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Turkish Mortgages

Frequently asked questions

Can i buy off-plan

Yes and No.

You can buy an Off-Plan property with a Turkish mortgage, providing the Seller agrees to the specific payment terms. Normally, these are 40% Deposit (from you) and the balance payment from the mortgage on completion.

When would I start my Off-Plan mortgage repayments?

Only when the construction is finished, approved and you have the title-deeds and military clearance.

What is Military Clearance?

It is a check by the local military authorities to approve your residency and the suitability of your intended purchase. The time it takes for approval depends on the region, despite improvements in the process, it can still take up to 6 months!

How long does my offer last for?

4 months is the standard offer period. This can be extended to up to 18 months if the property is Off-Plan.

What will happen if my 4 month mortgage Offer expires before completion?

We will negotiate with the lender, where possible, arranging to extend the offer.

Can I get my mortgage before military clearance?

Yes – but funds cannot be released until you complete this process. For that reason, we need to check with your Developer to ensure that the mortgage payment terms are acceptable. However, this problem does not exist for Off-Plan mortgages, as you will have a mortgage offer valid for up to 18 months – leaving you plenty of time to get the clearance in place.

What happens if the property fails at survey or valuation?

When you buy through Edison Ford you have the benefit of knowing that the property is properly valued and meets a high construction standard. This process ensures that the lenders are willing to be involved, because after all, they take the biggest risk.

If a valuation or survey fails, you can use a mortgage offer to find another property, which offers suitable security.

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What is the valuation policy?

We check similar properties in the market and aim to offer 65% of the sale price, providing it is fair and honest. Experts independently conduct all valuations and the fees are paid.

Is my UK or other property at risk?

No. The mortgage is secured 100% against the Turkish property.

What is the maximum loan-to-value?

75% - but in GB Pounds.

For various reasons that act in your favour, we recommend our key product: 65% loan-to value. You must therefore have at least a 35% deposit available.

What is the best interest rate?

6.9% FIXED for up to 20 years. This ensures you will pay the same amount each month throughout the mortgage term and know exactly what you have committed to.

Can I BUY-TO-LET or REMORTGAGE my existing Turkish Property?

Yes - on same rates, subject to the same terms. You have the added advantage that Buy-to-Let rentals may even cover your mortgage repayments! REMORTGAGES are also available if you want to buy another investment property with the cash released – but you must be able to prove income.

Can I include future rental income in my mortgage calculations?

No. Future rental incomes cannot be included.

Should I pay tax on rental income?

It is your responsibility.

IF I REMORTGAGE an existing property to 65% and buy a second property, what does this mean?

It means we can release the equity in your TURKISH PROPERTY to 65% of the appraised VALUE today (not what you paid for it) providing you buy the 2nd property with the cash. You can then REMORTGAGE the second property to 65% in order to buy a 3rd property. An ideal way to build a PROPERTY PORTFOLIO.

If I sell early, do I have to pay tax?

Currently, an individual will be exempt from CAPITAL GAINS TAX in Turkey, if a property is kept for 4 years or more. Edison Ford recommends you seek independent legal advice to confirm your specific situation.

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How much is the tax if I have to pay it?

The tax is based on the value placed on the property by the local municipality when you buy it, and then when you sell it. These values are NOT the same as the Sale price – they are often much lower.

Do I need a Lawyer to act for me?

Would you buy a property in the UK or Ireland without one?
We can recommend a local English-speaking lawyer in Turkey, or a Turkish specialist lawyer in the UK to assist you throughout a purchase.

Do I have to go to Turkey to get my mortgage?

We can open your Bank account in the mortgage bank and get you a definite offer WITHOUT you having to go to Turkey. You will however have to go once at the end of the process, to sign the Mortgage agreement in person.

Can I buy more than one property with a mortgage?

Yes. If you can prove you can afford it by passing the affordability requirements.

Will I have to pay fees for each property?

You only pay once (£760) if you apply to buy multiple properties on the same application. However, there may be a supplementary charge to include increased translation fees.

What happens if I miss some payments?

Your Turkish property will be repossessed after 2 non-payments and sold to repay your debt.

Do I pay from my Bank abroad?

Monthly payments must come from your new bank account in the mortgage bank.

What currencies can I borrow in?

Euros, Sterling, Dollars or YTL.
We commonly recommend Euros, as in many cases the rates are the lowest.

Can I get a Euro Mortgage to buy a property sold in pounds?

Yes.

Do I need Life insurance?

Not with every lender. Some do require a policy.

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What insurance do I need?

Just Earthquake insurance, known as DASK, which is compulsory across the whole of Turkey and very cheap.

What other insurance do you recommend?

Third-party liability, building, contents, Medical, travel and Car.

We would be happy to provide competitive quotations from a range of specialist sources.

What's involved?

Supporting documents

You will need to supply supporting evidence for your application, in order to prove both your identity and your affordability.

Notarised documents

The following documents will need to be notarised by your local solicitor or notary:

- 1) Colour copy of your Passport.
- 2) Employer's letter (to be translated)
- 3) Your own list of assets and liabilities (if you have any) + an overall income statement (to be translated)

Non-notarised documents

The following documents, where appropriate, will need to be provided:

- 4) Application form
 - a) Current trading Position
 - b) Last 2 years' Profit and Loss
 - c) Your shareholding in Company
 - d) Your remuneration (salary/ dividends/ profits etc)

Our charges

We will offer a free Decision in Principle, allowing you to ascertain whether borrowing is likely to be possible.

This will be followed by a quotation, detailing the pre-offer processing fee and completion fee. Please note, Edison Ford is able to offer discounts if a property is to be purchased through us.

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Bank charges

The bank charges associated with a mortgage are likely to be 1.5% of the amount borrowed. In many cases, this fee may be added to your mortgage upon request.

Early settlement fees (redemption)

Should you decide to sell your property early, you are free to do so and take any profit. The Bank may charge a fee of 2% of the outstanding balance for early settlement.

Time-frame

Once we have received ALL your documentation, our team in Turkey will personally take your case into the most suitable bank for analysis and a final lending decision. This will normally complete the c.3 week application process, leaving c.1 week to arrange the survey.

PLEASE NOTE: Funds cannot be released until you have personal military clearance, which in some localities can take 6 months or more! We always check with your seller that he is prepared to wait for military clearance, after you have paid your required deposit.

The above information is prepared to the best of our knowledge. Edison Ford accepts no liability for errors or omissions.