Do you want to buy a home in The Netherlands?

~ *Expert mortgage advice for expats* ~

Do you want to buy a home in The Netherlands? We can guide you through the entire process. Fortunately, the process has been fairer and more transparent than before 2013. For example, you no longer have to negotiate about interest rates, and there are fixed rules about how much you can borrow based on your income and the house you buy. Nevertheless it is still important to look closely at what your options are.

In this whitepaper we discuss the most frequently asked questions from expats.

- Can I buy a house in the Netherlands on a residence permit?
- How exactly does the buying process go?
- How much mortgage can I qualify for?
- Which repayment types can you choose?
- What are the additional costs?
- And much more..

Viisi is happy to help you on your way!

Note: This whitepaper was published in November 2020. It may be that since then there have been changes in the legislation, regulations and pricing.

Can I buy a house in the Netherlands on a residence permit?

If you are an expat living in the Netherlands and you are considering buying a house, you may be wondering what the possibilities are for financing a house on a residence permit. Usually there are quite a few options. We will break down what the rules are for a few specific situations and residence permits in this article.

Buying together with a Dutch partner

When you are buying together with a Dutch partner most mortgage lenders will be able to accept your mortgage application. In this case your resident status will not be a limiting factor.

Buying as a EU resident

If you are an EU resident currently living in Holland, it is also possible to finance a house with most of the mortgage lenders without any problems.

Buying as a non-EU resident
When you are living in the Netherlands as a non-EU resident, your chances of getting a mortgage loan depend on the residence permit you have. When you have a permanent residence permit, you can typically get a loan without limits. When your residence permit is temporary, there are a few types of these permits that will allow you to finance a house in the Netherlands as well.

Residence permit type

In general, it depends on the type of temporary residence permit you have, what your options for financing a home are. As a highly skilled migrant your chances are generally best. When you are in the Netherlands based on your skilled labor (the back of your residence permit states 'Kennismigrant'), there are quite a few options with lenders to provide 100% of the loan to value that you would typically otherwise get based on your income. Loan to value here means that banks will lend you 100% of the value of the property.

But also when you are a researcher or if you are living in the Netherlands based on other temporary residence permits, there are generally good chances of getting a mortgage depending on the goal of your stay in the Netherlands.

It is important to note that your options may also vary among different Dutch mortgage lenders. So it is always advisable to consult a mortgage consultant about your specific situation.

Additional policies and requirements

All mortgage lenders have their own rules and policies, so your personal situation may mean that you will have less mortgage lenders to choose from than usual. Also, some lenders require a minimum amount of time living and/or working in the Netherlands.

Taking out a mortgage: 10 steps to owning your own home

At Viisi we know that taking out a mortgage is challenging enough, especially for starters. We guide your through the entire mortgage process in 5 simple steps. You may find yourself wondering what's happening behind the scenes: how do you place a bid and what do you include in the purchase contract? We've developed an extended version for the detail-lovers among us: 10 steps to owning your own home!

1. Budget

When the house hunting begins, you often don't know what your maximum mortgage amount is. You'll also want to think about what the preferred monthly expense is for your personal situation. You may wish to have room for additional savings!

Start by checking with the use of our calculation tool or make an obligation-free telephone consultation with one of our advisors to get yourself oriented. In this phase, it is a good idea to familiarise yourself with several different mortgage advisors.

Have you already found your dream house or are you going for a new construction project? Complement your calculations with the market value of the house. Based on this information, you can then check whether you qualify for sufficient financing. If this isn't the case, you will probably need to consider investing own funds or a starters loan or a gift.

Read more about the various factors involved in calculating your mortgage here

2. Orientation

Now that you've determined your budget, you can get serious about orientating yourself in the housing market. Top: make a list of your housing needs to base your search on. Real estate sites such as Funda and Jaap feature extensive options depending on your budget and desired location.

When searching for a home in the Randstad, it is a good idea to work with an estate agent. This can save on both time and money! Prefer to fly solo? Ensure that you are familiar with the current pricing of the local housing market so that you can make informed decisions.

3. Making an offer

You've found your dream house. Time to start the bidding and negotiations! It's safest to place a conditional offer (onder voorbehoud van financiering) to protect yourself from a hefty fine if you are unable to finance the purchase and must withdraw your accepted bid. If you choose to place an unconditional bid to increase the chance of your offer being accepted, you need to be aware that the fine for withdrawing an accepted bid is 10% of the purchase price.

An estate agent can also be very useful during this period as well: they can advise regarding the amount of your offer and the conditions which you can apply to it.

4. The purchase contract

Had your offer been accepted? Congratulations! You can now sign the purchase contract. Ensure that you stipulate the date of the key transfer, the conditions precedent and the security deposit or bank guarantee.

After signing the purchase contract, you are entitled to a statutory reconsideration period of 3 days; within which you may withdraw from the purchase. You won't be the official owner of the property until signing the transfer deed (see below) at the notary office.

5. Appraisal report

Back to the financing. To determine the market value of your home, and therefore the maximum mortgage amount, you will require an appraisal. This report is prepared by an appraiser. Viisi can assist you to ensure that you receive a report well-suited to the mortgage application and in a timely manner.

Decide whether you want to renovate the property before requesting the appraisal. Should you wish to conduct renovations, the market value will be set to the expected post-renovation value.

A building inspection is also a standard component of the purchase conditions. This is often not required for your mortgage application but is recommended.

6. Mortgage advice consult

When you actually require a mortgage, you will schedule an advice consult. It is important that you find an advisor that is well-suited to your needs and wishes.

You can choose between three types of advice:

- execution only (no advice)
- advice from a specific bank
- advice from an independent advisor

An independent advisor is recommended as more mortgages are included in the comparisons. Be aware of any hidden costs for securing (obligatory) insurance.

In the advice consult, you will discuss which mortgage type you would like, how long you wish to secure the mortgage rate and which insurance you will be including.

Insurance

When closing on a new mortgage you are sometimes required to take out property insurance and a life insurance policy. It may also be advisable to secure insurance for unemployment, legal expenses or living expenses. Seek thorough advice from an independent mortgage advisor.

With Viisi, all mandatory insurance is included in the price.

7. Draft mortgage offer

You will close on a mortgage after the advice consultation. We will apply for a draft mortgage offer (also referred to as the rate proposal or indicative proposal) with the lender(s) of your choice. How soon you will receive these offers depends of the bank. This usually takes several business days.

Thoroughly check the mortgage offer, including the small print!

8. Acceptance and final mortgage offer

Have you accepted the draft mortgage offer? The actual mortgaging process will now begin with the lender. The acceptance of your mortgage application may take some time.

For faster acceptance, Viisi gathers and personally checks all documents before submitting them to the lender in one complete and correct package. The process period following receipt of the documents varies per lender. Your advisor will keep you informed of the status.

After all of the documents have been approved by the lender, you will receive the final mortgage offer. The final offer is binding within the indicated period: the bank can no longer withdraw or amend it. After you have signed and returned the offer, your mortgage is effectively arranged.

9. Notary

Time to head to the notary. You will sign two different deeds: the transfer deed (which makes you the official homeowner) and the mortgage deed (which grants the lender a mortgage security right over the property and you a loan).

If you are co-purchasing the home, you can also have the notary prepare a cohabitation agreement (samenlevingscontract). Are you investing own funds, or have you chosen a mortgage with a escrow account? Discuss this with the notary.

10. Maintaining your mortgage

The initial direct debit is usually withdrawn after the first full calendar month following your visit to the notary. As a result, your initial withdrawal amount will diverge from the monthly expense indicated in the offer. If, for example, you signed on 15 August, you will receive the first direct debit at the end of September, which will also include the costs for August.

Following this initial direct debit, the monthly expense recorded in the mortgage offer will be withdrawn each month. Would you like to adjust your mortgage in future? Viisi is happy to assist you once again!

How much mortgage can I qualify for?

Looking to purchase a home? You're probably wondering how much mortgage you're able to receive. Use [our calculation tool] to easily calculate your maximum mortgage and the corresponding monthly expenses so that you can start your search for the perfect home in your specific price range. Let's take a look at the five most important factors in determining your maximum loan.

1. Your income

The initial factor in determining your maximum mortgage is your gross income. To be more specific: the 'loan to income'. After all, in the end it all comes down to the balance between the loan and your gross income. If you have a permanent contract, we will include your salary, vacation pay and fixed thirteenth month or end-of-year allowance in your gross income.

If you don't have a permanent contract or are self-employed, your gross income will be calculated differently. Other supplements such as regular overtime or a variable bonus may be included in the calculations. It's important to discuss this in advance with your mortgage advisor.

2. The mortgage rate

A low mortgage rate sounds great of course. In general, this is indeed positive – as long as you secure your interest rate for a minimum of 10 years. With a shorter term, the calculation may produce a lower maximum mortgage.

For example: if you secure the interest rate for less than 10 years, your maximum mortgage is not calculated based on the actual interest but rather on a reference rate of 5% (this interest rate is redefined per quarter by the AFM). This is because your monthly expenses may drastically increase after the fixed-interest period. In this case, the bank's risk level is higher. As the bank wants to be certain that you can continue to pay your expenses after the fixed-interest period, they estimate higher monthly expenses using the reference rate.

View the current mortgage rates here

3. The value of your dream home

The third factor in determining your maximum mortgage is the so-called ‘loan-to-value’. Simply put: the balance between the mortgage amount and the value of the property. In 2017, for example, you were able to borrow 101% of the property value. This was reduced to 100% in 2018 and this is set to continue in 2019. The value of your dream home is therefore a determining factor for the extent of your mortgage and for the amount of your own investment required to purchase the property.

Are you planning on renovating the home or investing in sustainability? Look into the option of a construction loan and energy-efficient provisions.

4. Financial obligations

This is strongly linked to the income factor. Next to your gross income, your (monthly) expenses are also evaluated. Your financial obligations significantly influence the portion of your income available for mortgage expenses. This includes:

- study debts;
- bank credit;
- a credit card;
- a smartphone and plan;
- a private lease contract.

These financial obligations are usually registered with the Dutch Credit Registration Agency (BKR). You can view your own credit registration for free. We advise checking your BKR information before applying for a mortgage.

Note: not all financial obligations are registered with the BKR. It is important to inform your mortgage advisor of all of your expenses as you may face issues at a later stage if any financial obligations are withheld.

5. Housing expense

The lesser-known, but not unimportant, factor in determining the level of your mortgage: the housing expense. The housing expense is the maximum percentage of your gross means-test income that you can spend on mortgage repayment (including interest).

Your housing expense depends on:

- your income (and that of your partner, if applicable);
- the actual mortgage rate;
- your selected fixed-interest period;
- whether you are retired.

Types of mortgages

Since 2013, mortgage interest is only tax deductible if you choose an annuity or linear mortgage. Did you have a mortgage on your home with which you were entitled to deduct interest on December 31, 2012? Then you are still entitled, under certain conditions, to deduct your mortgage interest if you have a different type of mortgage. We will explain the most common types of mortgages.

From 2013
From 2013 the common types of mortgages are the annuity mortgage and the linear mortgage.

Annuity mortgage

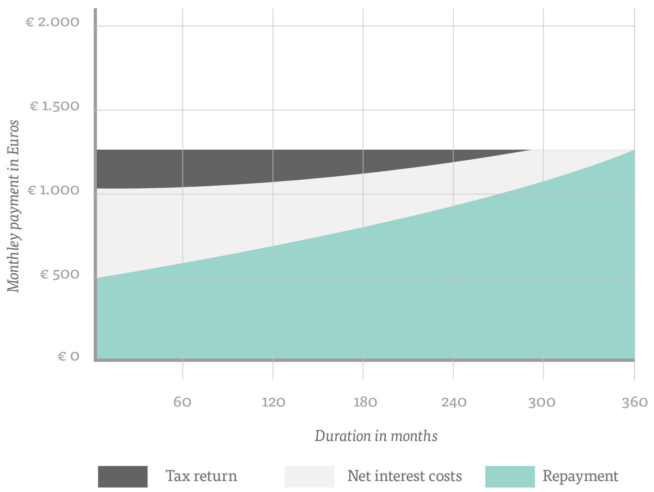
The amount that you pay to your lender (gross monthly costs) remains a fixed amount each month. The monthly costs consist of an interest payment on the loan and a principal payment. In the beginning, with you will pay off only a small amount of the initial capital loan, whereby you will pay more interest on your mortgage. The interest on your mortgage is tax-deductible.

As time goes on, the portion of the principal payment increases and as a result, the portion of the monthly payment towards interest decreases. Therefore, your tax return will decrease, causing your net monthly costs (gross monthly costs minus tax return) to increase.

Most important characteristics of the annuity mortgage:

- Equal gross monthly costs
- Increasing net monthly costs
- Lower initial monthly costs compared to a linear mortgage
- Principal payment during the mortgage term

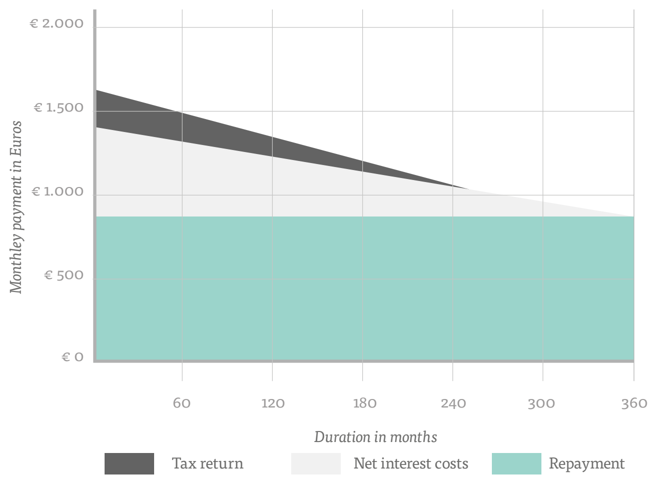
Monthly payment annuity mortgage



Most important characteristics of the linear mortgage:

- Gross and net monthly costs will decrease during the mortgage term
- Equal principal payment every year
- Higher monthly costs initially than in the case of an annuity principal payment
- Principal payment during the mortgage term

Monthly payment lineair mortgage



Linear mortgage

You have a fixed principal payment per month (in the case of a 30 year term: mortgage amount / 360 months). The monthly cost consists of principal payment plus the interest owed on the remaining mortgage. Compared to an annuity mortgage, the linear mortgage initially has higher monthly costs. The tax advantage decreases faster in the case of a linear mortgage in comparison to an annuity mortgage. This is due to the higher principal payment. The more you repay, the more both your gross and net monthly costs will decrease.

Prior to 2013

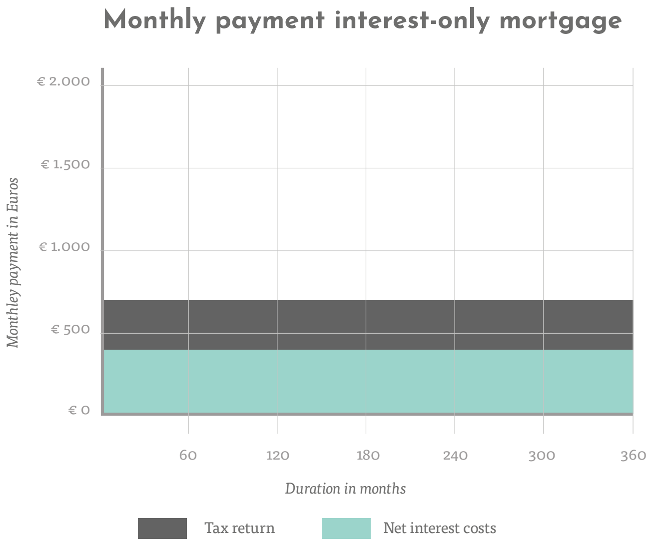
Prior to 2013, a mandatory principal payment was not a necessary requirement to be eligible for mortgage interest tax deduction. Therefore you could also select an interest-only mortgage, whether linked to a capital accrual product or not. The accrued capital will be used to repay the mortgage at the end of the mortgage term. Thus there is an optimal tax advantage: you can deduct your mortgage interest in full, and the accrued capital, under certain conditions, will not be subject to a box-3 levy. The most common form of this mortgage type is the guaranteed savings account mortgage (bankspaarhypotheek).

Interest-only mortgage

In the case of an interest-only mortgage, the capital is not repaid and you only pay mortgage interest. The advantage is that the monthly costs are as low as they can be. In the event that the value of the house is lower than the outstanding debt, the risk of a negative home equity is present. Normally speaking, you are unable to lend more than 50% of the value of the house with an interest-only mortgage. Your mortgage broker can inform you of the possible exceptions. Since 2013, you can only deduct mortgage interest of a new interest-only mortgage from taxes under certain conditions. In all cases, you have to be able to show that you already had a mortgage on your home prior to 2013.

Most important characteristics of the interest-only mortgage:

- No principal payments, only interest payments
- Fixed gross and net monthly costs
- Lowest possible monthly costs

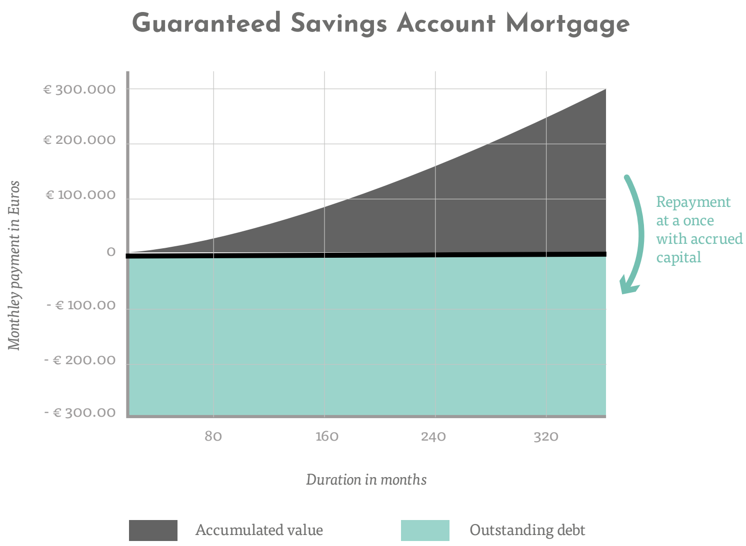


Guaranteed Savings Account Mortgage (Bankspaarhypotheek).

With a guaranteed savings account mortgage, you save on a (escrow) bank account to guarantee that you can pay off the loan at the end of the mortgage term. You accrue capital with a yield that is equal to the mortgage interest payment. If the mortgage interest increases, then the compensation on your guaranteed savings account mortgage will also increase. The interest you have to pay increases, though simultaneously the amount that you save decreases. Therefore, an important advantage of the guaranteed savings account mortgage is that it has a shock absorbing effect on the monthly costs in the event of a change in interest rate. Do you currently have a capital product for the repayment of a mortgage on your home? Then, under certain conditions, you can transfer the accrued value to the new guaranteed savings account mortgage and continue to accrue capital. Whether continuing to do so would be a smart choice depends on your personal situation. Generally, continuation becomes increasingly interesting the more you accrue an increasing amount of capital in the current capital accrual product. Your mortgage broker can of course help you in making the right decision.

Most important characteristics of the guaranteed savings account mortgage:

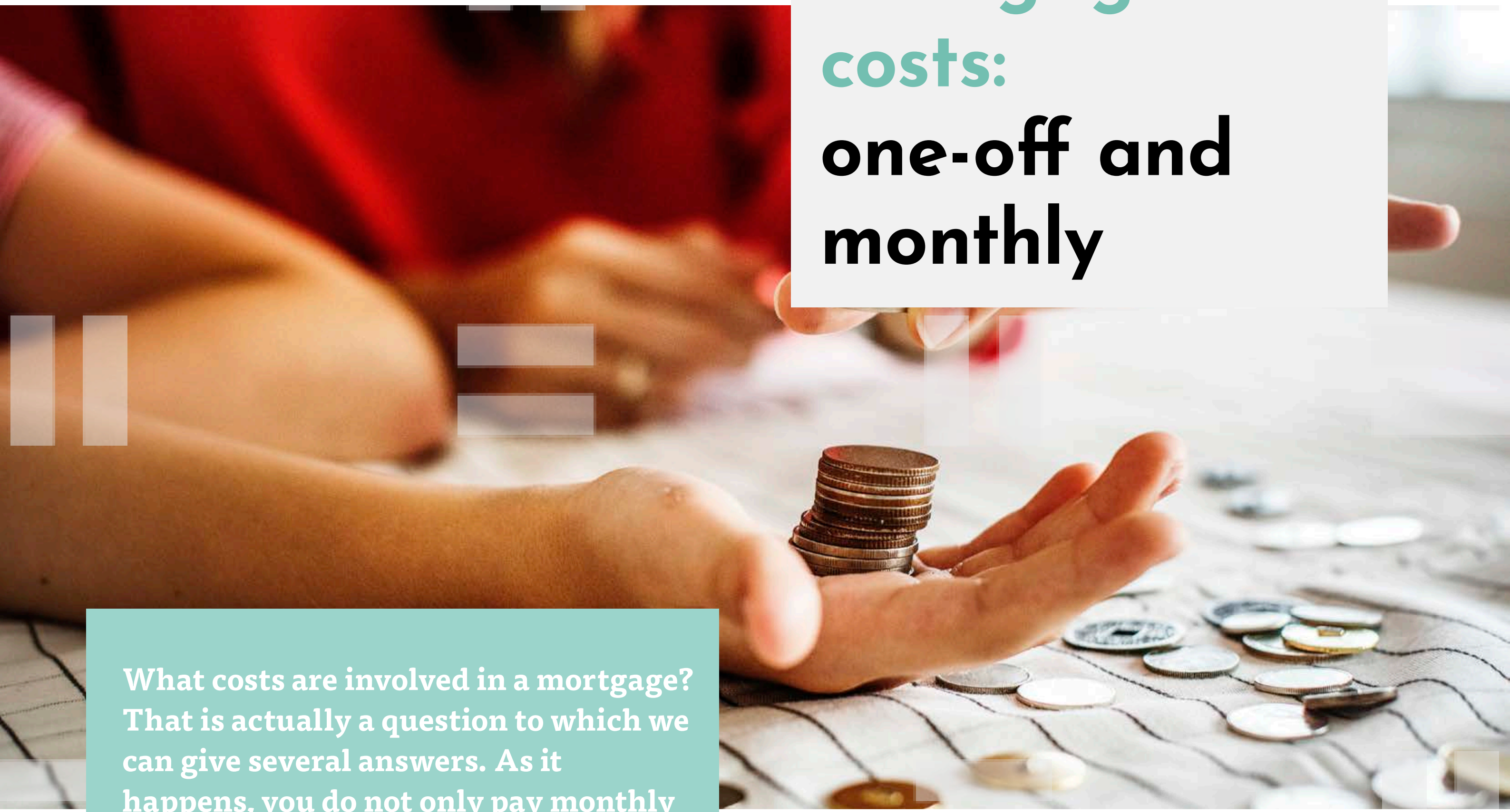
- Fixed gross and net monthly costs
- Lump sum principal payment at the end of the mortgage term
- Capital accrual via a savings account
- Shock absorption effect in the event of a change in interest rate



Other types of mortgages

There are other types of mortgages which are similar to the guaranteed savings account mortgage in regards to setup. The main differences are the applicable tax regulations and whether you are saving or investing. Mortgage types can include guaranteed life insurance mortgage (spaarhypotheek), investment account mortgage (beleggingshypotheek), life insurance mortgage (levenhypotheek), or hybrid mortgage (hybridehypotheek). In practice however, they are used less frequently. As these types of mortgages are no longer offered, they will gradually disappear from the market over the coming years.

Mortgage costs: one-off and monthly



What costs are involved in a mortgage? That is actually a question to which we can give several answers. As it happens, you do not only pay monthly costs during the term of your mortgage. You also pay one-off costs when you purchase a home.

One-off costs: purchase and financing costs

You need to pay one-off costs when you buy a home. These can be roughly divided into two kinds: purchase costs and financing costs. Previously, you could partly finance these expenses through your mortgage, but this is unfortunately no longer possible since 2018. You therefore need to be able to pay these expenses with your own funds.

Purchase costs, in addition to the purchase price, include things like transfer tax and the deed of conveyance that the notary prepares for you. Financing costs include valuation costs, the mortgage deed and costs for mortgage advice, amongst other things. In addition, the one-off costs involved in buying a home vary depending on the type of property: is it an existing property or a newbuild?

We have outlined all possible additional costs in this article

Fees for mortgage advice

Mortgage advice fees fall under the one-off expenses related to purchasing a home. You can take out a mortgage without seeking mortgage advice (execution only), but it is often wiser to obtain assistance from a well-qualified mortgage advisor. Besides, you still pay commission with execution only. Fees for mortgage advice can vary greatly from one advisor to another. Also consider any additional costs for taking out (mandatory) insurance policies!

At Viisi, you can rely on a clear fixed fee with transparent conditions, which we discuss with you during the first telephone consultation. We compare over 35 lenders for you for a first-time buyer's price from € 2,195 (tax-deductible). Our university-educated mortgage advisors would be delighted to offer input and provide brokerage services in taking out a mortgage. In addition, we can arrange suitable life insurance and income protection if required. We are independent and can offer a competitive interest rate appropriate for your situation. And we already have offices throughout the country, so there is a strong likelihood we have an office near you!

See also: Your mortgage in five steps

Monthly costs:

mortgage repayment

Have you paid all the one-off costs and did you sign the deed(s) at the notary? Then it's time to start paying off your mortgage. The monthly expenses consist of two parts: the repayment and the interest you pay on the loan. The relationship between these two amounts depends on the type of mortgage that you choose. Are you going for a linear or annuity mortgage?

Your mortgage interview: What will you discuss?

If you're looking to buy your own home and want to know how much you can borrow, it's time for a mortgage interview! In most cases, you start off with an exploratory meeting, and then once your offer has been accepted you have an advisory meeting. In this article we go over how this pathway works and what you can do to prepare yourself.

Before you start: what sort of advisor do you want?

You can opt to discuss your mortgage options directly with a lender. The drawback of doing so is, of course, that lenders only have their own products on offer. It's not very likely that their product will be the one best suited to you. Independent mortgage advisors often have a wider range on offer, though this can vary significantly from advisor to advisor. So choose wisely!

At Viisi, we work with a wide range of more than 35 lenders – almost the entire market. We compare them extensively based on your needs, to find the lender that is best for you.

Once you've decided, schedule your exploratory meeting with the advisor of your choice.

1. Exploratory discussion

The initial exploratory meeting is often free and done by telephone. If you'd like, you could schedule exploratory meetings with a number of advisors.

During the initial meeting, you will talk about:

- Your situation, including finances
- What your hopes for your home are
- What you have to consider in your situation (e.g. insurance)
- An initial estimate of the maximum mortgage you may be granted
- The mortgage advisor's working methods and rates

During this meeting you may also get some more house hunting tips. If you have already submitted a bid or made a purchase and need a mortgage quickly, a follow-up meeting will usually be scheduled.

How can you prepare?

- Gather your income information and proof if identity
- Think about how much you're willing to pay in monthly fees
- Explore repayment options
- Think about whether you want to buy alone or with your partner. If you decide to buy with your partner, think about how you want to work this out: with a cohabitation agreement, registered partnership, or will you get married?
- Think about how your future looks. Will you work less, do you want children, are there any other big changes on the horizon?

Exploring with Viisi

Going for advice from Viisi? Then we'll discuss all of this in a telephone conversation lasting around half an hour. After the first conversation, your advisor will create a checklist for you in MijnViisi, where you will be able to securely upload all the documents you need for any subsequent mortgage interview. That way, both you and your advisor know exactly what the status of your advisory pathway is and what documents you still have to get together.

2. Advisory meeting

Have you bought a house and need a mortgage soon? Then it's time for an advisory meeting! This second mortgage interview is more wide-ranging than the first – plan to be at the table with your advisor for around two hours, depending on your situation.

In the second meeting, you will talk about:

- Your current and future financial situation, including debts and assets
- What mortgage structure best fits your situation
- What risks you're prepared to accept (e.g. fixed-interest periods)
- Interest, lead times and terms and conditions of various lenders
- The exact breakdown of your net and gross monthly charges at the lender(s) of your choice
- What risks you may have to take out insurance against (e.g. death, unemployment, becoming unable to work)
- Tax provisions, e.g. home mortgage interest deduction

During or after this meeting you will often be given a summary of the mortgages most suitable for you, so you can make a well-informed decision. You can then apply for the mortgage of your choice through your mortgage advisor.

How can you prepare?

Before your advisory meeting, you have to gather lots of different documents. Usually (depending on your situation), you need the following documents:

- our identity documents and a pay slip (if you have not provide these during your initial discussions)
- An employer declaration (if you obtain a declaration of intent, this is included in the employer declaration)
- Extracts from your savings account and any investments you may have
- Summary of any loans, even if they have been paid off. It is also a good idea to include student debt here!
- Your pension statement
- Your tax return from the previous year
- If you are going to renovate, include the renovation specifications too. This is required when applying for a construction mortgage.

Advisory meeting at Viisi

At Viisi we'd like to be prepared as well as possible for the advisory meeting. If you opt for advice from Viisi, we'd like to receive the documents necessary three days before the meeting. You can also upload them in your personal secured MijnViisi environment. This saves time and effort!

At Viisi we also have a team that does an extra check on the documents you provide, so if there are any mistakes, we'll spot them. This means that together we can make sure your lender receives the right version of the documents and your mortgage application can be approved quickly.

What happens after the mortgage interview?

After your advisory meeting, you will receive a comprehensive advice report summarising everything that has been discussed and which options are best for you.

You can choose which lender you want to take out your mortgage with based on this document. In most cases, you then go on to take out your mortgage through your mortgage advisor – they know exactly what you have to submit and in what format. You can also arrange and taxation and insurance policies you need through your mortgage advisor.

You will receive a **draft mortgage** offer (also known as a mortgage interest offer) from the lender of your choice as soon as possible. If it ticks all your boxes, sign it and return it to the lender. The lender will check all the necessary documents once it has received your signed draft offer. Once these have been evaluated positively you will receive the **final mortgage** offer. This is binding. Once you've signed this and returned it, the mortgage is yours.

You can now schedule a meeting with the notary. There, you'll sign the act of delivery and mortgage deed when the property is transferred. Congratulations!

Bidding on a house: 4 tips

Once you've found the house of your dreams, it's time to submit a bid. The market is crowded at the moment, meaning there's pressure to decide quickly; however, there are a few things you have to consider when bidding on a house.

The value of the house

Working out the value of the house – and, with it, how much you're prepared to offer – is often tricky. There are a number of ways to get a good idea of the value of a house, the easiest of which is to look up the area on a property website and look at the asking price of similar houses and how long they've been on the market. For a more thorough idea, for a fee you can request an indicative home value from the cadastral agency or the WOZ Waardeloket. Lastly, you can get the most accurate picture by having a surveyor assess the value of the house (which may also happen when applying for a mortgage).

Whatever method you pick, you always have to keep in mind some important factors when working out the house value, such as its location, state of repair, the home environment, and local government policy.

The size of your bid

The size of your opening bid depends in no small measure on the value of the property. It may also depend on other factors such as the maximum mortgage you expect to be given, how long the home has already been for sale, how much the seller wants to sell (e.g. due to double taxation) and, in large towns or cities especially, how much competition there is.

You can have your maximum mortgage gauged by one of our advisors, with no obligation, during a telephone meeting you can schedule. This way, you'll know immediately what your maximum bid on the house can be. It is always important to consider in advance whether your opening bid will also be your final bid, or whether you may be prepared to negotiate on price. Either way, it is useful to decide your maximum spend yourself.

Establish conditions precedent

As well as stating the amount you're offering, when bidding on a house you will also have to state something else too – the conditions precedent. It's usually a good idea to include these in your offer. We've set them out for you below:

- You can opt for a financing condition, which gives you the buyer time until a specific date to obtain financing for the purchase. Read more about bidding with or without a financing condition.
- You can also include an expiry date or deadline in your offer, meaning the seller has to accept your bid before that date.
- Lastly, the sale is sometimes made conditional to the property being vacated and having no tenants. This means you avoid being unexpectedly landed with tenants whose leases are difficult to terminate.

Bidding subject to architectural approval has been included in sales contracts as standard since 01 February 2018, meaning you no longer have to arrange this service separately when bidding.

Making an offer

If you are bidding on a house, you will usually have to contact the broker selling the property. You can often do this in writing or by telephone, and also sometimes on the broker's website. We strongly advise you communicate by email, to prevent misunderstandings and give yourself time to respond calmly.

Financing condition: to buy or not to buy?

In an overheated property market, there is increasing pressure on home buyers. The seller can ask you to bid without a financing condition. What exactly does that mean and how do you approach it?

Financing condition: what you need to know

1. Why is a financing condition important?
2. What are the risks of buying without a financing condition?
3. Why does a seller sell without a financing condition?
4. How to buy without a financing condition
5. Opportunities with a financing condition

1. Why is a financing condition important?

Is buying without a financing condition a good idea? Usually not, but it depends on your personal situation. First of all, you need to know why these conditions are important.

If your bid on a property is accepted, you and the seller draw up a sale contract. It sets out the conditions of the sale (including the sale price and supply date). The contract also contains conditions precedent. They set out the circumstances under which the sale **does not** proceed. The financing condition is one of these circumstances, and it's actually included in most sale contracts as standard.

As a buyer, the financing condition gives you a specific period – usually between 4 to 6 weeks – to obtain financing for a specific amount (generally the purchase price). If you cannot get the financing in this period, the sale is overturned, and you will not have to pay the seller substantial compensation. This is a useful escape route for a number of reasons.

When you submit a bid, your financing is not yet certain. Sometimes you won't get the mortgage you're after, for example if the provider thinks your income is too low to cover the home expenses, or if they do not want the home as security for a loan because there is something wrong with its foundations or structural state. Changes in your personal circumstances can also prevent you getting financing, such as loans you are unaware of, losing your job, divorce, or becoming unable to work.

The three-day thinking period buyers have is often too short to work this out.

2. What are the risks of buying without a financing condition?

If you buy a house without a financing condition, you're running a financial risk. If the sale does not go through after all, the seller can still hold you to the sale contract. By law, the sale can only be overturned if you compensate the seller for damages. The remuneration provided for in the sale contract is usually 10% of the sale price – quite a hefty sum.

3. Why does a seller sell without a financing condition?

Foregoing this condition precedent gives the seller more certainty about the sale. For the most part, buyers who are certain they will obtain financing or have their own cash to pay with will still submit a bid. If the sale falls through, the seller also receives financial compensation for the delays they have suffered in the sales process.

4. How to buy without a financing condition

If you know the risk and are familiar with your financial options, you can decide to buy without a financing condition. Before bidding, keep the following in mind:

- Know your financial options. Schedule a meeting with one of our advisors to chart all the risks.
- Know the purchase and financing processes. This way you'll know what rights and obligations apply to you at a given time. Viisi organises webinars on this on a regular basis.
- Limit your risk. Make sure the sales contract states that the sale depends on the outcome of a building inspection. Request a valuation report as soon as possible once your bid has been accepted.
- Remember that you have to pay 10% of the sale price if the sale unexpectedly does fall through.

Make sure you have a back-up

In practice, we only recommend bidding without a financing condition if you'll be paying outright for the property or if you have a back-up plan through family or your business. If you don't, then you may end up owing the 10% if you cannot obtain financing (even if this is due to circumstances out of your control).

5. Sticking with a financing condition

If you want to buy with a financing condition, will you be side-lined? Of course not! In our experience, sellers often agree to financing conditions if they believe the sale will go through. Offering the seller as much certainty as possible can have an impact on your chances. It is important that the seller has an idea of your options and preparations you have made:

- **Own investment = lower financing condition:** let the seller know you're contributing your own money to the purchase. This makes it easier to be accepted for a mortgage. The amount of the conditions precedent can therefore be lowered in the sale contract.
- **Shorter term financing condition:** rather than 4 – 6 weeks, you can have a shorter period instead. The better you (and your advisor) have prepared your financing, the faster your mortgage application will go.
- **Mortgage advisor declaration:** ask your advisor to confirm to the seller in writing that financing is not an issue. This increases the likelihood that your bid will be accepted.

Expat housing and mortgage webinar

Do you want to buy your own home in The Netherlands?

Check out our complimentary Expat Housing & Mortgage Webinar! During this information evening, we will look at every step involved in purchasing your own home in The Netherlands: orientation, searching, purchasing, and financing, including mortgage advice. Meetup with our Viisi advisors and ask any questions you have in an informal setting, via chat. In one night you will learn everything you need to know in order to buy a home in The Netherlands

What can you expect?

A number of topics will be addressed, including:

- What is the current market status? Is it a favourable time to purchase real estate?
- Which (maximum) mortgage loan do I qualify for? What is advisable in my situation?
- What options will I have when selecting the best expat mortgage?
- How do I choose a mortgage (advisor)?
- Will I require a purchasing realtor?
- What extra costs can I expect besides the purchase price?
- What taxes are applicable when owning a home?

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