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Worth the effort?

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Foreign buyers have plenty of trouble taking out mortgages in Poland. But there are some pleasant surprises, too



Polish banks tend to see lending to foreigners in terms of increased risk ...

Foreign clients, who often treat the acquisition of a residential property in Poland as a form of investment, tend to finance their purchases with cash more often than the average Polish buyer. But plenty still turn to the country's banks in the hope of securing a mortgage loan.

Among those who do apply for bank financing are foreign home buyers who have Polish family or a Polish partner, noted Jan Bijas, general director of Salomon Finance, a mortgage brokerage firm.

"Such mortgage-takers are trying to make use of the same financing opportunities as a Polish citizen, which is fully allowed in banking law," Mr Bijas said.

He added that contrary to popular belief, foreigners can even apply for government-subsidized mortgages if they work in Poland and have a Polish spouse. Unfortunately, Mr Bijas pointed out, there are no special mortgage offers for this group of clients and banks tend to view foreigners in terms of an increased risk rather than an opportunity to increase their portfolio.

Grzegorz Cieślak, a regional financial director at Home Broker, agreed. He said that foreign clients in Poland often face more restrictive procedures than Polish buyers do. This may involve, among other things, banks' reluctance to acknowledge revenues secured by foreigners abroad.

"In Poland, a higher down payment is also often required [from foreigners]. Additionally, some banks require that documents be translated by a certified translator, which significantly increases the cost of obtaining a mortgage. This mainly concerns documents written in languages other than English," Mr Cieślak said.

... but bank margins can still be more favorable than in other European countries

Surprises galore

Foreign clients expect real estate brokers not only to help with navigating the language barrier, which can be particularly bewildering if the potential buyer speaks a less popular language such as Danish or Finnish, but also to help get to grips with concepts and regulations that are specific to the Polish market.

Foreigners most often ask questions about how possible it is to get a mortgage loan in Poland, as well as what percentage of a property's value can be financed through a bank loan: while a Polish client can count on a loan-to-value ratio of 100 percent, for foreigners the figure is usually 70 percent, or even as low as 50 percent, Mr Bijas said.

Foreigners pursuing a mortgage loan in Poland are often surprised by what they perceive as a slow decision-making process and by the large number of documents they have to provide banks with. In addition, variable interest rates are something new to clients from countries where fixed interest rates are much more popular.

But there are positive surprises too. According to Salomon Finance's Bijas, foreigners are pleasantly surprised by the lending conditions themselves, which can involve significantly lower bank margins than those in some other countries in Europe.

"With the total cost of a mortgage coming in as much as tens of thousands of zloty lower, even the difficult verification process does not seem so bad," he said.

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