

Buy and Profit using our interest-only mortgages

Buying a property in Spain has never been easier as developers and banks combine to produce better value for money and easier ways to finance this important investment.

Higher specification, like full air-con and smart homes technology for added security, are becoming standard on many new developments, as is broadband and wi-fi, landscaped private gardens, onsite rental management etc.

The Spanish banks are now offering more UK-style mortgage deals and the best news of all, is the new choice of interest-only advances that effectively halve the repayments for Property in Spain buyers. These mortgages are available from May 2007 through **Finance2Go**.

- Interest-only mortgages can be for 60-70% of valuation
- Guaranteed 100% mortgages (no deposit required) on selected properties
- Current interest rates range between 5.40% and 5.65% variable
- Loans can be for up to 20 years
- Lenders: mainstream Spanish banks & Spanish subsidiaries of UK banks
- There are often no redemption (cancellation) charges
- Arrangements fees vary, but typically 1% of amount borrowed
- Interest-only mortgages can be pre-approved
- Interest-only mortgages are for offplan, key ready and resale homes

Our **Finance2Go** service in London can obtain pre-approval from the most suitable provider, who will confirm in writing, subject to valuation of the chosen property and status of the borrower at the time the loan is taken up. Mortgage guide examples:

Spanish property at	EUR 150,000	(GBP 100,000 approx)
30% deposit	EUR 45,000	(GBP 30,000)
70% mortgage	EUR 105,000	(GBP 70,350)
Term 15 years		
Monthly repayment:		
Standard	EUR 857 per month	GBP 574 per month
Interest-only 5.50%	EUR 481 per month	GBP 322 per month

Equity growth of property average for 10 years ownership:	
10% per annum property valued at	EUR 389,000
Repay capital loan (sell or remortgage)	EUR 105,000
Gross profit	EUR 284,000
Less interest paid	EUR 48,000
Profit/surplus on purchase	EUR 236,000
Plus 5% rental return over 10 years	EUR 75,000
Total profit	EUR 311,000

Equity growth of property average for 10 years ownership:	
5% per annum property valued at	EUR 176,000
Repay capital loan (sell or remortgage)	EUR 105,000
Gross profit	EUR 146,000
Less interest paid	EUR 48,000
Profit/surplus on purchase	EUR 98,000
Plus 5% rental return over 10 years	EUR 75,000
Total profit	EUR 173,000

10 year Investment (EUR)	
Deposit	45,000
Interest	48,000
Capital repaid	105,000
Total	198,000

Example 1	
10% pa growth	389,000
Rental income	75,000
Total	464,000
Profit/surplus	266,000
Example 2	
5% pa growth	251,000
Rental income	75,000
Total	326,000
Profit/surplus	128,000

NB: Add original €45K deposit to above profit/surplus figs

The above examples assume average interest rates, equity growth and rental return as stated, over 10 years period, to produce annual surplus of example 1 and example 2 above. Upon sale, it is unlikely there would be any costs of acquisition and ownership over the 10-year period other than payment of local property tax and community charge, depending on property purchased. Tax breaks, capital gains and Inheritance Tax issues are dealt with in *-Libertad*.

Property in Spain Fact Sheets provide invaluable briefing information on outstanding developments and investment opportunities, as well as timely facts relevant to buying decision-making on your Spanish property aspirations. Information believed correct at publication. Property details have no contractual value. Take legal & fiscal advice.

For maximum tax breaks, we suggest our buyers consider **Libertad** purchase plan that offers tax break and co-ownership options. For instance using **Libertad 3**, three family members and/or friends buying the freehold, simply divide the above example figures by three to get the cost/profit per person.

PropertyInSpain.Net uses the mortgage services of brokers **Mortgages in Spain** and **Finance2Go**. Around 90% of residential mortgages in Spain will be provided by the partner banks of **Mortgages in Spain** and **Finance2Go**, most of whom are members of the **Confederación Española de Cajas de Ahorros Benéficas (CECA)**.

The **Spanish Mortgages Association** (Asociación Hipotecaria Española AHE), reports the total borrowing for mortgages in Spain reached a billion euros for the first time last year. Around 90% of residential mortgages in Spain are provided by the partner banks of **Mortgages in Spain** and **Finance2Go**, most of whom are members of the **Confederación Española de Cajas de Ahorros Benéficas (CECA)**.

Useful links:

Mortgage information <http://www.propertyinspain.net/mortgages>
Mortgage Guide <http://www.propertyinspain.net/mortgages/article.aspx?id=409>
Mortgage checklist <http://www.propertyinspain.net/mortgages/article.aspx?id=429>
Mortgage inquiry form <http://www.propertyinspain.net/promo/offer.aspx?id=591>
CECA Banks http://www.ceca.es/CECA-CORPORATIVO/en/info_a.html

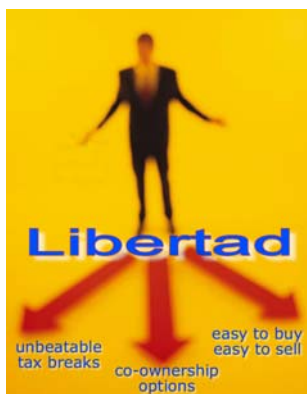
Libertad co-ownership <http://www.propertyinspain.net/guide/libertad/overview.aspx>
The Sun on Libertad <http://www.propertyinspain.net/media/file/pdf/SunEditorial.pdf>

All Spain's mortgage providers will provide loans for **Libertad** purchase.

If you are considering purchase with mortgage using Libertad, please check our online information for details and costs and our property listings for the latest developers joining the Libertad revolution.

Buyers' **Libertad** questions are answered in the next page of this Fact Sheet.

Please take independent legal and financial advice on purchase, mortgages and Libertad purchasing.



See latest **Libertad** developments and offers online at :

www.PropertyInSpain.Net

or Google search on "Libertad tax break Spain" for the latest media editorial coverage.

Libertad banking & currency partners



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Viva Libertad Q&A - all your questions answered

Q1: Is Libertad another name for timeshare?

A -: Not at all. Maximum 4-5 co-owners own 100% of the freehold between them not as timeshare where dozens of people can have "timed" use of one property without any equity holding and profit when selling.

Q2: How many owners would there be?

A -: 2 to 5, with 3 the most popular. That gives 100 days of Spanish sunshine every year for all co-owners.

Q3: What percentage of the property would we each own?

A -: Divide 100% by the number of co-owners.

Q4: What personal use can I have of the property?

A -: You can use it every day of your allocated time or rent it out when you can't be there.

Q5: Who decides who uses it when?

A -: The co-owners decide – with the help of useful matrix rota sheets provided by Libertad.

Q6: We would need the school holidays and summer, could that cause problems?

A -: Not really, the most popular matrix planner shares the main holiday periods evenly in any one year and then redistributes them differently in each successive year.

Q7: Can co-owners swap their rota time if necessary?

A -: The matrix planner is only a guide and owners can follow it and vary by agreement.

Q8: Who gets the money when it is rented out to non-owners?

A -: The co-owner giving up his/her allocated time, pays the costs and keeps the rent – they own it after all. Or co-owners can agree to pool the rental stream and retain it within the Libertad for a better tax position.

Q9: What are the tax break benefits of Libertad?

A -: Each Libertad is registered with the Spanish tax authority who will allow all costs associated with ownership, management, marketing and renewals.

Q10: Who claims the tax breaks?

A - : The Libertad administrator in Madrid registers the Libertad, completes the annual tax return, claims all the legal allowances and hands over any tax due.

Q11: What is the cost of the admin?

A - : It's included in the one-off set-up fee of EUR 3,012 per Libertad. For second and subsequent years, admin and tax returns would be the Spanish norm of EUR 1,200 to EUR 1,500. Use the Libertad administrator or any other fiscal advisor as the Spanish do.

Q12: Why EUR 3,012 for a Libertad?

A - : Spanish corporate law requires companies to have a bank account with that amount in it at the point of incorporation. The Libertad administrator opens the account, the co-owners send the money and after the formation goes through that is the Libertad fee and first year's taxation fees.

Q13: Will we get a mortgage?

A - : Spanish banks are backing Libertad with special deals as the risk for them is reduced with multiple mortgagees. Interest only or 80% advances are among the options.

Q14: Don't we need a NIE card in Spain?

A - : Spanish law always required this fiscal ID for ex-pats trading or buying property. Our **Finance2Go** service can organise NIE cards for co-owners for a nominal fee.

NB: See separate online pages for Libertad information, read The Sun review and Google search "Libertad tax break co-ownership" for the latest media coverage.

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