

Early repayment.

OTHER OBLIGATIONS AND RECOMMENDATIONS FOR BORROWERS.

Mortgage holders are also subject to some ancillary obligations:

- They are required to take out homeowners insurance on the mortgaged property covering fire and damages, but can be extended to other hazards.
 - For your total security, it would be advisable to also take out income protection or repayment insurance in case of death or permanent invalidity.
- The mortgage holder must promise to take care of the mortgaged property to assure that it does not lose value and to remain up to date with all taxes, fees and other payments corresponding to the property.

MORTGAGE LIABILITY

The sum of the amounts due on the mortgage in the case of non payment and the execution of the loan.

As costs vary depending on purchase price, mortgage taken and autonomous community, I am fully prepared to give individual quotes to any request made from a client or estate agent.

I do hope that you find this information helpful to both yourselves as estate agents, and to your clients. Further more I am available by any of the above communication channels to answer any of your questions. Please do not hesitate to contact me.

Kind regards

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**Banco Santander Mortgage Guide
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DECIDE WHY YOU ARE BUYING AND CHOOSE YOUR HOME WELL

This is probably the most important purchase you will make and when you choose you should check that:

- The location is well communicated and close to relevant transportation.
- It is close to schools, hospital, sporting zones, shopping etc, according to your needs.
- The orientation is appropriate in that it will affect lighting, heating, noise levels, etc.
- The utilities connexions and apparatus meet all the legal specifications.
- It has other desired elements such as parking, storeroom common recreation areas etc.

IMPORTANT CONFIRMATIONS PRIOR TO BUYING

With the property register:

The first step before buying is to check the Property Register to verify who are the legal owners, any liens or encumbrances (mortgages, usufruct, easements etc) Any claims on the property will affect your ownership

With the owners association (if any)

Make sure that the seller is up to date in all community fees

Property Taxes (Impuestos de Bienes Inmuebles (IBI)):

Request that the seller, provide you with the latest receipt for local property taxes or request information from the local town hall.

If the home that you are buying is new, you should check;

- That there are no urban development charges
- That the builder has all the required permits
- That the house or flat has the required occupancy certificate
- That the developer has contracted the required liability insurance established under Building Ordinances
- That the local authorities have issued the first occupancy license.

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.

When the loan is for the acquisition of a home, the purchase and sale deed and the mortgage deeds are signed at the same time.

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.

BUYING THE PROPERTY

Frequently prior to signing the deeds, the buyer and seller will enter into a private contract. These contracts are legally efficient and fully bind the parties, so you should make sure that you are fully aware of all the articles and stipulations and make sure that:

- It is signed by all owners. If owned by a married couple or joint owners, it must be signed by both. If sold by a company, it must be signed by the administrators or the duly empowered legal representatives.
- The total purchase price is included, whether it is to be paid in whole or partially deferred, and terms of the deferral if any. It is common for the buyer to make a deposit at this time, which should be discounted from the purchase price. If the buyer backs out of the sale, the seller is entitled to retain the deposit. Conversely, if it is the seller who backs out of the operation, he or she will have to pay double the amount of the deposit to the buyer.
- The contract is free of any clauses that are abusive or of doubtful legality.

PUBLIC BARGAIN AND SALE DEED

The public deed has a very powerful effect and is regulated by law and prevails over the private contract. The notary attests to the will of the parties to sell and to buy respectively and of the acceptance of the established conditions, providing legal security as well as advice to both parties, always acting independently and impartially. The deeds are directly accessed in the Property Registry.

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.

HOW CAN I FINANCE THE PURCHASE OF MY HOME?

At Santander we have a wide range of financing options at your disposal for the purchase or refurbishment of your home. In all cases we will take into account your needs and economic availability, making sure that you achieve the best financing tailored to your needs.

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.

What documentation will the bank need to study the operation?

Resident Employed workers

National ID card and Tax id number
 Last two "Nominas"
 Any evidence of additional income
 Last Declaracion de la Renta
 Vida Laboral
 Last receipt of any other loan payments

Non Resident employed workers

Passport
 Last two wage slips
 Any evidence of additional income
 Last annual tax return
 Employment history
 Last receipt of any other loan payments

Resident self employed workers

National ID card and Tax id number
 Evidence of additional income
 Last personal annual De la renta
 Any interim tax returns
 Vida laboral
 Last receipt of any other loan payments

Non resident self employed workers

Passport
 Evidence of additional income
 Last annual personal tax return
 Any interim tax returns
 Employment history
 Last receipt of any other loan payments

Documents we need to see regarding the property

A photocopy of the title deeds
 Photocopy of the last urban property tax (IBI – Rates)

Documents needed to sign the operation

Whenever the legal situation of the borrowers must be verified (marriage regime, legal separation etc), the following documents will be needed:

Certificate of the Civil Registry
 Prenuptial agreements
 Separation or divorce decree.

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.

Once at the notary, you have the right to examine the deeds and seek the advice of the notary before signing.