

Getting a mortgage in Spain

1. A mortgage is called “hipoteca” in Spanish

It’s the typical loan from a bank or financial institution designed to help you buy real estate.

The property itself acts as collateral — as everywhere if you don’t pay, the bank can take the property.

2. Who Offers Mortgages in Spain

The main institutions that offer mortgages are:

- * Banks and savings banks (e.g., Santander, BBVA, CaixaBank, Bankinter).
- * International lenders and brokers who specialise in financing foreign buyers and expats.
- * Mortgage intermediaries / brokers (they help compare offers and negotiate terms with multiple lenders).

Spain does not have a central mortgage provider like some countries; each bank sets its own criteria within Spanish law.

3. Key Requirements (What Banks Look For)

A. Identification and Legal Status

- * NIE number — a foreigner’s tax ID needed for any property/financial transaction.
- * Valid passport or national ID.

B. Proof of Financial Situation

Banks check your ability to pay back the loan:

- * Income documentation — payslips, employment contract, tax returns (last 1-2 years).
- * Bank statements (usually last 3–6 months).
- * For the self-employed: business accounts and invoices.

C. Credit History

A clean credit record is crucial. Debts in arrears or listings in Spanish credit registers (ASNEF/RAI) greatly reduce chances of approval.

D. Down Payment and Savings

- * Residents typically get up to 80% of the property value financed;
- * Non-residents usually 70% or less.

This means you normally need at least 20% down payment + taxes & fees (~8-12%) from your own funds.

There are some special products (like regional “Hipoteca Joven” or 100% financing offers) but they come with strict conditions.

E. Debt-to-Income / Capacity to Pay

Banks assess how much of your income goes to debt — they usually want the mortgage payment to be no more than ~30-35% of net income.

4. The Mortgage Application Steps & Timeline

A. Pre-Approval / Pre-Assessment

You can ask the bank for an informal decision on how much they might lend you before you sign a purchase contract. This usually takes about 1–2 weeks.

B. Document Submission and Bank Review

You formally apply by giving all requested documents.

The bank examines your file and orders an official property valuation (“tasación”) — this helps set the maximum mortgage amount.

C. Mortgage Decision & Formal Offer

Once the bank approves your file, they issue a formal mortgage offer.

This is followed by a legal 10-day cooling-off period that Spanish law requires before signing anything.

D. Notary Signing

Finally, you sign the mortgage deed at a public notary. After that, the bank releases funds for the purchase, and the deed is registered.

Typical Timeline

From application to funds released, the process normally takes 4–8 weeks if documents are complete.

5. Other Things You Should Know

Insurance and Linked Products

- * Home insurance (building/fire) is required.
- * Life insurance isn't legally mandatory, but banks may offer better terms if you take it — though you can choose another insurer if you prefer.

Important consumer protections under Spanish law prohibit banks from forcing you to buy extra products just to get the mortgage, though bundled offers with discounts are allowed.

6. Costs Beyond the Loan

In addition to your deposit, expect other charges such as:

- * Valuation fee (~€300-€600).
- * Notary and registry costs.
- * Bank arrangement fees (0.5-1%).

Since 2019, many of the most burdensome costs (notary/registry) are paid by the bank, making the process fairer for buyers.

7. Summary

Prepare documents & apply for NIE early

Banks want income stability, clean credit, down payment & proof of ability to pay

Typical mortgage process is 4-8 weeks

Banks & brokers are the main lenders

Don't be pressured into unnecessary products