

10 Reasons to Use a Spanish Mortgage When Buying in Spain: Updated to Reflect Covid-19 Impact on Property Market

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Spanish News



With the current market turmoil we find ourselves in now, seeking expert advice brings benefits of learning valuable insights from someone who knows exactly what you need to know with answers that are objective, precise and valuable.

Headed by [Marc Elliot de Lama](#), Fluent Finance Abroad have been around since 2006 helping us through difficult times by providing unrivalled insights about the property market in Spain.

In our most recent conversation, Marc said: "We know that there are many practical minded people who can see beyond current circumstances towards a brighter future which includes owning a holiday home in Spain." And added: "We are best placed to offer appropriate & qualified guidance during this difficult period."

Undeniably, all staff at Fluent Finance Abroad are industry veterans forged in fire, who have all been through various crises, downturns and recessions over the years and are still here to tell the tales.

He explains that: "Over the last few years we have seen new companies set up as competition to us but none of these

new firms have the track record pedigree and know the form of working with Spanish banks when things get tough as is now."

In moments like these you need to be speaking to industry professionals who have the long standing relationships with the lenders, been there before and who have a history of delivering during difficult times.

"We are not fly by nights, we don't shirk or disappear at the first sign of a hindrance within lending. For the last 15 years they have committed to continual development as a company, standing with clients and representing them when difficulties arise. After all, we are all in this together, and we will get through this together; Fluent Finance Abroad is the team you can rely on."

If you have committed to purchasing a Spanish property either by signing up to an off plan deal, rent to buy or you have agreed a resale and have placed a non-refundable deposit and you are concerned about having enough liquidity to complete your purchase, then get in touch with experts that will be able to offer you advice to ensure that you know exactly what your options are, and from there implement the right plan in order for you to complete with minimal anxiety.

See below 10 reasons why a Spanish mortgage facility may work for you:

1. Keep your cash reserves intact

You may feel that your available liquid funds do not get you the property that you desire. A Spanish mortgage can give you the right amount of cash so you can purchase your dream property in the location you desire without using up your cash reserves.

2. Avoid currency fluctuations

If your liquid funds are in a currency other than Euro, you could fund part of the purchase by getting a **Euro Mortgage** therefore offsetting any currency fluctuations when it comes to sending funds to Spain to cover deposit and costs.

3. Payment flexibility

Short term, flexible over payment Spanish mortgages are available. This means that you don't have to be tied into a long term mortgage contract and can cancel the mortgage at any time without incurring heavy redemption charges or cancelation fees. This flexibility is vital given the current situation as most buyers wish to have as much liquid reserves available for other important matters and is at the forefront of most of our clients minds. Having a local bank to ease the financial burden can be the difference of completing on the purchase with ease or walking away from the purchase.

4. Low interest rates

Interest rates are very low at the moment and likely to remain that way given the impact COVID 19 is having on global economies. Currently our clients are taking advantage of these historic rates in order to make the most of their cash and using their liquidity for other matters of great importance or other investment opportunities.

5. Equity release

Raising mortgage finance against unencumbered Spanish properties is almost impossible and therefore Spanish properties are very illiquid, meaning that the property would normally have to be sold to release quick cash against it for any reason, apart from home improvements. There are specialised lenders which can do this type of lending but tend to be more expensive than the high street options who do not entertain this at all.

We get many enquiries from old cash buyers desperate to release funds to sort issues out back home or invest in other projects or investments but come to realise that they should have bought with a mortgage in Spain and therefore not tying up their cash. It can take a long time to sell a property in Spain just like in any other country. Property is not a very liquid asset like bonds and shares because it cannot be sold within minutes. It can take several months.

6. Overseas property debt

The debt is against the asset in the country where the asset is held i.e. Spain. This is a good idea mainly because if there was an issue in your home country, the lending would remain in Spain and it would be difficult for the Spanish lender to raise a concern in the country where you are resident.

7. Due diligence on property

Spanish banks will do their own legal due diligence against the property meaning that if the bank will not lend against the property, it probably isn't worth buying and it may even have legal issues such as not being properly registered. This offers you, the buyer, an extra layer of security when you purchase.

8. Rental yield

If the property is for investment and you wish to receive a rental return, it is worth considering buying a better property in a more desirable location, as these types of properties are more likely to get you a better rental return on your investment.

9. Create a portfolio

You may have the ability to purchase more than one Spanish property if you wish to create a small holiday letting portfolio here in Spain.

10. Age restrictions

Most banks in Spain use age limits up to 70 years. With some banks you can get a mortgage until the age of 80 or 85 years. In some cases it is possible to let somebody younger, i.e. a child, co-sign the mortgage in order to stretch the term.

For more information and to get a FREE financial appraisal, please drop us an email at info@assetfolio.com