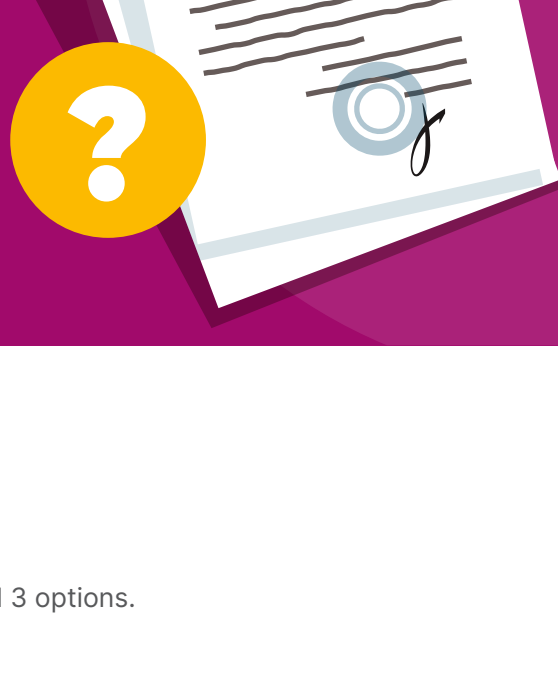


EVERYTHING YOU NEED TO KNOW ABOUT

MORTGAGES IN PORTUGAL

01 CAN I GET A MORTGAGE IN PORTUGAL EVEN IF I HAVE NEVER LIVED OR WORKED HERE?

Yes. You will need to have a NIF number (tax identification number). You can apply for this abroad with professional help. After you have selected the bank of your choice for your mortgage, you will need to open a bank account. Portuguese banks require you to be present to open the account. So be prepared for a visit when buying with a loan. Some banks allow you to use power of attorney to make the first payment until your arrival to sign the documents in person.



02 WHAT ARE THE TYPES OF RATES?

There are 3 types of interest rates. But not all banks work with all 3 options.



Variable interest rate

This is the cheapest and most popular interest rate. Portuguese banks usually use the Euribor index to check the variation from time to time. Depending on the bank, the Euribor will vary every trimester, semester or once a year. The more it fluctuates, the cheaper it usually is.



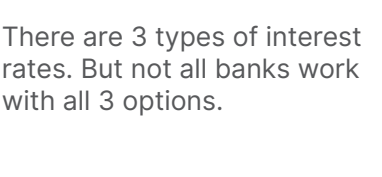
Fixed interest rate

The bank does not change your rates throughout the life of your loan.



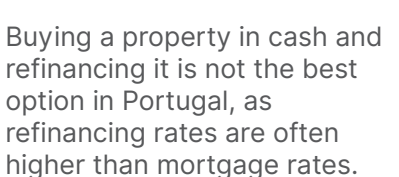
Mixed rate

Your loan is fixed for a period of time and then becomes variable until the end of the term. The fixed term can range from 1 to 15 years or longer, depending on your loan profile. Not all banks work with this type of interest rate.



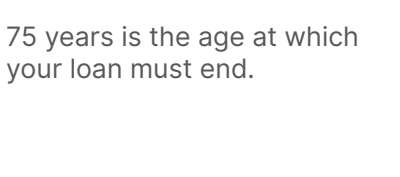
03 CAN I BORROW IF I AM SELF-EMPLOYED?

There are 3 types of interest rates. But not all banks work with all 3 options.



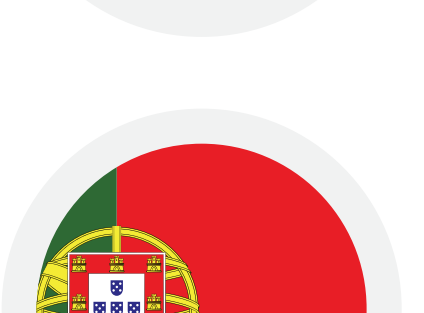
04 IS IT POSSIBLE TO BUY A PROPERTY IN CASH AND REFINANCE IT?

Buying a property in cash and refinancing it is not the best option in Portugal, as refinancing rates are often higher than mortgage rates.



05 UP TO WHAT AGE CAN ONE TAKE OUT A MORTGAGE IN PORTUGAL?

75 years is the age at which your loan must end.



06 SINCE THE COST OF LIFE INSURANCE IS QUITE HIGH IN PORTUGAL, CAN I BRING MY INSURANCE FROM ABROAD?

No. As a non fiscal resident in Portugal, you do not have to contract life insurance.

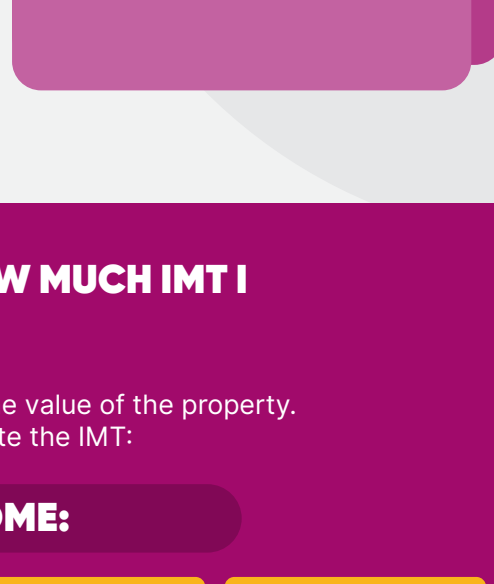


07 IS IT EASY TO GET A MORTGAGE IN PORTUGAL? WHAT IS THE NORMAL AMOUNT FOR A DOWN PAYMENT? IS IT 10%?

It can be quite easy to get a mortgage, especially if you have professional help. The amount of the down payment depends on the bank. For non-tax residents, the most common down payment is 30%, but depending on your financial situation it can go down to 20% or 25% or even 40%.

08 WHAT EXPENSES ARE INVOLVED WHEN BUYING A PROPERTY?

IMT and stamp duty are the most important costs. Consider also notary and other legal expenses. Stamp duty is 0.8% of the purchase price or valuation price, wherever is highest. If you are getting a loan, add loan stamp duty, bank commission and processing fees into account. Loan stamp duty is 0,6% of the loan value. Commission and processing fee will depend on the bank.



09 HOW DO I KNOW HOW MUCH IMT I HAVE TO PAY?

IMT is a real estate transfer tax levied on the value of the property. Use the table below to calculate the IMT:

FOR PRIMARY HOME:

Permanent Residency	Rate	Deductible
up to € 93.331	0	0
€ 93.331 – €127.667	2%	€1,848.14
€ 127.667 – € 174.071	5%	€5,640.23
€ 174.071 – € 290.085	7%	€9,087.19
€ 290.085 – € 580.066	8%	€11,959.32
€ 580.066 – € 1.010m	Flat Rate 6%	-
> € 1.010m	Flat Rate 7.5%	-

FOR SECOND HOME:

Permanent Residency	Rate	Deductible
up to € 93.331	1%	0
€ 93.331 – €127.667	2%	€924.07
€ 127.667 – € 174.071	5%	€4,716.16
€ 174.071 – € 290.085	7%	€8,163.12
€ 290.085 – € 580.066	8%	€11,035.25
€ 580.066 – € 1.010m	Flat Rate 6%	-
> € 1.010m	Flat Rate 7.5%	-

— Other – Rustic, undeveloped, and agricultural plots – 5%;
 — Other property and urban plots – 6.5%; Offshore – 10%

If the property is located in mainland Portugal and its value does not exceed €92,407, you do not pay IMT. If your dream home is located in an autonomous region and its value does not exceed €115,509, there is also no IMT tax. There are other special circumstances that allow tax exemption.

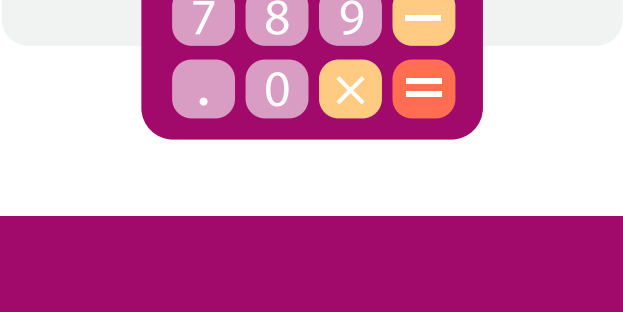
10 WHAT ARE THE STEPS TO GET A MORTGAGE AND PURCHASE A PROPERTY?

- ✓ Mortgage Quote Request
- ✓ Pre-approval stage - documentation submission and bank evaluation - Ideal time for property hunting
- ✓ Receiving the quotes from bank/s
- ✓ Open bank account
- ✓ Analyzing the options and choosing a bank/rate
- ✓ Credit approval stage - Property documentation submission and property bank evaluation

If you have already chosen a property, steps 4 and 6 are done at the same time.

11 HOW LONG DOES IT TAKE TO RECEIVE A REPLY FROM THE BANKS?

Between 1 and 3 days you can receive mortgage quotes from banks. From the offers to the pre-approval of the loan usually takes about a month, especially if you submit all the required documents in time and you have already confirmed a property. It takes longer in case of constant changes in the terms of the loan, problems with finding a property, with the valuation of the property or with documents.



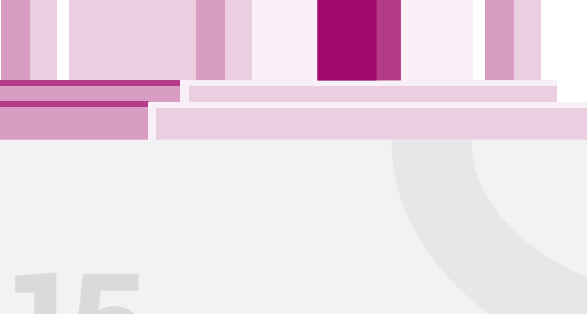
12 WHAT ARE THE MORTGAGE RATES IN PORTUGAL, AND WHICH BANK IS THE BEST TO WORK WITH?

Banks have different criteria for analyzing customers and loan terms. Each bank requires different preferred amounts, discounting options and interest rate options.

13 EARLY REPAYMENT CHARGES

Banks in Portugal will probably charge **0.5% commission**

during variable rate loans and 2% during fixed rate on any sums you pay back early.



14 IS THERE A CAP ON THE INCREASE OF MY VARIABLE INTEREST RATE BY THE BANK?

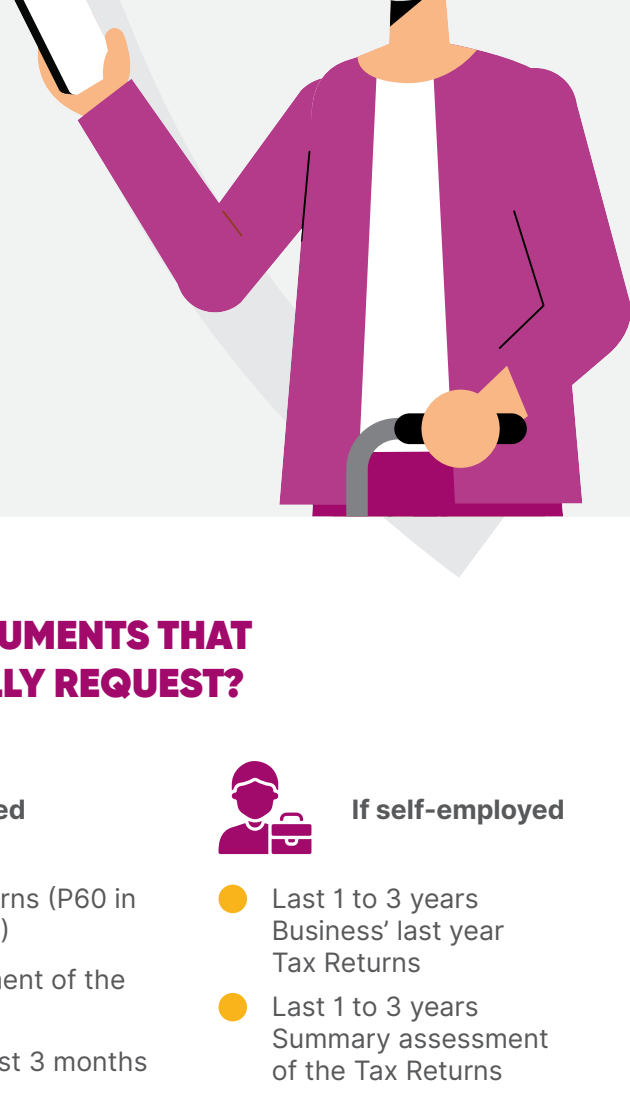
The Portuguese Central Bank sets a quarterly cap on the interest rate the bank can charge on any type of credit agreement.

15 HOW LONG CAN I TAKE OUT A MORTGAGE? IF I AM OLDER THAN MY PARTNER IS IT A GOOD IDEA TO SUBMIT THE LOAN UNDER HER NAME?

The maximum number of years mortgage payments can be made is 40 years total, depending on: Age 30 and under: You can pay off a mortgage for 40 years. Age 30 to 35: A mortgage can be paid for 37 years

- Age 35 and older: A mortgage amount is granted for a period of 35 years.
- This condition does not apply to age 40 and over, as most Portuguese banks only allow a mortgage up to age 75. Most banks grant loans around the age of 70.

If you are married you have to submit the request as a couple, and the bank will consider the oldest.



16 WHAT ARE THE DOCUMENTS THAT THE BANKS NORMALLY REQUEST?

- General**
 - Portuguese Tax Number
 - Copy of ID Card(s) or Passport(s)
 - Proof of Address (i.e. utility bill)
 - Bank statements for the last 6 months (current & savings accounts)
 - Credit Report (for some banks)
- If employed**
 - Last year Tax Returns (P60 in the UK; IRS in USA)
 - Summary assessment of the Tax Returns
 - Pay slips for the last 3 months
 - Employer Declaration (reference from your employer)
- If self-employed**
 - Last 1 to 3 years Business' last year Tax Returns
 - Last 1 to 3 years Summary assessment of the Tax Returns
 - Business' bank statements for the last 3-6 months
- Financial commitments (if applicable)**
 - Latest mortgage statement
 - Details of personal loans (amounts due, monthly installments)
 - Copy of lease agreement for your house (if living on a rented property)
- Other incomes (if applicable)**
 - Tax document ("Caderneta Predial")
 - Land registry certificate ("Certidão Teor")
 - Floorplans (if purchasing a villa)
- If employed on a company where the applicant owns 20% or more of the shares**
 - Company's last year Tax Returns
 - Business' bank statements for the last 3-6 months
 - Registry certificate from "Companies House" (UK) or equivalent (USA)
- Property purchase (not necessary during the pre-approval process if you have not chosen a chosen property yet)**
 - Tax document ("Caderneta Predial")
 - Land registry certificate ("Certidão Teor")
 - Floorplans (if purchasing a villa)

Apply For A Mortgage Now



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