



## HOUSE OF FINANCE

House of Finance is an entity authorized to manage assets, registered in the Bank of Spain and regulated by the Comisión Nacional del Mercado de Valores.

It does not exist in Balears comparable company with a similar profile and authorization of a regulating member such as the CNMV.



Fritz Strotkamp (Socio-Founder)

According to the judgment of the Supreme Court of Spain and regulatory changes, if you have had a mortgage or still in Spain, it is likely to be able to claim his bank the following:

### Floor clauses

#### **Q: Can I claim the clause floor?**

A: Legal experts estimate that the Royal Decree 1/2017 20<sup>th</sup> January would have average pay outs to the borrower of 18.000€. Many borrowers have signed mortgage with floor cap, which meant how far the Euribor (the rate most uses to calculate mortgage payments in Spain) fell, borrowers continued to pay a fixed interest despite having a variable rate mortgage.

The new regulation sets a mechanism by which the banks shall offer to return funds charged to mortgage holders who have been considered abusive. As well as returning the overcharged money due to the floor clauses, the banks will also have to pay out interest on capital.

#### **Q: Can I claim the mortgage arrangement expenses?**

A: A judgment of the Supreme Court of Spain declared abusive clause in which a customer imposes on the borrower payment of all mortgage completion expenses, taxes and fees derived from the mortgage loan, and the text is as follows: "All taxes, fees and expenses incurred in the preparation, formalization, correction, writing, modification and execution of this contract and payments and refunds that derived from it, as well as for the constitution, maintenance and cancellation of this guarantee. "

The amount of these expenses is variable, but in an average mortgage of 300.000€ we estimate that they can amount to more than 6.000€,

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*" The new regulation sets a mechanism by which the banks shall offer to return funds charged to mortgage holders ". - Fritz*

*Strotkamp*

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## FINANCIAL FACTORS TO CONSIDER WHEN BUYING A PROPERTY IN SPAIN:

### Q: It is interesting buying a second home in our country?

A: Most of our customers could pay the purchase of their property on Spain with cash, but due to low interest rates, most of them prefer to leverage their investment, as they can obtain higher returns for their capital in other investments and tax break advantages in certain cases.

The average spread above the Euribor offered by Spanish banks has reduced from 3% to 1.375% in the last 3 or 4 years. A 10-year fixed interest rate starts at 2.1%, depending on the personal financial circumstances of the mortgage applicant.

The opportunity to lock in rates at such low levels for such extended periods remains extremely attractive for foreign investors.

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Johanna (Asset Management-Ibiza)

### Q: Is it a good choice for foreign customers to establish a relationship with a private bank in Spain?

A: It is an excellent choice whenever customers have a situation too complex for the Spanish retail banks or do not want to engage in the detailed documentation process for getting a Spanish retail loan and have an existing portfolio of cash or financial assets without any loans against them.

Also, one of the advantages of working with private banks is that the interest rate on loans are generally lower than those ones in Spanish banks.

For freer initial information on any of the points in this article do not hesitate to contact us:

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