



# ROSE

Financial Planning

## **Spanish Mortgages – Need access to your equity but no income? No problem!**

An amazing percentage of the enquiries that we receive at Rose Financial Services for Spanish residential mortgages relate to equity release via re-mortgaging (as opposed to new purchase related mortgages). And, of these re-mortgage applicants, a good number fall into the 'equity rich, cash poor' classification. That, in turn, translates into folk moving out here to Spain with limited reserves and income, either retired or still of working age, and needing access to the equity that is locked into their property here.

But how can we do that when lenders require proof of income to sustain the mortgage repayments?

There are various ways that we can achieve the desired end.

- 1) Self Certification mortgage. This is a product where, because you are only borrowing a small percentage of the value of your home, you do not need to prove any income. You 'self certify' that you can afford the repayments. This type is prevalent in the UK but not so here in Spain...but Rose FS have such products being specialist mortgage advisors.
- 2) Equity Release. Similar in that you do not need to show income, but not a 'pure' mortgage in that a larger part of the value of the home is borrowed but then invested to a) cover the mortgage interest and b) hopefully, return an extra income to you. This is a complex product and not for everyone as it involves investment risk.
- 3) Lifetime Mortgages. An 'Interest Only' mortgage BUT with the interest added to the mortgage as opposed to you having to pay it!
- 4) Reversion Schemes. Where you are effectively 'selling' your property now with a percentage discount but with lifetime tenancy i.e. the right for you to live in the property until your demise.
- 5) 'Guarantor' mortgages. You may not have the income but a member of your family might, and we can use them to stand by your shoulder in guaranteeing the mortgage payments.

Rose FS are not simply mortgage brokers; we have to be comprehensive in our financial planning and that will look at tax mitigation and estate planning. Especially with regard to inheritance (i.e. who takes on your property when you die) the fact that you need access to some of the equity or money locked in your home now often means that we should discuss the eventual inheritance factor. For example, if your UK children will eventually benefit, surely we should be talking to them to see what plans we need to make for them but, at the same time, show them how they can help you today. Perhaps by acting as that guarantor! It needn't cost them a cent to help you!

So, if you are in the position whereby you need access to some of that locked in capital for whatever reason (debt consolidation, equity release for home improvements, a second property purchase or income for an improved lifestyle) do not despair! Rose FS will be able to find a solution to your conundrum!

**Mark Mountney, the proprietor of Rose Financial Planning, is a specialist mortgage brokerage and Independent Financial Advisor. He is a fully qualified mortgage and financial adviser in the UK with some 10 years experience in managing his own firm. Mark was also a founder of The Association of Mortgage**

**Intermediaries, the trade association for mortgage advisors in the UK with 20,000 members. See [www.rosefp.com](http://www.rosefp.com) or call 0034 677 874 948.**