

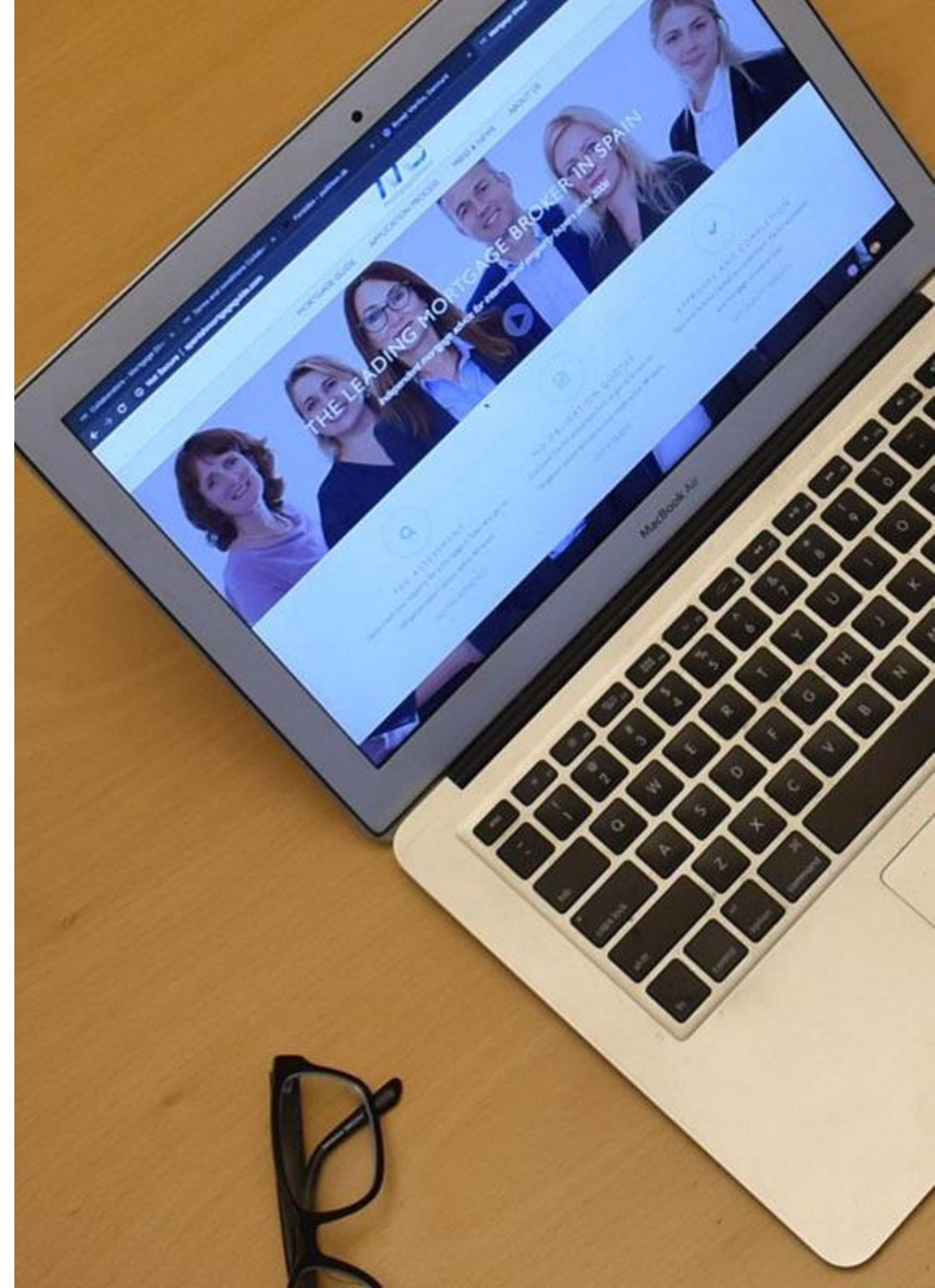


Mortgage Direct Presents

A guide to mortgages in Spain

Presentation summary

- Types of mortgages available
- Deposits required
- How much can I borrow?
- Interest rates
- Types of income
- How can I prove my income?
- Cost of buying in Spain
- Buying process – purchase contracts
- How we can help?
- Our charges
- Summary



Mortgage types available

- ✓ Residential mortgages
- ✓ Holiday home mortgages – including renting your property out
- ✓ Commercial loans
- ✓ Construction mortgages
- ✓ Self-building projects – plot and land
- ✓ Short term bridging finance for SL companies – min loan €500,000



How much deposit do I need?

Residential/Holiday Home

- ✓ If your income is in Euros – 30%
- ✓ If your income is not in Euros – 40% unless the mortgage is 100,000 +
- ✓ The above is a general guide and varies between the banks.

Commercial Lending

- ✓ Depending on the type of business/property you are buying you will be expected to put down between 40-50% deposit
- ✓ Max term for commercial usually 15 years



How much can I borrow?

01

Your ability to borrow depends on your debt-to-income (DTI) ratio

02

Spanish banks will allow around 1/3rd of your net income to cover your current financial commitments and the new Spanish mortgage repayments

03

The exact percentage varies from bank to bank, so it is advisable to consult a mortgage broker



Borrowing example – choice of Bank is important

Mr & Mrs Smith looking to borrow €100,000 over 20 years, the repayments will be in the region of €510 per month

Mr & Mrs Smith - joint net income is €3000 per month

Mr & Mrs Smith have a mortgage of €390 per month and a car loan of €120 per month

Bank A

Bank A offers 30% so $€3000 \times 30\% = €900$

Bank A: $€900 - €390 - €120 - €510 = -120$

Application declined

Bank B

Bank B offers 40% so $€3000 \times 40\% = €1200$

Bank B: $€1200 - €390 - €120 - €510 = 180$

Application approved



Interest rates currently available

Variable rates

- ✓ From Euribor + 1.25%

Fixed rates

- ✓ 10 years – 1.95%
- ✓ 20 years – 1.85%
- ✓ 25 years – 2.25%

The rates depend on many factors such as the clients profile (including employment status), amount of the mortgage, debt-to-income (DTI) ratio and whether additional products are taken out with the bank, such as life cover and house insurance

Due to the volume and quality of business we introduce to the banks, we receive preferential rates. We work with all the banks and for some clients even lower rates are available through us.





Types of income accepted by the Banks

Acceptable income

- Employment income, including salary, bonus, commissions, etc.
- Self-employment income, including salary, dividends,
- Rental income
- Pension income

Not Acceptable income

- Child maintenance
- Social security benefits

How can I prove my income?

- Employed: Annual tax statements (P60 or equivalent), payslips, work contract
- Self-employed: Tax returns
- Owners of Ltd companies: Annual accounts, Tax returns
- Rental income: Rental contracts, Tax returns
- Pension income: Tax returns, annual pension statements,
- In addition to the above bank statements showing income received



Buying process

01

Once your offer on the property is accepted, you will usually be required to pay holding/reservation deposit to reserve the property.

02

Within an agreed time period, you will usually be required to pay a further 10% of the value of the property.

03

IMPORTANT: The deposits you pay in many cases are not subject to you obtaining a finance. It is advisable to have a mortgage approved in advance before committing to purchase the property.



How can we help?

01

Before recommending an appropriate bank, we make a full assessment and calculate your debt-to-income (DTI) ratio

02

Once we know which Bank will approve the mortgage we provide you with the quote and terms of the mortgage

03

We can get your mortgage pre-approved before you start looking for property

04

Once the mortgage is approved we open a bank account for you either remotely or with POA from your solicitor.

05

We can check the value of the property before you sign a purchase contract.

06

We oversee the process from the first contact until completion day.



What do we charge?

Our Administration Fee is covered under our Money-Back-Guarantee, which means if the application is declined by the bank we will refund the fee.



Administration Fee

€695



Approval Fee

€1000



Total Fee

€1695

Administration Fee

€695 at the start of the formal application.

Approval Fee

€1000 fee is payable once we get the pre-approval from the bank. The fee of €1000 Euros applies to mortgages up to €200.000. For higher amounts we charge 0.6% of the mortgage amount.

No Fee for 2nd application

Please note, if the property you wish to buy is not suitable due to a poor valuation or legal issues we do not charge again for subsequent property / application





Costs of buying in Spain

Approximately 9-13% of the property cost depending on the region.

Property Tax 6-10% depending on the region

Notary, registry approximately 1.000 Euros

Bank arrangement fee 0% - 1.5% depending on the Bank

Valuation: 400 Euros depending on the price of the property

Solicitor and Mortgage Broker

Source of Deposit

If the deposit for your purchase in Spain is coming from equity release/ refinance of your existing property the application might be declined even if you meet the debt to income ratio.

Part of the Bank assessment is not just checking your current debt to income ratio but also your ability to save money. Please consult a mortgage broker before starting the process.