

WHAT TERMS SHOULD I BE FAMILIAR WITH?

Loan: This is a contract whereby one of the parties (the bank) lends to the other (the customer) an amount of money with the obligation of repaying it over a specified period of time.

Mortgage: This is a loan that uses real property as a guarantee that the customer will repay the loan. The mortgage loan Deeds are formalized by signing them and they then go on to be registered at the land registry office.

Loan capital: This is the amount of money that the bank lends to the customer.

Interest: This is the price that is paid for the loan, it can be a fixed rate which will stay the same throughout the life of the loan, or a floating or a variable rate, which may go up or down according to the performance of the Official Reference rates.

Reference Rate: This is the benchmark used for revisions of the floating rate loans. They are obtained from the mortgage or financial markets. To guarantee the transparency of the operations banks generally use the official reference rate for the mortgage market, known as IRPH, published by the bank of Spain in the Official State gazette.

Spread: These are the points added to the reference rate in order to obtain the new interest rate to apply to floating rate loans.

Late fees: This is an additional interest charge applied to late payments as an indemnity. The actual amount charged will depend on the number of days until the late payment is finally made.

AER (Annually Equivalent Rate): This is the real interest applied to the loan which includes not only the applicable interest rate, but also the compounding over the time between payments and any commissions. The AER allows for the comparison of mortgage rates among lenders on an equal basis.

Amortisation: This is the repayment of the loan, established as instalments over a period of time until maturity.

Exclusion or Grace period: This is a time at the beginning or end of the life of the loan where only interest payments are made (not principal). Upon the close of this period, regular payments of principal and interest are made according to the terms of the loan.

Early Amortisation: It is possible to repay amounts in advance in order to reduce principal. These are early repayments area subject to a commission which, in general is higher than the fixed interest rate.

Early Repayment: It is also possible to fully repay the loan in advance prior to maturity. This is also subject to a commission which, in general, is higher than the fixed interest rate.

Commissions: These are fees that will be charged by the banks for different concepts. Those that we generally include on all loans are:-

Application fees

Early amortisation

Subrogation: Paid by the buyer of a mortgaged property who, in is subrogated to the obligations of the seller, and becomes the new debtor.

Modification of conditions or guarantees: applied in the event of any modification of the originally agreed terms and conditions especially with regard to maturity or interest rate.

Monthly instalments per 6000 euros borrowed

Year Interest Rate	8	10	12	15	20	25	30
7%	81.80	69.67	61.70	53.93	46.52	42.41	39.92
6.5%	80.32	68.13	60.12	52.27	44.73	40.51	37.92
6%	78.85	66.61	58.55	50.63	42.99	38.66	35.97
5.5%	77.40	65.12	57.01	49.03	41.27	36.85	34.07
5%	75.96	63.64	55.49	47.45	39.60	35.08	32.21
4.5%	74.54	62.18	54.00	45.90	37.96	33.35	30.40
4%	73.14	60.75	52.53	44.387	36.36	31.67	28.64
3.5%	71.75	59.33	51.09	42.89	34.80	30.04	26.94
3%	70.38	57.94	49.67	41.43	33.28	28.45	25.30

I HAVE DECIDED ON THE MORTGAGE THAT I WANT. NOW WHAT DO I DO?

You can contact me on any of the above numbers, by fax, or email and I will immediately start processing your application. In addition to the bank assessing the property, I will make sure that it is free of all liens and encumbrances and is legally available for purchase.

On the other side of this leaflet is a list of all the documents that the bank will require in order to access your application. Please collect all these and then contact me at C/Candida Peña 8, Las Galletas, Arona, Tenerife, or by phone on (0034) 922 730210 or 922 738080 fax on (0034) 922731408 or you can email me on info@tibc-sl.com



Documents required for a mortgage



A mortgage application in Spain, can be fairly simple, providing you are armed with the correct information and documents. TIBC has produced this list so that when the time comes for you to apply for your mortgage, you will not be blinded by science.

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Tel: 0034 922 730210
Fax 0034 922 731408
Email info@tibc-sl.com
www.tibc-sl.com

Once the operation has been studied and the loan approved, the bank will provide you with an offer, a document which contains the financial conditions of the loan and which must be signed by the borrowers. All required documentation will be sent to the notary for the preparation of the mortgage deeds.

HOW MUCH WILL I NEED TO BUY MY HOME?

When buying a home it is important to remember that there will be high additional costs above the sale price, especially taxes and for the formalisation of the sale, and to budget accordingly.

These costs include:

The Value added tax (VAT) in the case of first sale (by the developer to the first buyer) This figure is different in the Canary Islands to the mainland where it is currently 7%. Here we pay 5%.

Transfer tax (ITP) This applies to second and subsequent transfers of the property. The rate is 6.5% in the Canary Islands and 7% in the mainland and is applied to the purchase price.

Tax on Legal Documents Act (AJD) This tax is applied when the sale is subject to VAT, the rate can be as high as 1% of the purchase price depending on the region in question.

Keep in mind that not all of these taxes are paid in the sale; accordingly:

- If you pay VAT, you also pay AJD, but do not pay ITP.
- If you pay IPT you pay neither VAT nor AJD.

You will then have a bill from the land registry, and one from the town hall for the Plus Valia tax. Plus Valia is the difference between the land value when the previous owner purchased and your purchase. It is the only tax that goes directly to the local town hall. Other charges will include fees for the valuation, land registry check, and utility change over.

CIRBE

Autorización de Solicitud de informe a C.I.R.B.E
(Personas Físicas)

Authorization to apply for information from C.I.R.B.E

Nº Suc 4791 Plaza Las Galletas, Arona

El _____ de _____ de 200__

Autorizo a la Entidad 0049 — Banco Santander Central Hispano S.A. Para solicite a la Central de Información de Riesgos del Banco de España un informe de mis riesgos crediticios, autorizaciones que hago extensiva a la mencionada Central Información de Riesgos para que le facilite los datos interesados.

I hereby authorize the bank 0049— Banco Santander Central Hispano S.A. to request information from the Central information department for risks of the Bank of Spain, giving them a report on my any loans taken, this authorization gives extensive rights to the Central information department to report on my data to the interested party.

Signed/Firma _____

Nombre/Name _____

NIF/DNI/Pasaporte _____

Branch use only:

Name/Nombre _____

Cargo y NIF o DNI _____

Sello de la Entidad

Documents required for a mortgage

Please ensure that you enclose all the following documents.

Personal Information

- Copy of your passport/NIE or residencia
- Copies of your last two wage slips
- Copy of your work contract
- Last two years tax returns
- Proof of any other income
- Last 3 receipts for loans with Any other banks
- Details of the loan to cancel
- Bank statements for the last 6 months
- Last 6 months rent receipts
- Vida laboral/working history
- Report from Equifax if non resident

On the property that you wish to purchase

- Copy of this years rates payment
- Copy of the title deeds of the house you wish to purchase
- Purchase contract
- Copies of the deeds to any other property you may own.

Documents taken by TIBC or the Bank

- Nota Simple.
- Tasación.
- CIRBE

Name _____
Address _____

Phone _____
Account opened at the bank _____