



DUBAI MORTGAGE GUIDE 2024

We help you find your Dream Home.

www.nu-mortgage.com



Unlock Your Dream Home in Dubai.

We help you find your Dream Home.



About Us Nu Mortgage

Established in 2023, Nu Mortgage aspires to become one of the most prominent and recognizable brands in the market. Our culture revolves around putting our clients at the forefront of everything we do. Our highly experienced advisers have assisted clients in securing mortgages across the United Arab Emirates, including Dubai and beyond.

We pride ourselves on offering local support to guide you through the home-buying process. Our advisers undergo regular training to stay up-to-date with industry changes, and our company boasts over a decade of mortgage and financial experience in the UAE and UK. Nu Mortgage is committed to servicing a diverse range of cultures and nationalities within the UAE, and we have access to an unrestricted selection of lenders to ensure we can help everyone.



What are the advantages of using a Mortgage Advisor?



We have access to a wide range of lenders and mortgage deals, which we can search quickly and hassle-free. We can also explain the mortgage terminology clearly and concisely, including the various types of rates, terms and any associated fees.

Our advisers will complete a comprehensive fact-find with you to identify and understand your needs, circumstances and aspirations to ensure they recommend what is most suitable and affordable for you. We will also complete all paperwork and liaise with all the parties involved in the home buying process, including the Bank, Real Estate Agents and conveyancer to ensure everything runs as smoothly and efficiently as possible.

Dubai has emerged as a global hub for business, leisure, and luxury. Its impressive skyline, world-class amenities, and strategic location have made it a popular destination for people from all over the world. With its diverse population, Dubai has become a melting pot of cultures, languages, and nationalities. As a result, the demand for real estate in Dubai has been steadily increasing, and many non-residents are looking to invest in property in the city.

If you are a non-resident looking to buy property in Dubai, you may be wondering how to finance your purchase. Mortgages are one option that can help you realize your dream of owning property in Dubai. In this comprehensive guide, we will explore everything you need to know about mortgages in Dubai for non-residents in 2023.

What is a mortgage?

A mortgage is a loan that is used to finance the purchase of a property. The borrower agrees to pay back the loan over a set period, usually between 15 and 30 years, and the property serves as collateral for the loan. Mortgages can be obtained from banks or other financial institutions, and the interest rates and terms of the loan can vary depending on the lender and the borrower's creditworthiness.

Mortgages for non-residents in Dubai

Dubai has a robust real estate market that attracts investors from all over the world. However, obtaining a mortgage in Dubai can be challenging for non-residents. Banks in Dubai have become more cautious in lending to non-residents, especially since the outbreak of COVID-19. Nevertheless, some banks still offer mortgages to non-residents, and it's essential to understand the requirements and qualifications.

To qualify for a mortgage in Dubai as a non-resident, you will typically need to have a higher down payment than residents. The down payment for non-residents is usually around 35% of the property's value, while residents can expect to pay around 25%. Non-residents will also need to have a good credit score and provide a range of documents, including a passport, proof of income, and proof of residency in their home country.



Types of mortgages in Dubai

There are several types of mortgages available in Dubai, and the type of mortgage you choose will depend on your financial situation and investment goals. Here are some of the most common types of mortgages available in Dubai:

Fixed-rate mortgage: A fixed-rate mortgage is a type of mortgage where the interest rate remains the same throughout the loan's duration. This type of mortgage provides certainty and predictability in your monthly payments, making it easier to budget.

Variable rate mortgage: A variable rate mortgage, also known as an adjustable rate mortgage, is a type of mortgage where the interest rate fluctuates based on market conditions. This type of mortgage can be riskier as your monthly payments can increase if interest rates rise.

Islamic mortgage: Islamic mortgages are designed for customers who want to buy property without paying interest. Instead, the bank purchases the property and sells it to the customer at a higher price, allowing the customer to pay back the loan over time without interest.

Interest-only mortgage: An interest-only mortgage is a type of mortgage where the borrower only pays the interest on the loan for a set period, usually between 5 and 10 years. After the interest-only period ends, the borrower will need to start paying back the principal and interest.



Tips for getting a mortgage in Dubai

Getting a mortgage in Dubai as a non-resident can be challenging, but there are several tips that can help make the process smoother. Here are some tips to keep in mind: **Work with a reputable mortgage broker:** A mortgage broker can help you find the best mortgage rates and terms and guide you through the application.

At Nu Mortgage we collaborate with the top banks in the UAE to offer our clients a diverse selection of mortgage products. We are committed to helping you comprehend your borrowing alternatives, which is why we provide an easy-to-use mortgage calculator. With our Dubai mortgage calculator, you can estimate your monthly mortgage payments and determine the maximum amount you can borrow. Our calculator factors in critical components such as down payment, interest rate, and other relevant factors to provide you with a precise projection of your monthly payments. Try our mortgage calculator today and take the initial step towards owning a home in the UAE.

Step by Step Planner.

Buying a Property



1

Visit an adviser or speak to an advisor to discuss your mortgage needs. Your adviser can apply for an 'Pre-Approval' early in the process so you have an idea of the amount you can borrow.

2

Register with real estate agents in your desired community, look online and speak to reputable firms that help work within your desired location. make an offer via your real estate agent. once an offer is accepted, you have signed a memorandum of understanding (MOU) and provided a deposit cheque.

3

Instruct your Mortgage Advisor to instruct a valuation on the property through the bank.

4

The lender will issue a Final Offer Letter (FOL) detailing any conditions that apply.

5

Your Mortgage Advisor will set up the final offer signing and bank account opening with your bank and deposit the money into your new account.

6

The lender partially disperse the money to clear the seller's mortgage if there is one currently on the property you are buying.

7

The lender will carry out the full dispersal and Managers cheques will be drawn up ready for transfer.

8

You will attend the trustee office to transfer the property and take ownership of your new property.

Costs of buying your Nu Property



Emirati - 15%
Resident - 20%
Non Resident
25% - 40%

■ DOWNPAYMENT

To purchase a property in the UAE, you need to provide the sufficient downpayment to be able to apply for the home loan.

■ DLD TRANSFER OF TITLE

When buying a property in Dubai you are required to pay Dubai Land Department (DLD) fees. It can be considered as a one-time tax paid to the government. DLD fee is 4% of the total price of the property.

Along with the mandatory DLD fees, buyers are also required to pay the property registration fees, which depend on the value of the property, Typically AED 580.

■ DLD MORTGAGE REGISTRATION

The buyers purchasing property with the help of bank loans also need to pay the mortgage registration fees with DLD. Mortgage registration fees to Dubai Land Department are 0.25% of loan amount + AED 290.

■ TRANSFER CENTRE FEE / TRUSTEE FEE

This is the cost payable by the buyer to register the transfer of the property from the seller to the buyer and typically costs AED 4000 + VAT (AED 4200)



■ REAL ESTATE FEES

If you purchase a home through a real estate agent, you will be required to pay their commission. Throughout their journey, an expert agent may assist purchasers in making intelligent and informed decisions.

Agency fees charged to the buyer are typically 2% + VAT on the property value.

■ APPLICATION FEES

Most mortgage lenders will charge you an application or arrangement fee.

■ VALUATION

You may need to pay for a valuation. The amount you pay will depend on the bank that your advisor has recommended.

■ MORTGAGE BROKER FEES

Some advisers may charge a fee for the advice they give you. Your adviser will explain any fees.

■ CONVEYANCING

A conveyancer in UAE is a legal professional who specializes in the transfer of property ownership from one person to another. They play a critical role in the property buying and selling process by ensuring that all legal requirements are met and that the transaction is completed smoothly and in accordance with the law.

Conveyancer fees can range from AED 5000 - 8000.





How Much Can I Borrow?

THIS DEPENDS ON:

- Your income
- Your credit history
- How much deposit you have
- Financial Commitments
 - Credit card Limits
 - Monthly payments to Loans & Auto Finance.

Typically in the UAE, you will be eligible to borrow 7x your annual salary.

The central bank requires that your monthly outgoings from all financial institutions including the mortgage do not exceed 50% of your monthly Income. This is called DSR (Debt to salary Ratio).

Every bank will use its own formula to calculate how much you can borrow, this is based on a number of factors, also an internal stress rate is applied to ensure the stability of your home loan in the event of interest rate increases. This borrowing formula and stress rate aim to ensure that the home loan is sturdy and feasible for you and that you can fully repay it over the agreed loan term.

You will need to find out how much you can borrow before making an offer on a property. Our Advisors will take due care and attention to work this out before you find apply for a mortgage pre-approval. This will help you know the maximum offer you can make on a property and will also speed up the mortgage process.

Lenders usually base their calculations on your guaranteed earnings such as basic pay, but some will consider part or all of any regular overtime or bonuses. They will want to see proof of your income

HOW LONG WILL MY MORTGAGE LAST?

This is known as the mortgage term. Mortgages usually have a term of up to 25 years. A mortgage should normally be for the shortest term you can afford as this keeps the overall cost down. A longer than necessary term means you will pay more interest.

SELECTING YOUR MORTGAGE

Your adviser will go through your needs and preferences and use these to filter out any mortgage products that do not meet your requirements. This will reduce the amount of products that will be considered for you.



Ways to Repay Your Mortgage

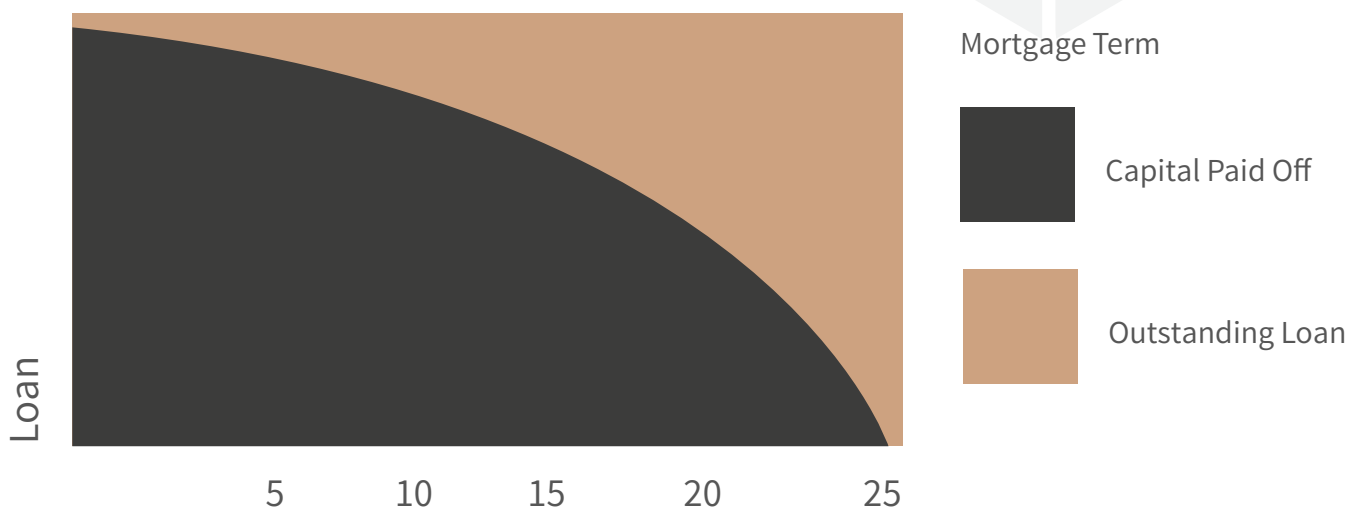
CAPITAL REPAYMENT MORTGAGES

With a capital repayment mortgage, your monthly payments to the lender go towards reducing the amount you owe as well as paying the interest they charge. This means that each month you are paying off a small part of your mortgage.

The advantages: You can see your mortgage balance reducing and provided you maintain the required payments, you also have the certainty your mortgage will be repaid at the end of the term.

The disadvantages: At the start, most of your payments go towards the interest on your mortgage. So in the early years, the amount you owe will not reduce by very much.

CAPITAL REPAYMENT MORTGAGE





How is Interest Charged & Paid ?

There are lots of different interest rate options offered by lenders. Interest rates vary from product to product and are dependent upon different factors, such as how much of a deposit you have available. Here is our guide to the different options available

FIXED-RATE

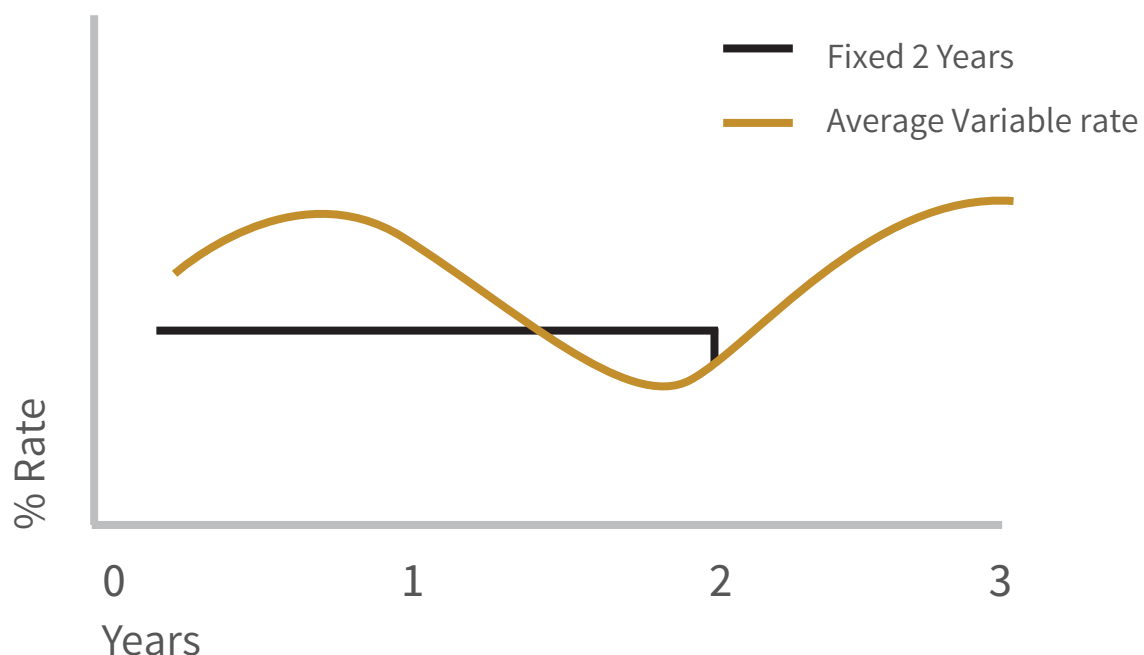
If you choose a fixed-rate mortgage, your monthly payment will stay the same for a set period, usually two, three, or five years. At the end of your fixed rate, your lender will usually change your interest rate to their margin Rate + Emirates Interbank Offering rate. It is a good idea to talk to your adviser at this stage because a post-fixed offering may not be the best deal available.

ADVANTAGES

You know the exact amount you will need to pay each month, which makes budgeting easier. Your monthly payment will stay the same during the fixed period, even if other interest rates increase.

DISADVANTAGES

Your monthly payment will stay the same during the fixed period, even if other interest rates decrease.





VARIABLE RATE

This rate is offered by the bank as a margin rate, plus the EIBOR to form the monthly payment for your Homeloan.

ADVANTAGES

This could be cheaper than a fixed rate, in which therefore you will pay less interest.

DISADVANTAGES

Your monthly payments could increase and decrease in a short period of time which would make it difficult to budget.

OFFSET MORTGAGE


An offset mortgage is generally linked to a main current account and/or savings account which are all held with the same lender. Each month, the amount you owe is reduced by the amount in these accounts before working out the interest due on the loan. This means as your current account and saving balances go up, you pay less mortgage interest. As they go down, you pay more. Linked accounts used to reduce mortgage interest payments do not attract interest.

ADVANTAGES

Mortgage payments can be reduced as savings increase, or you may be able to continue paying a higher level and pay your mortgage off early.

DISADVANTAGES

All accounts have to be with one lender/ bank.
You need to have a substantial level of savings.



Common Features of a Mortgage and Facts When Buying a Home

We have listed and provided a brief explanation of some terminology you are likely to come across when buying a home. The following explanations are purely provided as a guide. Your adviser will be able to explain individual mortgage features in more detail and help you find the right mortgage.



ARREARS AND REPOSSESSION

If at any time you are unable to meet your mortgage payments, you should speak to your mortgage lender straight away. Repossessing a property is generally a last resort.

CREDIT SCORING

When you apply for a mortgage (or any sort of credit) the lender will usually 'credit score' your application. This helps the lender decide whether to accept your application and the amount of money they are prepared to lend to you. Credit scoring works by awarding a point

EARLY SETTLEMENT FEE

An ERC is a charge that can occur if you pay off your loan early or you switch your mortgage within a certain time period.

The Standard fee is 1% of the loan amount or AED 10,000 whichever is lower.

OVERPAYMENTS

Some lenders will allow you to make overpayments on your mortgage. This is generally restricted to a % of the outstanding balance each year. Lender rules and restrictions may differ so speak to your adviser before you decide to make any overpayments.

CAN I KEEP MY SAME LENDER AND MOVE HOME

In the UAE, your mortgage has to be completely cleared before you are able to transfer ownership, therefore you would need to start a new application for every property purchased. So speak to your adviser and they will guide you through the process.

WILLS

When you buy a property, we strongly recommend that you ensure your Will is up to date. This means that your assets, including your property, are given out in line with your wishes. Speak to your advisor about who to contact regarding this, we have some very helpful people on hand.

CURRENCY

When buying a property in the UAE, you may not have all the money needed in the country, so tell your advisor and we can help arrange for this to be moved in the safest and most cost-effective way through one of our currency exchange partners.

REAL ESTATE

It is paramount that you have an expert in the market to help you gain valuable knowledge regarding hot areas to purchase, latest prices, market trends and return on Investment. Talk to us and we will put you in touch with our trusted partners.



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