



HOUSE OF FINANCE

House of Finance is an authorized asset management company in Spain. It is registered by the Bank of Spain and regulated by the Security Exchange Commission.

Specialists since 2005 in real estate counseling in high value operations.

Foreigners not resident in Spain have the possibility not only to open a bank account in our country but also to find financing products. Mortgages, bank accounts, cards and even savings plans are some of the products that Spanish banks design for foreigners not resident in our country. But, how are these products? How do they differ from those marketed for residents and Spanish?

The fact that Spain is one of the main tourist destinations in the world and that many foreigners without residence decide to buy a house in our country means that mortgages for non-residents are one of the products most demanded by this type of client.

These are mortgage loans that differ considerably from the mortgages that are granted to Spaniards and residents of our country. In general, mortgages for non-residents do not finance more than 70% of the value of appraisal or purchase and sale of the property and apply some interest also above the "normal mortgages", with spreads of even 5%.

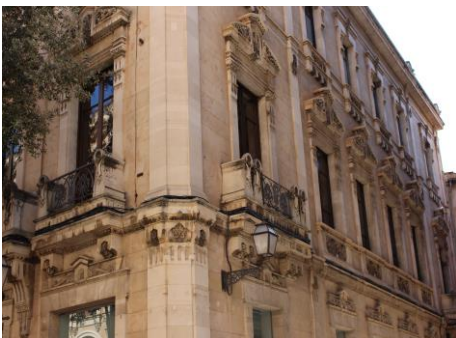
But why do they offer these demanding conditions? The reason is clear: in case of non-payment it is practically impossible to seize assets abroad and to the bank the only guarantee that remains is the mortgaged property.

In House of Finance we are experts in interest-only mortgages

Interest only, widely used by certain foreign nationalities, where capital is not amortized during the life of the mortgage and interest is paid only (lack of capital). It would be a kind of rent but with the risks and advantages of owning (in relation to the increase or reduction of the price of the house). When the loan ends, the outstanding debt is the same as when it was contracted, with the client having to pay the total to the bank or sell before that moment occurs.

Tax advantages in the purchase of real estate in Spain by Non-residents with bank financing:

Currently, for most people who consider acquiring real estate in Spain being Non-Residents in this country, the most convenient and simple thing can be to buy them as individuals and not through Spanish or foreign companies.



Headquarter Palma de Mallorca

HOW CAN I
OPTIMIZE THE
EXPENSES IN THE
PURCHASE OF A
HOUSE IN THE
BALEARIC ISLANDS?



In any case, for the **ACQUISITION OF PROPERTY WITH HIGH VALUE**, it may be convenient from the fiscal point of view to **FINANCE GOOD PART OF THE PRICE**, better with bank loan with mortgage guarantee, even if the buyer does not really need that financing.

Non-residents who own real estate in Spain at December 31 (accrual date) must pay this tax when the value per person exceeds the exempt minimum of € 700,000. A scale ranging from 0.2% to 3.45% (in Balearic Islands) is applied to the value that exceeds this minimum.

Article 9.4 of the IP Law establishes that non-residents can deduct "the debts for capital invested in the indicated assets" to determine the tax base. That is, they can deduct a mortgage loan invested in the acquisition of the property, but not if they have requested it later, when the property had already been purchased and paid for.

The Non-Resident will undoubtedly be able to get a good return for the money he had and that he has not finally invested in the purchase of the property. It is possible, even, that some people can obtain with this money a return higher than the financial cost of the loan.

Is it a good choice for foreign customers to establish a relationship with an entity like House of Finance?



Johanna Bates (Office Management-Ibiza)

It is an excellent choice because his main knowledge area is the individualized patrimonial advice (portfolio management) and specialized advice for asset operations (loans), in particular, for clients with a complex patrimonial structure. Given the international character of its clients, House of Finance provides advice specially adapted to the individual needs of its clients.

The Legal & Taxes Department of House of Finance offers you, as an investor or private individual with resources, advice for investments in Spain that require both legal and tax advice.

The service offered includes in this context: the advice for tax optimization, the legal analysis of the investment to be made, the structuring of the contracts, the continuous advice and the processing.

The expert group composed of lawyers and tax advisors are able to understand your complex tax situation and provide you with the best advice.

The company offers its services for more than 10 years in the Balearic Islands.

For free initial information on any of the points in this article, do not hesitate to contact us or visit our website: www.hof-group.com

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