Types of Financing

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01. Mortgage-secured loan (Mortgage)

Loans whose main characteristic is that some real estate is mortgaged (housing, property, commercial building, etc.) as a guarantee of the operation. In case of not being able to meet the monthly installments, the bank may enforce its rights over the property

In the acquisition of a mortgage-secured loan, the client must face a series of expenses, including:

Opening commission: A commission that the client must pay when formalizing the mortgage.

Early repayment: Advance payment of the loan before the mortgage maturity date.

Early maturity: Allows the bank to terminate the contract when the debtor fails to comply with part or all of the agreement, and may require the full repayment of the outstanding capital.

Notary fees: These are regulated between 0.3% and 0.5% of the mortgage value.

Management expenses: Fees to pay when signing, canceling or refinancing a mortgage and by which the deeds and the tax settlement are processed.

Registrar's statement of validity or land registry report: The document that the includes legal status of the real estate.

Appraisal: It is mandatory and must be carried out by an appraising entity registered and filed with filed with the Bank of Spain. The aim of appraising a home is to know the real property value.

Damage insurance (fire in the premises). According to article 8 of Law 1/1981 regulating the mortgage market, it is a mandatory policy.

Expense for claiming debtor positions: A commission established by banking

Did you know that many of these expenses can be claimed and recovered?

It depends on each mortgage. As an example, a client with a mortgage of 200,000 euros constituted in 2008 could recover more than 1,800 euros (adding to the signing costs, the legal interest that applies depending on the period that has elapsed).

MORTGAGE: €200,000

PUEDES RECUPERAR:
€+1,800

AYEAR SIGNED: 2008

Item	Importe	Sentencia	Total
Notario*	€719.00	50%	€359,.50
Gestoría	€209.00	100%	€209.00
Tasación	€332.00	100%	€332.00
Interés legal			€427.10
TOTAL			**€1,880.60**

*signing, modification or novation

02. Personal loans and consumer loans

Personal or consumer loans are formalized in a contract in which a financial institution delivers an amount of money to the consumer and they undertake to return it within a set period of time.

The contract establishes the amount granted, the periodic fees that we will have to pay, as well as the interest, commissions and expenses according to the agreed conditions.

This type of loan is characterized by not being a large sum. They are usually granted for the financing of appliances, reforms, studies, holidays, etc. Generally they are fixed rate loans, but there are also variable rate loans (basically for larger amounts) with a reference rate that can be the 12 month Euribor rate or a lower term (6 months or 3 months) plus a differential.

Personal or consumer loans have their own regulations, Law 16/2011, which seeks to give special protection to consumers in the purchase of certain products or services.

With this new Law, all premiums must be included in the opening commission, where the following expenses will be included:

Study commission: The commission charged by the bank to perform an analysis of the risks of the operation and is usually a percentage of the amount requested.

Commission for early repayment: In cases in which the debt or part of it is paid before what was agreed.

Commission for modification of conditions or for change of guarantees: This commission will be carried out if we agree with the bank on a modification of any of the conditions. It usually ranges between 0% and 1% of the outstanding capital to pay the mortgage.

Expense for claiming debtor positions: A commission established by banking entities when a client defaults.

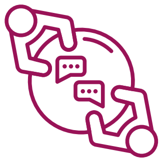
03. Credits (credit policy)

In a credit policy, the bank makes available to the consumer a certain economic amount which they can decide whether to access, either all the amount borrowed, a part, or nothing.

Main expenses:

Opening and/or study commission: These are the commissions that are applied at the beginning of the operation or in each of the renewals. It is usually between 0.25% and 2.00% of the total credit amount.

Availability fee: A type of commission, previously agreed, which is charged for the percentage of the unused policy.



Exceeded balance fee: A commission, usually high, that is charged if the established credit limit is exceeded.

Just like the loans analyzed, interest can be **fixed or variable**. As they are products that are renewed annually, as a general rule, the normal is a fixed reference (fixed interest rate).

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