provide quotes from a registered tradesman at the time of the mortgage application.

How long does it take to obtain an overseas mortgage?

The answer to this question really depends on the time of year, the bank who you apply to and the country, but it varies between 1 to 6 weeks. We strongly recommend that as a non resident purchaser, you allow a minimum of 45 to 60 days to obtain mortgage finance, again depending on the mortgage lender. If your agent suggests a shorter time you should really request that it is extended to meet this.

When applying, you will be required to provide numerous documents such as your last 6 months bank statements, savings accounts statements, credit reports, passport copies, payslips and P60's (employed),

tax returns and accounts (self employed/directors of limited companies) etc. We will provide you with a comprehensive list of documents required when you select a mortgage.

By submitting a complete mortgage file you will essentially save yourself time as first us, the broker, will be able to review and prepare the application for the bank a lot quicker and with minimum requests to yourself, which means the bank in turn can also treat the application quicker as well. An incomplete application will attract a lot of to-ing and fro-ing with requests for additional documents and this will cause delays.

We can usually fast track urgent applications providing the application is complete.

Do I have to take life assurance cover?

It is mandatory in many EU countries to take life assurance to cover the mortgage although there are some exceptional cases when the loan to value is lower that the bank will waiver the requirement to have insurance. The standard process is that the life insurance cover is arranged at the time of the mortgage and most lenders will only accept an application if this is the case.

EU law requires that lenders accept life insurance cover from other insurers so long as it is equal to the cover they offer. This is a grey area with some banks for non-resident customers and they still insist that you take their insurance. We can negotiate this on your behalf and help you obtain the best life insurance deal available. Additionally, borrowers can now change their life insurance policy in the year after they take out their mortgage so this allows them to swap to a cheaper, equivalent policy.

Some of our lenders accept that you take out a foreign policy or different policy enabling you to shop around to get the best insurance for you.

We also have certain banks that do not require you take this as part of the mortgage.

How much do banks charge to arrange a mortgage?

All lenders will charge a set-up fee which can either be fixed, or a percentage of the loan taken out. This is usually between 1% - 1.5% of the loan amount, usually with a minimum amount and frequently with a cap.

Any quotes we provide will include information relating to the set up fee although it is important to understand that these may change as they are dictated by the lender.

Do you charge a fee?

Yes, our mortgage partners charge a fee which is payable when your mortgage offer is issued. The fee is always clearly detailed in the mortgage quotes and is minimal for the service and savings provided. No mortgage = no fee. **No upfront fees are charged**

Will I need an overseas bank account?

Yes. If you take out a mortgage you will need a bank account for your direct debit payments etc. It is advisable to set one up at the same time as you make your mortgage application and we will assist you with this.

I want to pay off my mortgage early. Will I have early redemption penalties?

This is an important question to ask and each mortgage will have a different answer. Typically if you have a fixed rate mortgage you can expect to pay early redemption penalties. Sometimes these can be removed by prior arrangement with the bank or the fees can be reduced. If you are on a capped rate or tracker mortgage there are unlikely to be early redemption penalties, or nominal penalties e.g. 0.25% of the mortgage, but we will advise you of any such fees.

Can I increase my monthly payments or make lump sum over payments?

With a suitable mortgage yes you can. We can assist you in ensuring that this option is available to you.

Do payment holidays exist with overseas Mortgages?

Generally no.

Continued on next page.....



GIRASOL
— H O M E S
ESTABLISHED 2007

GUIDE TO MONTHLY PAYMENTS BASED ON A REPAYMENT MORTGAGE OVER A TERM OF 25 YEARS

AMOUNT OF MORTGAGE	SPANISH MORTGAGE IN €	UK MORTGAGE IN £
30,000	115.76	115.89
50,000	192.93	193.16
75,000	289.39	289.74
100,000	385.86	386.31
125,000	482.32	482.89
150,000	578.79	579.47
175,000	675.25	676.05
200,000	771.72	772.63
250,000	964.64	965.79
300,000	1,157.37	1,158.94
350,000	1,350.50	1,352.10
400,000	1,543.43	1,545.26
450,000	1,736.36	1,738.42
500,000	1,929.29	1,931.57

THE ABOVE TABLE ASSUMES A LOAN TO VALUATION OF 60%, USING A REPRESENTATIVE INTEREST RATE OF 1.20% FOR A MORTGAGE IN SPAIN AND 1.21% FOR A MORTGAGE IN THE UK.

THIS DOES NOT NECESSARILY REFLECT THE INTEREST RATE AND MONTHLY PAYMENTS THAT WILL BE CHARGED, AS EACH MORTGAGE WILL BE SUBJECT TO STATUS.

Interest rates quoted correct as of 29th April 2020