GREAT CHOICE OF FIXED AND VARIABLE RATE MORTGAGES

Being fully prepared financially before visiting Spain will enable you to negotiate with sellers in the knowledge you are in the strongest position to buy and have the ability to move quickly without putting your deposit monies at risk.

Contact us today for your no obligation quote.

You should be aware that Spanish banks usually finance 70% of the value; depending on your situation, they may decide to lend closer to 50%. This means you have to contribute at please 30% of the price of the house, and the associated expenses amounting to 16% of the price of the house.

The usual duration of a non-resident mortgage in Spain is 10-20 years. In some cases it can be up to 30 years.

Spanish banks can grant mortgages provided that no more than 40% of your income is required to cover the payments. They take into consideration what you pay by way of mortgage, rent or other loans in your country and add them to the mortgage payments you would be making in Spain. The total cost of all these things must not exceed 40% of your income.

You can choose:

- Fixed Rate Mortgage

PROS:

- No surprises- you can know with 100% certainty the cost of the mortgage you are committing to.
- You'll know EXACTLY what you'll pay, meaning you can plan your life around it.
- Your payments won't change for the entire duration of the fix, regardless of fluctuations in rates.

CONS:

- Starting rates are often higher than with variable products.
- If interest rates fall, you won't see the benefits in your repayments.
- If things change and you want to exit your mortgage early, you'll typically have to pay high penalties.

If a fixed mortgage sounds right for you, think carefully about how long you want to fix for. If you can agree a fixed term that you are able to commit to, you all avoid the charges associated with early repayment, which can add significantly to your costs.

PLUS majoristes financers Rambla de Catalunya. 66 5º G-H BCN 08007 Tel. 93 215 33 00 Fax 93 272 06 37 info@plusfinancers.com

GREAT CHOICE OF FIXED AND VARIABLE RATE MORTGAGES

· Variable Rate Mortgages

PROS:

- Normally you will pay less interest than you would in a Fixed rate mortgage

CONS:

- If the Euribor goes up, so will your repayments!

A Variable rate mortgage could be right for you if you want a mortgage of shorter duration- the important thing to understand with Variable mortgages is that in the earlier years you will be paying off mostly the interest- only a small part of the repayments will go towards paying off the capital.

Why do interest rates fluctuate?

As the name suggests, a Variable Rate can and will usually move up and down. The main factor controlling this, although not the sole one, is changes to the European economy.

Interest rates usually have an upward tendency in times of growth and inflation, in order to discourage spending.

The point of this is to dissuade people from borrowing to spend, and make saving more appealing.

In downturns, the opposite applies, where typically interest rates are cut to encourage spending and stimulate growth.

Please feel free to contact us to let us know your preference, and any further questions you may have.