

## Mortgage

### Description



- # Mortgage Financing in Portugal – Complete Guide

## 1. What is a Mortgage?

A mortgage in Portugal consists of two key elements:

• **Loan Agreement:** A bank lends funds to be repaid over an agreed term with interest.

• **Property Guarantee:** The purchased property serves as collateral for the loan.

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## 2. Key Parties Involved

Party	Role
<b>Borrower</b>	Property buyer who repays the loan.
<b>Bank/Lender</b>	Provides funds and holds the mortgage guarantee.
<b>Notary</b>	Certifies the loan deed (publicly registered).
<b>Solicitor</b>	Handles legal paperwork and mortgage registration.

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### 3. Types of Mortgages

- **Acquisition:** Purchase of existing properties.
- **Construction:** Financing for new builds.
- **Renovation:** Funding for property upgrades.
- **Rental Investment:** Loans for buy-to-let properties.

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### 4. Repayment Options

#### Amortization Methods

- **French System (Standard in Portugal):**
  - Initial payments focus on **interest**, gradually shifting to **principal**.
  - **Early repayment** (partial/full) may incur fees (1%–3% commission).

#### Payment Plans

Type	Description
<b>Fixed Installments</b>	Constant monthly payments (adjusted only for rate changes).
<b>Progressive Installments</b>	Payments increase over time (agreed with the bank).

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### 5. Interest Rates

Type	Pros	Cons
<b>Fixed Rate</b>	Stable payments; immune to market fluctuations.	Higher initial rates.
<b>Variable Rate</b>	Lower initial rates.	Payments fluctuate with EURIBOR.

**Spread:** Bank's profit margin (varies by loan amount, property value, and client risk).

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### 6. Costs & Fees

Cost	Typical Range
<b>Application Fee</b>	â‚¬200–â‚¬500 (varies by bank).
<b>Property Valuation</b>	â‚¬150–â‚¬400.
<b>Notary/Solicitor Fees</b>	â‚¬500–â‚¬1,500.
<b>Early Repayment Penalty</b>	1%–3% of amortized amount.

**APR (Annual Percentage Rate):** Includes all fees (interest, insurance, taxes) for easy comparison.

## 7. Required Documents

### Personal Documents

- ID/Passport + Portuguese Tax Number (NIF).
- Recent IRS tax return.
- Employment contract + last 3 payslips.
- Bank statements (6–12 months).

### Property Documents

- Land Registry Certificate (*Certidão Predial*).
- Fiscal Matrix (*Caderneta Predial*).
- Habitation License (*Licença de Utilização*).
- Building Plans + Construction License (if applicable).

## 8. Mandatory Insurance

- **Multi-Risk Insurance:** Covers fire, floods, theft (0.1–0.3% of property value/year).
- **Life Insurance:** Ensures loan repayment in case of death/disability (cost depends on age/loan amount).

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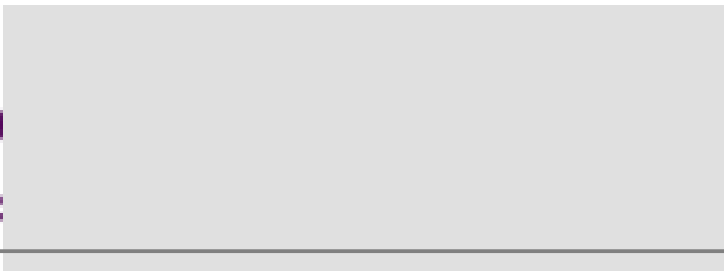
- âœ Comparing 10+ banks for the best rates.
- âœ Preparing documentation to avoid delays.
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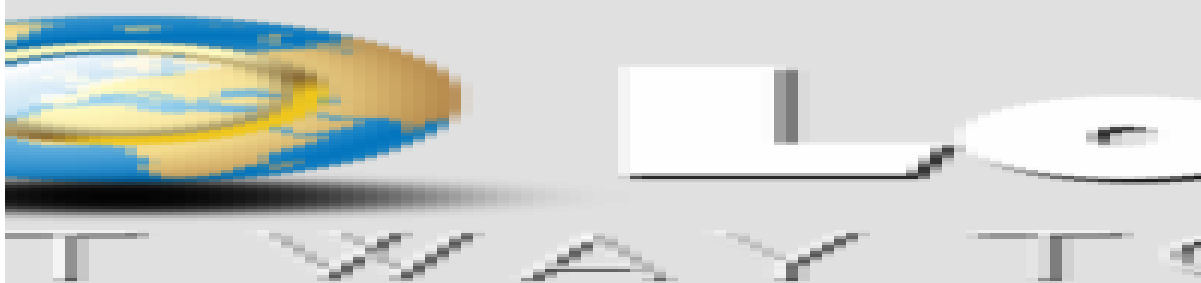
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