



All the questions answered on how to apply for a mortgage in Spain

we will explain you in detail how Spanish banks work for providing mortgages to Foreigners who buy a property in Spain. Before going into the details of how it works, you have to ask yourself those questions:

How to get the best rate? What is the ideal customer for a bank?

- Clients with a good professional profile
- Good credit Report
- Affordability or debt to income under 35 %
- Good resale value of the property
- OECD countries

I. THE APPLICATION PROCESS:

1. What are the documents requested?
 - Your **Passport / ID** for all the applicants
 - Your **NIE**, Número de identificación fiscal para extranjeros or Foreign Resident's Tax Number. [How to get your NIE in Spain? What do you need to get it? Why do you need it?](#)
 - Last **3 paychecks** with contract of employment
 - **Proof of incomes/Contract**(last year of
 - A view on your assets and debts
 - If it's a newbuilding: the "Deed for new building"
 - **The private sale-purchase contract**
 - If you have a mortgage at home, land registry information on the property and the mortgage
 - If pensioners: Official proof of annual income.
2. If the bank get **formal pre-approval** from its risk department, then they send the mortgage offer.
3. When the bank get the **client confirmation accepting the offer** then they open the account and send account details.
4. The client must **send appraisal provision**.

5. The bank order the valuation and get the approval of the mortgage. Then they send **official mortgage offer**.
6. The **bank arrange completion** with the client or legal representative in Spain.

II. RATES AND MORTGAGE CONDITIONS

How much can you borrow for your mortgage?

For your second residence and as a non-fiscal resident, a bank will finance no more than **70 % of the value of your property**. We call this the “Loan to Value” (LTV: i.e.: the amount of mortgage you can get divided by the value of your property before tax), but this % is only for good enquiry. This means that you would need to invest at least **45% of the property value with your own pocket**.

How did we found this percentage? $45\% = 100\% + 15\%$ costs for buying the property – 70% of mortgage!

If you go for a LTV lower than 60%, most of the time, the bank will show more flexibility. In 2016, Mortgages issued in Spain had a LTV of 64% and only 15% had a LTV higher than 80%. Have a look at our table with up to date information on Returns, mortgages and short term and long term rates on the Spanish market.

If you read our article on bank properties for sale in Spain, you will be aware that there could be exceptions to this... if you buy a property from a bank...

There are a wide range of mortgages available

Most of the bank provide a wide range of mortgage: variable, mixed and fixed rate. Due to the current rate environment, with short-term rates, Euribor, close to 0% and long-term rates very low, borrowers are taking the opportunity to get long term rates at fixed prices. Before, more than 90% of mortgages were issued as variable, nowadays this percent is lower and closer to 60% while fixed rates are more in the 30% area.

Mortgages conditions

In January 2017, newly mortgages issued had an interest rate of 2.2% with an average length of 23 years.



What is the activity in 2016 on the mortgage market?

The number of mortgages on residential properties rose by 14% to 281.000 properties in 2016. The average mortgage amount on housing in 2016 was 109.759€ 2.8% more than in 2015. The total value of mortgages issued for residential properties reached €30.8 billion, 17.2% more than in 2015. For a detailed analysis on this subject, check our report on the mortgages issued in 2016 in Spain.

Buy to let? Investing in Spain for yield?

Don't forget to take the mortgage when you buy, not after, if you want to reduce the costs from your rental incomes.

All those information are from reliable sources. We advise you to check those with your fiscal and legal agent in order to get all those costs up to date and adjusted to your specific situation.

