

REFIXACE ↓ %
Mortgage Loans and Consultancy

Mortgages

in the Czech Republic

www.refixace.cz/en

Mortgages

in the Czech Republic

Contents

1. Using a mortgage broker
2. The Czech National Bank changed rules of mortgages
3. Interest rates and your mortgage
4. Process of the mortgage – timeline
5. Mortgages and insurance
6. Refinancing your mortgage
7. Smart saving tips
8. About us and Reviews

1. Using a mortgage broker

Take the leg work out of financing your property by engaging a **mortgage broker**.

If you're buying your first home or investment property – or looking to move to a bigger and better one – speaking to a mortgage broker is a good first step. We will sit down with you, and show you the range of loans available from different lenders. The role of mortgage brokers has evolved.

As well as identifying the most appropriate mortgage. We're becoming a key partner in helping borrowers to secure other finance – such as personal loans, or leasing – as well as insurance and property-related services.

Here are some factors to take into account when determining how much you should borrow rather than how much you can:

Am I being realistic?

Houses/Flats are like stepping stones – it's probably best to start with something affordable and move towards your dream home as your personal earning capacity and equity grows.

What are my plans?

Think about what the future holds – both personally and financially. Are you a one or two income household and is this likely to change in the future?

Can interest rate change after the fixed period?

Consider how any rate rise will impact your ability to make repayments.

How much debt can I handle?

Borrowing too much can be a big strain on your personal life and lifestyle.

How much you can borrow and how much you should borrow can be two very different things. While your lender should not let you borrow more than you can afford, ultimately the choice is yours – so be careful not to over commit yourself.

Most of mortgage banks provide mortgages with monthly instalments up to 40% of your net income.

Also the total sum of your loans (including credit cards) should be maximal 8 times of your yearly income.

Mortgages

in the Czech Republic

Assessing your needs

We will take the time to understand your needs, discuss your financial circumstances, and identify your loan requirements. As a first step, we'll discuss your property goals, factoring in your loan requirements in light of your lifestyle, job, family and other aspects. We'll also discuss the type of documents needed to assist you to make a loan application – such as pay slips, tax returns, and personal bank statements. Once we have a clear understanding of your financial situation and goals, your broker will be able to tell you your home loan options.

As part of our service, we will describe one or more home loans that fit your borrowing needs. We will be able to search through our database and sophisticated software – which usually includes multiple lenders, zoom in on specific loan products that meet your requirements and we will also discuss the product's details and features with you.

Managing the loan process – from start to finish

When you've chosen the loan you're comfortable with, we can help you fill out the necessary paperwork to get the loan process underway. This might include submitting your home loan application on your behalf, communicating with all the relevant parties and managing the entire process until your home loan is approved.

We can also assist in others of your finance needs – such as arranging a property and life insurance, income protection insurance or personal loans.

REFIXACE  %

Mortgage Loans and Consultancy

Why to use a mortgage broker?

- **Save time** – the broker can do the groundwork for you, making it easier to find a loan suited to your needs. Moreover, they'll manage the application, paperworks and approval process.
- **Industry expertise** – the mortgage broker knows what loans are out there, so you can expect to receive current updated information on the most suitable loan options available for your needs.
- **Reduce stress** – We can reduce your stress by helping you source the most appropriate type of mortgage, manage the paperwork and keep you updated during the whole mortgage process.

Mortgages

in the Czech Republic

2. The Czech National Bank changed rules of mortgages

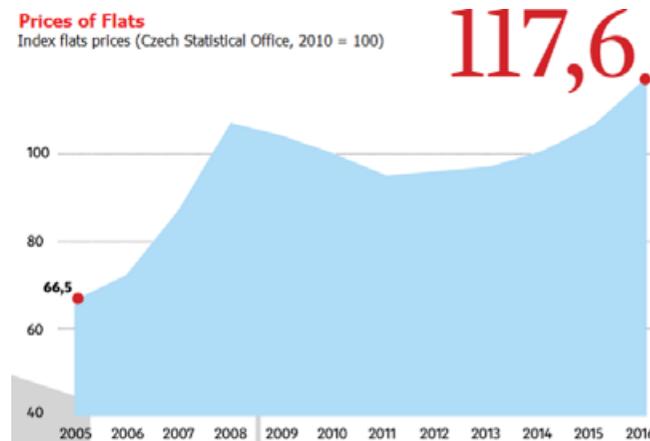
Can I buy a house without a down payment?

There were important new changes in mortgages due to regulations by the Czech National Bank (CNB) in 2016 and 2017. The CNB wants to slow down the increasing prices in the real estate market that we can see mainly in last two years. One of the tools the CNB wants to use are mortgages. The CNB now strictly recommends that all mortgage banks in the Czech Republic must reduce the maximum Loan To Value (LTV) parameter for all new mortgages.

Since 1st of April 2017 the maximum level of the Loan To Value (LTV) is 90%. Interest rates for mortgages with level of LTV 80 – 90% are higher (about 0,5 – 1,0%) than mortgage with level of LTV under 80%

There's still a chance to finance the rest of the price by a building savings loan „úvěr ze stavebního spoření“. Special loans are provided by Czech savings loan institutions – Modrá pyramida, Českomoravská stavební spořitelna, Wustenrot stavební

spořitelna, Stavební spořitelna České Spořitelny, Raiffeisen stavební spořitelna) You can get this loan up to 800 000 CZK without a collateral and even without having a previous building savings contract.



source: Hospodářské noviny



Mortgages

in the Czech Republic

3. Interest rates and your mortgage

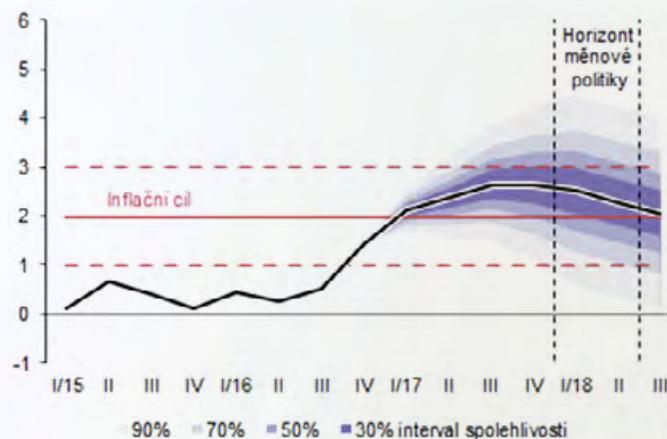
According to the graphics of average interest rate of mortgages in Czech republic, we still have advantageous times to take a mortgage. The average rates were constantly getting lower. Interest rates stopped decreasing in December 2016. The average interest rate in the chart includes all rates regardless of fixation period, i.e. also variable rates and mortgages with various loan to value ratio.

Usually you can get the lowest rate for 3-5 years fixation period. Shorter fixation period offers you more flexibility while the longer one assures you the same monthly payment.

There are several factors have an influence for interest rates in mortgage. e.g. GDP, inflation. Prediction of the CNB regarding inflation:



source: Hospodářské noviny

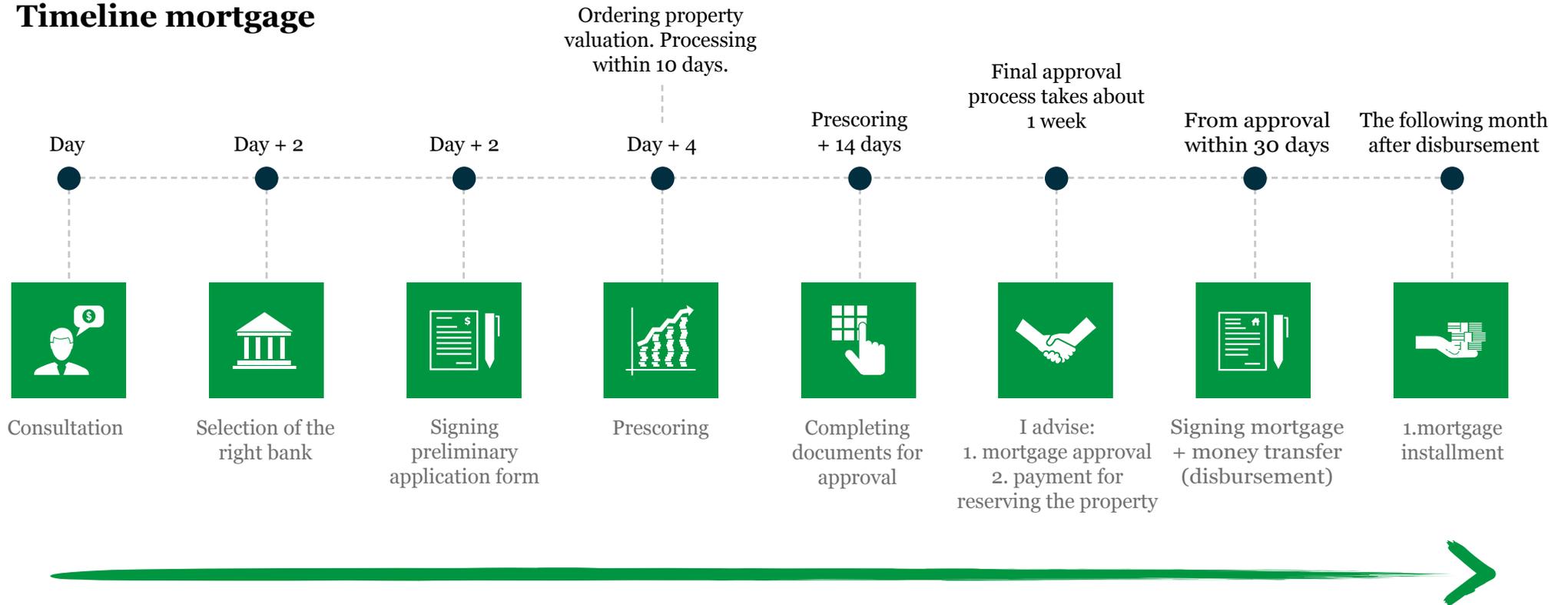


source: www.cnb.cz



4. Process of the mortgage

Timeline mortgage



PRESCORING

Prescoring is the first point. Before selecting a property, you should know, if any mortgage bank will provide you with the mortgage and what max. mortgage is possible.

PROPERTY

If you already know that you can get a mortgage, so you can start selecting a specific property, because you already have an approximate idea of how large a mortgage you can get.

MORTGAGE

At the moment you have chosen the property, then you can begin to apply for mortgage.

MORTGAGE APPLICATION

Application process for mortgage approval consists of administrative points in the bank, which last 1 – 3 weeks.

Mortgages

in the Czech Republic

5. Mortgages and insurance

Sometimes it is necessary to sign a **life insurance** contract if you want to get a mortgage loan. Life insurance is sometimes required for a mortgage with 90% LTV or in other exceptional cases. The only obligatory insurance is real estate insurance. However, signing the life insurance contract can influence the final interest rate by 0,1% - 0,5% and there are big differences among banks. You usually get the biggest discount in a bank whose insurance is the most expensive. For instance, to get a loan of 2 million CZK, you have to pay about 1000 CZK a month for insurance. Other banks can offer the lowest insurance of 320 CZK a month. This means that it can be more convenient to take a loan in a bank with higher rate, because the total costs (mortgage payment + insurance) can be lower thanks to the lower insurance payment. Publishing the APCR (RPSN) is compulsory (similar as with consumer loans) and it's good to look at it.

Life insurance covers usually risks of death, invalidity, illness, loss of job. More risks = higher price.

Home (household) insurance

Life brings risks every day, and damages and losses come unexpected. Home insurance provides you with a cover for possible damages at your home, such as broken water pipes, flooded kitchen sink due to clogged drain, damaged electric installations due to short circuit, windows damaged by hail, or a flooded basement.

House and other building insurance

We encounter risky situations every day. A lightning strike may damage your roof, a flooding river may take your home, a vandal may tag your walls with paint, snow may make your roof collapse and gutters fall, short circuit may destroy the drive of your garage gate, heat shock may cause your winter garden glass to crack, or a woodpecker may peck a hole in your insulated façade.

Liability insurance

Even the most careful and crafty people may flood their neighbours when taking a bath or doing the laundry; your daughter may knock down an expensive vase in a store, your son may kick a ball through someone's window.

Or, your dog runs away and causes an accident, snow from your roof falls on your neighbour's car, your child on a bike causes an accident. By accident you may spill wine on a carpet in a hotel room or tear a rented wedding dress.

Home assistance

Your refrigerator at home may break down and stop cooling.

With Home Assistance, we can advise you and put everything in order when you need it.

Legal protection insurance

Does the water company charge you for unreal water consumption?

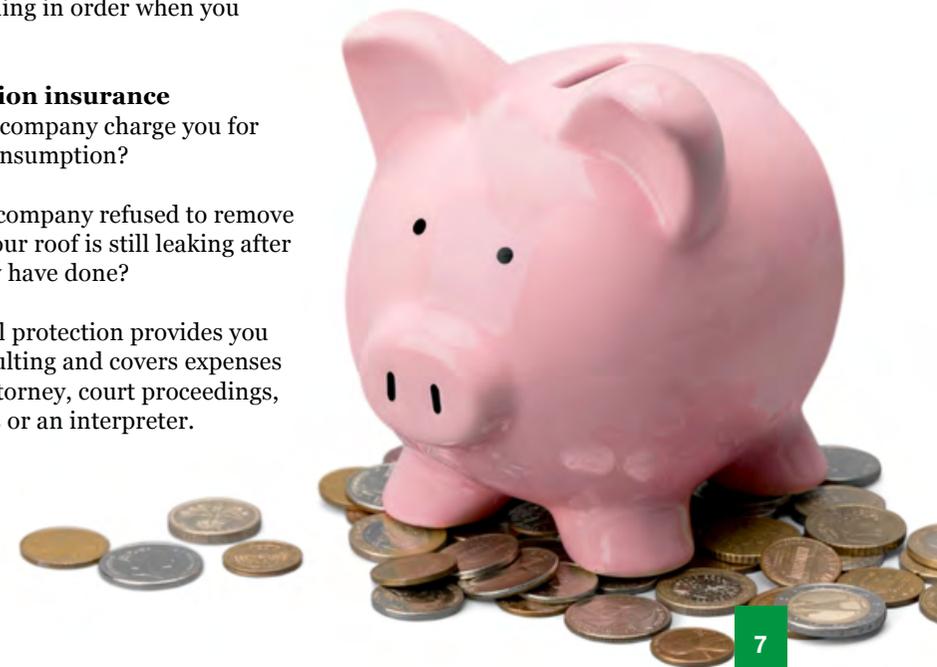
Or a carpenter company refused to remove defects when your roof is still leaking after the repairs they have done?

Taking out legal protection provides you with legal consulting and covers expenses related to an attorney, court proceedings, expert opinions or an interpreter.

Apartment house insurance

This apartment house insurance covers damages to your property.

Every day brings many situations putting us at risk. Broken water pipe, hailstorm damaging the roof, or a flooded cellar can give you an unpleasant surprise.



Mortgages

in the Czech Republic

6. Refinancing your mortgage

Loan refinancing means the repayment of the previous lending obligation.

If you want to repay your current mortgage, building savings loan, or another loan with another bank you can use our tailor-made offer with preferential terms:

- Arrangement and maintenance of your mortgage free of charge
- Fast arrangement and minimization of mortgage-related expenses
- Possibility of increasing a new mortgage loan
- We negotiate an acceptance property valuation documented to your current bank (under certain conditions)

7. Smart saving tips

Put your goals in writing:

Setting a financial goal will make it much easier to plan and save successfully. Make a conscious effort to track your expenses so you can see where your money's going and cut back where you can.

Beat the credit monster:

Credit card debt, unpaid bills and personal loan repayments can be major setbacks to your saving efforts. As part of your saving strategy get these debts paid off. Start by paying off your debts that have the highest interest rate – typically your credit card.

Avoid monthly fees and charges

Some lenders charge a monthly service fee – further adding to your debt. Competition between lenders has increased and so some of them waive administration fees, so refinancing your home loan with another provider can be a smart move to help cut your mortgage costs.

Don't be late

If you're struggling to meet your repayments, speak to your broker. Refinancing may be one option available. It may be better to extend the loan term rather than to default.



Mortgages

in the Czech Republic

8. About us and Reviews



We are independent mortgage brokers who cooperate with all the Czech banks. We compare and arrange mortgages in each mortgage bank in the CR. That means we are independent specialists, an intermediary between you and the mortgage bank. We are here to evaluate and select suitable banks and to find the optimal solution for you. You pay nothing for our expertise and all our services, which is your special bonus.

We are a modern and stable mortgage broker company focusing on negotiating mortgage loans. The main principle of our work for you is the individual services. We are always ready to accomplish all your needs, visions, goals and wishes on the highest level. We guarantee this on base of our professional experience which results from our commitment, hard work and focus since 2002.

Reviews

Look no further - Ondrej is #1

Ondrej helped us obtain a mortgage to buy a home in the Czech Republic. I am self-employed with complicated financial scenario, no residency, all income reported only in United States. Ondrej did an amazing job, quickly got us a mortgage with 20% down and a great rate, was on top of everything, translated everything for me into English and made it 100% stress free.

Comprehensive service - first time mortgage without stress - couldn't be better!

Ondrej was one of 5 brokers we approached and frankly he stands far out ahead of the crowd! Initially I was sceptical as he was attached to the building project but he secured for us the most comprehensive options at the best rates whilst coping with our difficult situation as foreigners. The process of getting a mortgage and associated insurance scared the heck out of me but Ondrej managed to explain everything in simple terms and prepared us for each

step in the process. Ondrej is incredibly responsive, patient and a genuine pleasure to work with - I cannot recommend him highly enough!

Terrific and Rare

If you are looking for an advisor that will save you money, give you the best advice, market rates and will take care of all your financial needs while considering all your specific requirements?? I would certainly recommend Ondrej as the one to provide all the above. And last but not least in a place where customer service is farfetched. Ondrej provides a very personable, pleasant and very friendly relation. OH and he speaks very good English. I have personally used his service several times for mortgages and a couple of my friends have done so too with the same exact great experience.

Need a mortgage?

www.refixace.cz/expats

Stone & belter, Jungmannova 748/30 Praha 1, 110 00

T: +420 777 668 385

M: ondrej.marek@sbelter.cz

Copy right and related rights

The content of this E-book is protected by copyright and designed for private use only. Any utilization of the content of this document which infringes on the provisions of copyright laws without the prior consent of the originator is prohibited. All rights, especially the rights of utilization, duplication, distribution and translation are reserved.

Disclaimer

The information in this E-book is provided for general information purposes only and is not intended to serve as a source of financial advice or of any other form of advice for any purpose.

Legal acts of Refixace hypoték s.r.o. („broker“) are subject to the following limitations:

1. The broker's advertisements are made for information purposes only and are not offers to enter into an agreement.
2. The broker reserves the right not to enter into an agreement, regardless of the stage of negotiations, in particular if necessary internal approvals are not obtained within the bank.