



**V&W ADVISEURS**  
alle financiële zaken onder één dak!

# Finance brochure

## Buying a house





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## Foreword

*Buying a house is almost certainly an important decision in your life. After all, your home can contribute to an enjoyable life. But it often has far-reaching consequences, for instance financially, in the form of a mortgage. If you are exploring the housing market it is important to examine your (financial) options at an early stage, so you will know in what price category you can start searching for a house. If you want to reduce your current monthly mortgage, all possible options will have to be properly examined. Or if you want to get a second mortgage for let's say, planned renovation work.*

*The mortgage determines your financial latitude for many years to come and it is therefore a good idea to take your time when choosing the right mortgage. Because besides a nice house, you will also want to be able to live comfortably: eating out, going on holiday, afford a car etc. As an independent and expert adviser (counsellor), V&W Adviseurs is at home in the financial world. As far as mortgages are concerned we have only one interest and that is that you make a sensible decision and feel comfortable with the choice. Both now and in the future.*



This brochure gives you an initial impression of the issues you may encounter.

*V&W Adviseurs can help you to make a good well thought out decision concerning your mortgage or other financial issues (questions).*

In the first chapter you can read about what issues are involved in buying a property. In the second chapter we will discuss in greater detail the various aspects that will be covered in an interview with V&W Adviseurs' mortgage adviser.





# Buying a new home



## **Step 1 No-obligation interview with the mortgage adviser**

Before starting your search for a (new) home, the first step should really be to obtain accurate information from an expert independent adviser. V&W Adviseurs will discuss your personal situation in detail. All your questions will be answered. On the basis of this exploratory interview you can find out what is and what is not possible. You will be given the answers to at least the following questions:

- Can you get a mortgage?
- Do you qualify for subsidies such as First-time Buyer's Loan?
- Will you get the National Mortgage Guarantee?
- If so, what is the maximum possible loan amount?
- What additional costs are there?

- What are the corresponding monthly charges?
- What forms of mortgage are there?
- How long do I have to fix the mortgage interest for?
- What best matches our wishes?

In short, if you want to take the right path we strongly urge you to come and talk to us, so that you can then start searching for houses that are within your budget. In the next chapter we will tell you more about the aspects involved with financing your new home.

## **Step 2 Starting your search for your new home**

You are now aware of your financial options. The next step is to see if your property wishes can also be turned into reality. It is therefore important to think carefully about what property wishes are

requirements and which wishes can be watered down.

V&W Adviseurs also has its own estate agent business, V&W Makelaars. If you wish, you can talk to our NVM estate agent after the financial interview. In that way you can gain a first impression of the possibilities. You can also do some exploratory work on the Internet. There are many sites where you can search for a suitable home, the most popular one is [www.funda.nl](http://www.funda.nl).

You may of course decide to buy the house without involving an estate agent, but then you will not get the expertise that an estate agent has to offer.

He can assist you with many financial and legal matters and help you draw up the right contracts. The estate agent will support

you throughout the purchasing process. He will, for instance, assess the asking price and the structural condition of the property and will conduct the negotiations on your behalf.

Make no mistake, the selling estate agent has only one interest and that is to negotiate the best price and the most favourable conditions for the seller. After all, the seller is paying this estate agent. All the more reason to engage your own estate agent. The estate agent will of course charge a fee for his services: the commission. This commission can often be recouped because the estate agent can conduct negotiations better than you can. He stays businesslike and objective, whereas this is harder for you. You are emotionally involved in the deal, because you are really keen to live in that house. And he can also protect you from a bad buy or from paying too much. You should not be willing to take any risks when buying a home.

**A good estate agent  
(such as an NVM estate agent)  
knows the market and can provide  
you with advice and support better  
than anyone else.**

### **Step 3 Buying the property and the purchase deed**

You have chosen the right property and have decided to buy it. The negotiations are starting. A frequently asked question is: what percentage can we get off the asking price? This is a question that cannot be answered directly. Is it a desirable neighbourhood, are there any other buyers on the horizon, how long has the house been on the market, is the seller in a hurry because he has already bought a new property? It depends on

a number of factors and it is therefore advisable to engage an expert, an independent estate agent from V&W Makelaars. You will certainly make a good purchase!

As soon as an agreement has been reached about

the price of the property and the completion date, the agreement of sale is drawn up. We advise you to always include a number of conditions subsequent in this. If any of the conditions mentioned are not satisfied, you can withdraw from the purchase without incurring any charge. Examples of these are:

- Obtaining a suitable loan on normal conditions.
- The results of a structural inspection
- Obtaining the National Mortgage Guarantee (NHG) or for instance First-time Buyer's Loan
- Obtaining a housing permit
- Selling your own house before a certain date



## **Step 4 Finding the right financing**

Now that you have bought the property it is important to make definite arrangements for the financing. You should already have enquired about the possibility of getting a loan and found out how much the maximum mortgage is.

Finding the right financing from the right lender also depends on the type of property you have bought. There are lenders that are particularly suitable for people who have bought a new building or who have a lot of their own money or surplus value. There are also housing cooperatives that sell property with certain constructions. In short, the property itself can also affect the available form of mortgage or lender. This is of secondary importance, of course.

The best type of financing for you depends to a large extent on your personal situation, your wishes and ideas. We are certain that we, with our specific knowledge and our contacts in the market, can save you (a great deal of) money. In a separate chapter we will discuss in greater detail the aspects that are important as regards to the financing.

## **Step 5 The civil law notary and the eventual conveyance date**

The purchase deed for the property often states that you have to arrange a bank guarantee for the sum of 10% of the purchase price of the property or you have to pay a deposit. This is to give the seller additional security that you will actually continue with the purchase. A deposit is when you actually transfer the amount (10% of the purchase price) to the civil law notary. Not everyone is able to do

this and in that case a bank guarantee is sufficient. This means that the lender has had access to your financial details and stands guarantor for that amount. The civil law notary ensures that you satisfy this obligation in the purchase deed.

When the lender's civil law notary has received the mortgage documents, the official documents can be drawn up. The civil law notary creates two deeds: the deed of conveyance and the mortgage deed. The deed of conveyance is the title deed of your new home.

At last it's arrived, the conveyance date. On this day you conduct an inspection of the property along with the estate agent. Together you check whether the property is in the same condition as when you saw it during the viewings. Assuming that everything is in order, you then go to the civil law notary to sign the deeds. The civil law notary then arranges all the financial matters. Congratulations, you are now the owner of your new home!







# Financing your home

**As mentioned earlier, it is advisable for you to first have an exploratory interview with an expert mortgage adviser from V&W Adviseurs before going in search of a suitable home to buy. During this interview it will be clearly explained what the possibilities are in your personal situation.**

## **Buy or rent?**

Many first-time buyers in the housing market ask whether they should buy or rent a property. The main advantage of renting a property is that the maintenance is paid for by the landlord. Another advantage for the tenant is that a tenant is more mobile and does not have to pay costs with every transaction. But renting also has its drawbacks. Throughout the rental period there is no capital build-up and every year the tenant will be faced with a rent increase. In addition, a tenant does not benefit from the rise in the property's value, whereas a home owner benefits from inflation and

value-adding investments in his house. In the past the value of property has on average risen faster than inflation. But it also depends on the moment that you buy or have bought a property. The recent banking crisis is well-known. A further advantage for home owners is that the interest paid on the mortgage is deductible and at the end of the term the property may be debt-free.

An important element when considering whether to rent or buy is the question of how much mortgage you can get on the basis of your present monthly rent. The answer to this question requires a complex calculation that we can perform and explain during a no-obligation interview.



## Below we set out the advantages of buying a property:

- Possible increase in value of real estate
- Tax-free build-up of capital
- Interest deduction (maximum of 30 years)
- Capital formation
- Financing costs tax-deductible

### Buying an existing property

You will see the letters k.k. after the purchase price of a property. This stands for “kosten koper”, which means costs paid by buyer. If you allow a figure of 6% for additional costs to be paid by the buyer (calculated on the purchase price of the property), you will be making a safe estimate. Examples of such costs are:

#### Transfer tax

You pay Transfer tax of 2% of the purchase price of the property to the Dutch state.

#### Financing costs

Most people need to take out a mortgage. There will be costs for advising, applications and assisting with a mortgage. These costs are tax deductible. And there may also be additional financing costs, such as the costs of the National Mortgage Guarantee (NHG), but also the costs of the bank guarantee.

#### Valuation report

In many cases the lender will require a valuation report. An independent valuer who is not involved

in the purchase or financing of the property has to estimate its value. This gives the lender the assurance that the value of the security (your property) falls within its mortgage-granting criteria.

#### Civil law notary's fees

The civil law notary ensures that you become the owner of the property. To do this, a deed of conveyance is drawn up. If you need a mortgage, the civil law notary will also draw up a mortgage deed.

#### Costs of a structural report

This report uncovers any faults in the property and at the same time provides an indication of the costs that repairing them will entail.

#### Purchasing estate agent

As discussed previously, it can be highly advisable to take your own estate agent along to the property you are thinking of buying. He will charge a commission for his services.



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## Buying a new build

The asking price for a new build is given with the letters v.o.n., meaning 'no legal charges'. This means that the purchase costs (deed of conveyance and VAT) are already included in the purchase price.

There will certainly be additional costs if you buy a new build. Plus, bear in mind that if you buy a new build you may have to put more money into the property. Examples of this are extra money for the kitchen, bathroom, floors and possibly laying out a garden. The advantage is that you can arrange the property exactly the way you want it. The additional costs are:

**The financing costs** (see also purchase of existing property)

**The civil law notary's fees for the mortgage deed only**

### Interest during the construction

You cannot usually move into a new build immediately. In many cases the property still has to be built. This means that when you go to the civil law notary the costs of the land have to be paid. The builder will also charge you costs as the building progresses. The lender settles the bills for the land and pays the builder. The lender does not lend you this money free of charge and will charge you interest. You can pay these costs yourself, but then you are faced with double (living) costs. You can also opt to have these costs financed.

Roughly speaking we can say that the additional costs (excluding additional work) can be estimated at 6 to 7%. This will depend on how long the building work takes. But use this as a rule of thumb to be going on with.

## Maximum loan amount

The maximum amount that you can borrow depends on a number of factors, such as your income, the value of your house, your age and interest rates.

Usually you can borrow a maximum amount in respect of the value of the property. Your age also affects the maximum loan amount. The lower the interest rate, the more you can borrow. However the most important factor is often your gross income. The higher your gross income, the more you can borrow. This is based on your fixed income. Your holiday pay and a fixed, guaranteed 13th month are also included in this. Variable income is not always or only partially included in the calculation.

It is not possible to give a clear indication of the maximum loan amount. This depends on interest rates, level of income etc.. As a rule of thumb you can assume that you will be able to borrow 4 to 5 times your annual income. Higher incomes can borrow up to 5 times their income and lower incomes might be restricted to borrow less than 4 times. On the internet you can find a tool to calculate this maximum amount, but we advise people who are planning to buy a new property to come to our office, because every situation is personal.

As remarked earlier the maximum loan amount also depends on the value of the house. With a good income you might get a higher loan but it can be restricted due to legislation. The maximum mortgage (amount) that the lender may arrange is related to a percentage of the value of the property.



This has become stricter. From 2018 the maximum mortgage available is 100% of the value of the property.

### **For people who are not Dutch nationals**

If you are not a citizen of the EU then the possibility of obtaining a mortgage is easier if you have a permanent residence permit in The Netherlands.

This condition applies to anyone whose income is required to obtain the mortgage. If your income is not required to obtain the mortgage, it is sufficient to have a temporary residence permit.

In short, if you are from outside the European Union your residence status in The Netherlands is a crucial factor. If you have a permanent residence permit, there is no problem. There is also no problem if you have a temporary residence permit but you are married to someone whose nationality is Dutch. If you have a temporary residence permit there are still possibilities. What kind of residence permit you have exactly? Do you have funds of your own? What is your level of education? What is your expected income trajectory? How long have you lived in The Netherlands, etc.? However, whether a lender is prepared to grant you a

mortgage will depend on your specific situation. We should point out, though, that the lender will be more likely to grant a loan if the buyer can contribute a considerable amount of his own funds. Get in touch with us so that we can look at the possibilities that apply to you.

### **For people with temporary contracts (without a letter of intent)**

According to the lenders' general acceptance guidelines the borrower must have a permanent income. If the borrower has a temporary contract the lender will be willing to regard this as a permanent contract if the employer declares that this temporary contract will be changed to a permanent contract (a so-called letter of intent). There are some employers, such as all Dutch universities, who refuse to issue this letterst. This applies to phd-students, postdocs or other scientific staff. Another group that doesn't get a letter of intent are employees in a hospital with a medical license but waiting for a position to become a medical specialist (AIOS/ ANIOS).

We have close contacts with several lenders and our experience is that a mortgage is also possible for employees who do not have a letter of intent. This also depends on the borrower's circumstances. Here again critical factors are; the level of education of the buyer(s), the expected salary growth, etc.

### **Additional loan regulation (important for home owners with surplus value on the housing market)**

The additional loan regulation became law on 1 January 2004. Briefly, what this regulation amounts to is that the tax authorities expect you to put the surplus value that you have accumulated when you sell your house, you put back into your new property, (if you buy this new property within 3 years).

The additional loan regulation can be very complex. For instance, people who are divorced and have made a surplus value and wish to buy a new property with a new partner. For more detailed information we can schedule a meeting.

### **National Mortgage Guarantee**

The National Mortgage Guarantee (NHG) is issued by the Home Ownership Guarantee Fund Foundation. This guarantee fund might guarantee the repayment of your mortgage (amount) to the lender provided the forced sale is due to no fault of your own. For example if your income falls because you are made redundant or become incapacitated for work or if one of the two incomes disappears, for instance due to a divorce.

In addition, a mortgage with a National Mortgage Guarantee has almost always the lowest interest rate. We will ascertain for your individual situation whether you qualify for this. It is best to go for this option if available.





Per 1/1/2020 cost of threshold is raised to € 310.000,-. Every year the cost of threshold will depend on the average marketvalue of properties. When you also invest in energysaving facilities the cost of threshold is € 328.600,-



### **First-time Buyer's Loan**

First-time buyers can qualify for a First-time Buyer's Loan. A First-time Buyers' loan is a form of subsidy and this is provided by the municipality. Feature is that the municipality provides for three years an interest-free loan. However, a limited number of municipalities participate and each municipality has its own rules.

The First-time Buyers' loan, offered by SVn and your municipality covers the difference between the cost of your home and the amount you can borrow up to the standards of NHG.

The height of the buyers' loan depends on your income, your assets and the terms of your municipality.

Whether you qualify for a First-time Buyer's Loan will have to be ascertained during a personal advisory meeting.

### **The Labor Market Scan**

From 2020 a mortgage based on the Labor Market Scan will be available and flexworkers will have more options for a mortgage. The aim of the Labor Market Scan is to offer more flexworkers a responsible and affordable mortgage based on their chances on the labormarket. The aim is to stimulate flexworkers to buy a property.

With the introduction of this Labor Market Scan, mortgage lenders will not only look at the current income and employment history of employees, but especially at their perspective on the labor market and opportunities to earn sufficient income in the future.

NOTE: Be aware of the fact that now the scan can only be made if the diploma is obtained at a Dutch institute.

# The different forms of mortgage

Before January 1th, 2013, all options below were an option. These various options are described below. First-time buyers can only obtain a linear or an annuity mortgage.

## Annuity mortgage

The gross monthly charge (the amount you have to pay the financial institution) remains the same throughout the term. However, the composition of this constant monthly amount changes. During the term the interest portion of this constant amount declines and the repayment portion increases. Since only the interest is tax-deductible, with this form of mortgage the net charges increase as the loan gets older.



## Linear mortgage

The linear mortgage is the most simple form of mortgage to understand. The main reason is that you repay the initial loan by a fixed amount every month. On top of this you pay interest, but the interest payments will reduce over time since you are gradually redeeming the initial loan. Since the mortgage amount will actually decrease, so will your interest payments. A linear mortgage can be useful for people who wish to repay their mortgage as quickly as possible. However, the initial monthly repayments are relatively high. With a linear mortgage you are repaying quicker than with an annuity mortgage. This means that during the term of the mortgage you pay less interest and that makes the mortgage cheaper in the end.





For people who already have a mortgage which has been closed before January 1th, 2013 there is a right of transfer applicable. We think advise in this case is a must because the right of transfer is very complex!

The extra mortgage needed for a renovation or purchase of the new house is required to be repaid in 30 years linear or annuity. The old mortgage composition may also be retained at a new lender (conditions apply). Obviously, you want the legislator to respects your existing rights. So make an appointment with us!

The monthly mortgage charge consists of the interest payment to the lender and possibly an amount to repay the mortgage debt. In this chapter we describe a number of different forms of mortgage that are possible. There are more variants which we can discuss in a personal interview.

### Interest-only mortgage

With an interest-only mortgage you pay only interest and the loan does not have to be repaid until the property is sold or the borrower dies.

The advantage of this is the low monthly charge. The disadvantage is that you are not doing any (tax-friendly) capital formation, so that it is uncertain whether at the end of 30 years you will be able to repay the loan from the available funds.

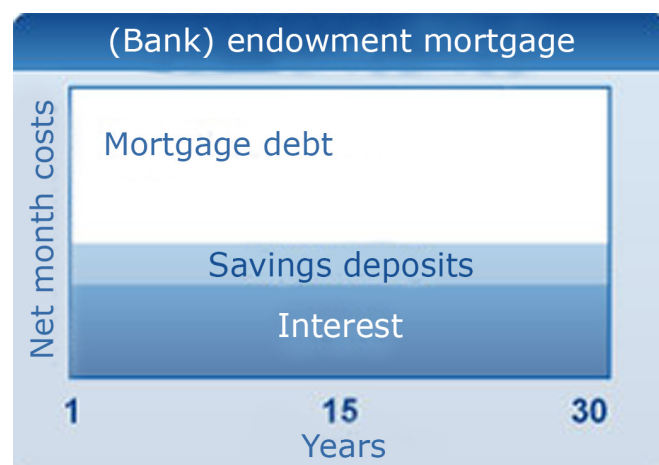
Repayment in some form is recommended, since the mortgage interest is deductible for up to 30 years.



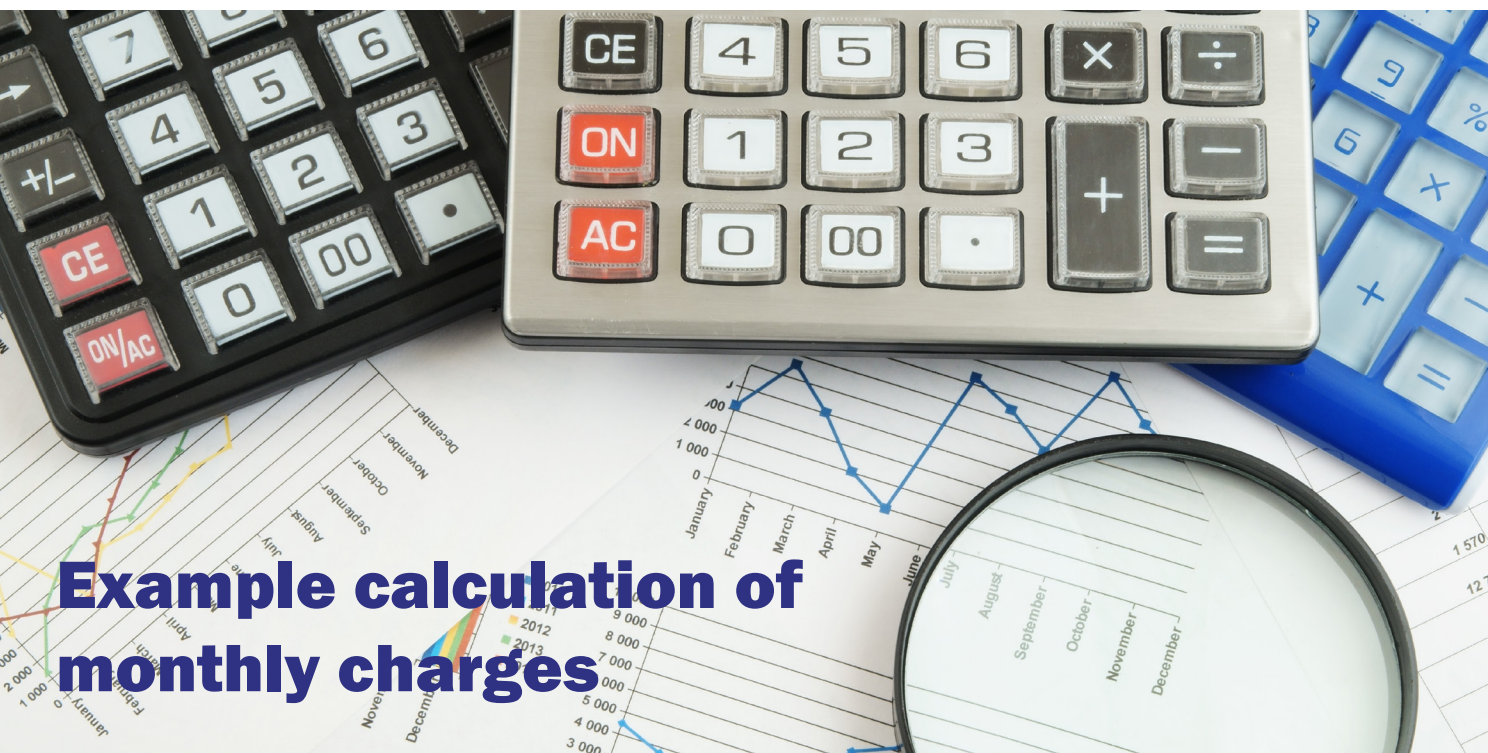
### (Bank) endowment mortgage

With a (bank) endowment mortgage you make no repayments during the term of the mortgage, so that with this form of mortgage the interest deduction is the maximum throughout the entire term.

The most important characteristic is the guaranteed interest growth in the endowment policy. Interest equal to the mortgage interest rate is paid on the monthly premium that is payable. Besides a constant gross and net charge during the term (provided the interest rate does not change), another important advantage is that at the end of the term the entire debt is guaranteed to be repaid.







During our personal and comprehensive advisory meeting we prefer to avoid the use of a computer as much as possible. The reason for this is that we want you to understand properly how your personal mortgage calculations come about and what factors affect your monthly charges. And we manage it every time!

## Example

Man and wife, both aged 30. They have a joint gross income of € 50,000. They are looking at a house with an asking price of € 220,000. They hire a real estate agent and the final price for the property is € 200,000.

## Investment plan:

Purchase price	€ 200.000,-
Costs paid by buyer 5%	€ 10.000,-
	----- +
Mortgage requested	€ 200.000,-
Own savings	€ 10.000,-
	----- -/-
Maximum mortgage	€ 200.000,-
(100% of the value of the property in 2020)	

After a comprehensive meeting, the preference is for an annuity mortgage of € 200,000 with a fixed interest for a period of 10 years with for instance 2,5% interest.

The corresponding monthly charges are:

## I Interest (e.g. 2,5% for 10-year interest)

Interest per month = 2,5%

\* € 200.000 / 12 months € 416

Refund of the tax

benefit of 37% € 154

----- +

Monthly net interest **€ 262,-**



## **II National rental value (based on the Real Estate Valuation Act value of € 190,000)**

Real Estate Valuation Act value of € 190.000 \*  
0,60% \* 37% / 12 months =

**€ 36,-**

Home owners can deduct interest and costs of the loan for the property. They must however add a percentage (0.60%) of the value of the property to their income; this is the so-called notional rental value. The notional rental value is the Real Estate Valuation Act value multiplied by 0.60%. The Real Estate Valuation Act value is set by the municipality to enable the level of local charges to be calculated.

## **III Mandatory annuity mortgage repayment of € 200,000**

**€ 378,-**

The characteristic of this mortgage is that the gross monthly remains the same throughout the mortgage. Over the years, the monthly net payment becomes higher so the couple pays the entire loan back over 30 years. To give an idea about the increase per month, you can think of an yearly increase of the monthly payment of about € 5, -.

## **IV Potential mandatory annuity mortality of € 150,000**

**€ 12,-**

Possibly the lender demands a life insurance or you will find it advisable to have a coverage in case of unexpected death. We can advise about the level of insurance and will also depend on your needs and available facilities such as a partner's pension.

The amount of the monthly premium depends on age, term of the insurance, the insured amount and who is being insured (1 or 2 people. This example is based on a couple in their early 30's

## **V Insurance against unemployment or incapacity for work**

**€ 20,-**

This insurance is not compulsory, but many people will want to have it, since in the event of unemployment or incapacity for work a considerable loss of income occurs. Paying the mortgage charges can then become a problem. We can calculate the amount of the income loss. On the basis of this we can map out the risks and either insure you or not. The amount of the premium depends among other things on age, the term of the insurance, the insured amount and who is being insured (1 or 2 people.

## **Total net monthly charge is the sum of I + II + III + IV+ V € 708,-**

The above calculation is only intended as an example. During our comprehensive meeting we will be happy to discuss in greater detail the aspects that allow us to affect the monthly charge. Examples are the effect of a shorter or longer fixed interest period, higher death cover, etc.

**V&W Adviseurs is an adviser in the field of mortgages and other financial services. Our firm is a completely independent advisory firm. This means that no insurer whatsoever has a financial interest in our firm. Our advisers have wide experience of the insurance and banking systems. All of our advisers are certified mortgage advisers. So you can be confident that you are getting the highest quality.**

V&W Makelaars specialises in residential real estate. We support and advise our clients in the field of residential real estate (houses and apartments), conduct the valuations for them and always operate strictly independently and with a high degree of expertise in what is often a complex market. We are members of the Dutch Association of Estate Agents (NVM). This means we are able to offer the customer additional guarantees and advantages.



## **Afterword**

*In this brochure we have endeavoured to clarify a wide range of issues that occur when buying and financing a property. We are fully aware that we cannot cover everything. We do however assume that you can see how seriously we take our work. Good information, based on your personal situation!*

*Do not hesitate - many have gone before you and been totally satisfied. Our initial meeting is very enlightening and we will answer all your questions. If you wish you can talk to our NVM estate agent after the financial interview, so that you gain a first impression of the possibilities.*

*Phone our office number +31 (0)15 – 215 78 00 to make an appointment without any obligation on your part or email your details to [info@vwadviseurs.nl](mailto:info@vwadviseurs.nl) or visit our website [www.vwadviseurs.nl](http://www.vwadviseurs.nl).*

*You're most welcome!*

*V&W Adviseurs pays the utmost attention to the reliability, accuracy and completeness of the information provided in this brochure. Nevertheless it is possible that certain information in this brochure is no longer current, complete or correct.*

*V&W Adviseurs is not liable for any form of damages due to errors or omissions by the information provided.*





## Client reviews

It is not difficult to write a recommendation for Mr. Martijn Sprengers and his office.

**“His work as a mortgage advisor and intermediate was outstanding and highly personalised.”**

This means that he is a professional man who really cares about his clients. He is an expert in what he does and produces excellent results. Moreover, he is very reliable and trustworthy. I highly recommend him for any mortgage advice!



*Roberto Assistant professor TU Delft*



*Catalina Postdoc TU Delft*

We (my husband and I) almost gave up the possibility of buying a house. We had spoken to a lot of mortgage advisors. They all said they could or would not help us.

By recommendation we went to V&W Adviseurs and they made us very happy.

**“Through them we were able to get a mortgage for the house.”**

The mortgage advisor really invested time and effort searching for good possibilities. This even resulted in an mortgage with NHG. Outstanding!





**V&W ADVISEURS**  
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