



ROSE
Financial Planning

Spanish Mortgages = Check your property paperwork carefully!

On a daily basis we receive mortgage enquiries from folk who are looking to purchase property as well as those looking to release some of the equity locked up in their homes. Nothing unusual about that I hear you say!

But what is unusual, at least by British standards, is the quality of ownership or clean title that every home owner should have. In plain language, a lot of issues arise out of the historic inability to correctly register changes to and ownership of property which, of course, has a habit of coming back to bite you when you are looking to raise finance. The lender, via their agent, the valuer, will assess their ability to sell the property in the event of a loan or mortgage default. So, if the property that you are offering as collateral already has a legal defect, the bank will not progress matters i.e. release any funds, until this is resolved. And, as we all know, here in Spain that is not always a quick 'fix' and some months can pass, at best!

So, where you are looking to purchase a property, ALWAYS use a registered conveyancing solicitor. Don't even think of saving on a few euros in legal fees when so much is at stake. The solicitor will know the pitfalls and will ensure, before you commit any funds, that title is good. That is that the escritura (deeds) and the Register correctly reflect the current ownership and the state/description of the property. Have them translate that to you for they have not seen the property you have! Some errors are silly (such as build metrage, number of buildings on the land, state and description) and so much can be avoided by asking questions.

And if you already own a property take the time to check out the paperwork, again as above. Do not assume that your solicitor, post the completion at the Notary, has correctly registered the event or any subsequent changes. Most new build or extensions need planning or building consent. Make sure that the formalities have been followed and duly registered.

As an example, an issue has arisen lately with property in the general Arboleus area, already renowned for its title problems. This particular problem relates to poor title on land that has subsequently been sold and developed. Post the registration of change of ownership there is often a two year window placed as an effective caveat for claims on the land from legitimate parties. After the two year window has passed, the new title is deemed good, but imagine how banks love lending on a property when there is risk, no matter how slight, of a skeleton (claimant) coming out of the cupboard?

Do not cut corners or scrimp on legal fees when it comes to ensuring the quality of your property ownership. To do so could compromise your investment and home.

See www.rosefp.com or call 0034 677 874 948.