

Mortgages for non-residents buying property in Romania

The mortgage market

Mortgages for non resident property buyers in Romania were only introduced towards the end of 2006. Accordingly, the market for non-resident mortgages is relatively new with a limited number of products available. There are several local banks offering mortgages for international buyers, amongst them Alpha Bank, BCR Erste, Piraeus and Banc Post.

Typical terms and costs

The banks currently offer **repayment mortgages only**, although interest only and buy to let mortgages are expected on the market by the end of 2008.

The maximum LTV (loan to value) currently available goes up to 80%, although many banks are trying to keep it to around 75%.

When issuing a mortgage, banks in Romania charge an administration fee between 1-3% of the amount borrowed. A monthly administration fee of approximately 0.01% - 0.03% is also required for the duration of the loan.

Example non-resident mortgage terms

Currency: Euro
Interest: 6.65%
Loan to value: max 75%
Term: max 30 years
Bank arrangement fee: 1.5%
Bank administration fee: 0.12%
Early redemption fee: 3%

Documents required

Mortgage brokers are beginning to establish in Romania and they will make the entire mortgage application process substantially easier for an international buyer.

A good mortgage broker can usually obtain a mortgage in principle within 48-72 hours. Generally speaking the documentation required for a non resident application is:

- Passport
- Employment contract
- Pay slips for the last three months
- Bank statements for the last three months
- A credit report (Experian, Equifax)
- Proof of address (utility bill)
- Application form

These documents need to be translated to Romanian by a translator authorized by the Romanian Justice Ministry.

Another important factor to consider here is the possible need to give power of attorney to a Romanian representative in case the buyer doesn't want or can't travel to Romania to handle the mortgage application. This would require a POA authorized by a notary and apostilled with the Hague Convention Apostil at the Foreign Office in Trafalgar Square, London.