



# Essential Guide to Spanish Mortgages



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Fluent Finance Abroad

FFA

# Introduction

**We at Fluent Finance Abroad (FFA) pride ourselves as being one of the truly Independent Mortgage Brokers in the marketplace. We have agencies with all major Financial Institutions. This enables us to tailor the best possible package to suit your needs. We will guide you through the maze that is the Spanish Mortgage System and give you the confidence you desire to make the decision of buying a home here in Spain.**

Our integrity, professionalism, independence and client focus gives us the edge over our competition and the alliances we have forged over the years will be of enormous benefit to you in making the right choices. From our initial consultation we will be with you all of the way to final drawdown, so at no time during the process will you feel that you are doing this on your own. We understand just how important it is to have someone guide you in all aspects of the mortgage application, ensuring your purchase will proceed to a happy conclusion.

Charges and fees, related taxes, legal obligations and future succession rights are all areas that need to be discussed and can add up to a daunting decision process. At FFA we can make this a more enjoyable experience. We help you see through all the jargon that Financial Institutions use to enable you to make an informed decision, ensuring the correct choice for you and your family.

Rates and the Terms and Conditions built into your specific finance package will be in your favour so you will have full control of all aspects of your mortgage. **We also offer exclusive packages which are unique to FFA clients and we are confident the rates incorporated will not be beaten by any other provider.**

Our team of consultants are committed to a code of practice that focuses on 'best advice' for all our individual clients. Whether it be as a main residence, holiday home or simply for investment purposes, we at FFA Mortgages want to make this the pleasant experience it should be. Why not contact us for an initial consultation and start the process of buying your dream home here in Spain.

## Mortgage Types

- Residential Mortgages
- Commercial Mortgages
- Equity Release
- Refinancing
- Development Finance



# Spanish Mortgages

## An Overview

“ There is no doubt that Spanish banks have limited their mortgage lending due to the credit crunch, but this does not mean that mortgages are not available to foreign buyers. We at FFA have developed our relationships throughout this difficult period and as such we have been at the forefront of the developing Spanish mortgage market. As a result, we have been able to secure new avenues of lending and negotiate exclusive mortgage packages for our clients.

We have access to a vast network of both international and Spanish mortgage providers and are able to secure best value funding, regardless of nationality.

We have market leading low rate mortgages available which are exclusive to our clients. ”

*Marc Elliott – FFA – March 2016*

## Independent

Priding ourselves on being 100% independent when it comes to sourcing mortgage solutions for our clients, we can provide ‘whole of market’ advice. We are not restricted to whom we can approach in order to secure the ideal finance solutions for our clients.

Our aim is to find the most appropriate and cost effective property finance which will work for the long term. It’s that simple!

## Loan to Value

Many aspects of the mortgage marketplace have changed since the recent credit-crunch and Spain is no different. Spanish banks are once again lending to foreign nationals and the maximum loan to value is 70%.

We can potentially finance deals above these levels by using a combination of products available, but this must be reviewed on a case-by-case basis and generally can only be obtained by clients with previous experience of home ownership in Spain.



## Rates & Term

Currently Spanish banks are only able to provide mortgages on a capital repayment basis and generally over a 20 – 30 year term.

Rates do vary but most mortgages aimed at non resident applicants range from 1.75% to 5% \*Correct as of 11.03.2016.

Many of our clients require their mortgages to have a certain element of flexibility in order to pay down the mortgage without incurring heavy redemption penalties. FFA has access to a number of products, which allow clients to do this with a maximum charge of 0.5% of the amount repaid early. (E.g. €25.000 capital paid off = €175 administration fee to the lender).

## Documentation

All mortgage applications will be reviewed on a 'full-status' basis, meaning that income verification will have to be supplied along with the application.

Currently, Spanish lenders do not offer self-certification mortgages on Spanish properties.

The majority of lenders require that potential borrowers take out additional mortgage related products from them such as home / contents insurance and life cover. This can vary from lender to lender, therefore great care should be taken when agreeing to enter into a long term contract for a particular mortgage loan.

The number of mortgage lenders has dramatically reduced over the last 6 years due to the mergers and acquisitions that have taken place since the credit crunch and subsequent Spanish housing crisis. We have long-standing relationships and full access to these lenders and are therefore able to approach each institution on our client's behalf; ensuring the groundwork is already in place.



*Disclaimer: This guide has been compiled in a generic sense and its sole purpose is to provide a basic overview. The information contained herein does not in any way constitute as financial advice. Each individual's requirements and capacity for lending is different. Before making a decision on any potential finance package or before handing over any deposit for a particular property, we strongly advise consultation with an industry expert. Contact us now to speak to one of our team.*

## Time to Completion

Foreign buyers must be aware that Spain has one of the highest numbers of bank holidays/festive days per annum in Europe and therefore a mortgage application can take between 6 to 8 weeks to complete. The application cannot be completely underwritten by risk departments until all the necessary paperwork has been provided. This information will be provided by FFA from the outset.

FFA can obtain an Agreement in Principle (AIP) for all clients prior to actually finding a property they wish to buy. This can be obtained within two working days subject to the FFA client fact-find form being fully completed and returned to us.

We would advise anyone thinking of using Spanish mortgage finance to assist with a property purchase to ensure that they have been pre-approved before they agree to hand over funds to secure a property.

At FFA Mortgages, we cater for all nationalities wishing to purchase a home in Spain and we offer bespoke mortgage solutions, ensuring complete compatibility.

## Loan Amount

The minimum mortgage available is currently €40.000 and there is NO maximum mortgage limit which we can advise on.

Lenders will require a credit report or certificate for all applicants from their country of residence.

We also offer mortgage and financial solutions in Spain for 'offshore' employees wishing to buy their dream home in the sun.

**Contact us now for more information.**

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