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CASE STUDY · REAL ESTATE FINANCING

Financing as Equals: How We Optimized a Complex Asset Structure

Why an advertised online rate wasn't comparable to an individually assessed financing solution

Two Professionals, Meeting as Equals

There are clients with whom an advisor has to work especially precisely, because they can judge every step themselves. The F. family falls into this category: the husband looks back on a decades-long career in corporate banking, and the wife herself worked in mortgage financing for several years. Both have a substantial asset base with securities portfolios and real estate, as well as high, reliable pension income.

A standard solution would not have met these clients' requirements.

THE CASE AT A GLANCE

Clients	**The F. family, banking professional & mortgage financing expert**
Property	**Condominium for their daughter, sought-after location in Leipzig**
Purchase price	**Between €170,000 and €180,000**
Starting point	**Cash purchase easily possible; goal was optimal leverage effect**

A cash purchase would have been easily possible for the F. family. But as finance professionals, that is exactly what they did not want: they wanted to deliberately make use of the leverage effect and tax deductibility, and preserve the liquidity invested in their portfolio. The individual comparison calculation used a long-term average return assumption of four to five percent.

The First Aha Moment: the Pricing Sweet Spot

The family originally planned to contribute around €100,000 in equity and finance only a small remaining amount, the obvious, conservative solution that even an experienced banker would choose as a first instinct. However, an in-depth market analysis revealed something that was new even to this banking professional: at several of the eligible institutions, a higher loan amount led to more favorable terms within their respective pricing structures, a structural effect that hardly anyone is aware of.

Under the assumptions made in this specific case, the comparison calculation favored the higher financing share. By deliberately increasing the loan amount while reducing the equity contribution, we were able to noticeably lower the interest rate. The result: the F. family retained an additional amount in the range of roughly €35,000 to €45,000 as liquid funds in their portfolio. We went through the complete comparison calculation behind this recommendation with them in detail, in person.

The Comparison With the Online Offer

Shortly before closing, our client sent us, with a wink, meant as a bit of a challenge, a screenshot from a major online comparison portal. It advertised a teaser rate of 3.65%, a figure that, at first glance, seemed to call all our previous work into question.

Here, we needed to assess the rate against the actual circumstances. The advertised rate was a non-binding sample condition. Several particularities of the personal and financial situation were not yet factored in: neither the husband's retirement age, nor the wife's self-employment, nor individual banks' maximum age limits. Only a complete credit check would have revealed whether this rate would actually have been available to the family.

> *„An interest rate from the internet that doesn't know your life situation is not a reliable offer.“*

As a former banker, our client understood immediately: teaser rates from the internet say very little if they do not fit the individual structure.

The Right Fixed-Interest Period for the Building Society Component

The wife then worked out a well-thought-out splitting concept herself: a larger share (around 60%) as a classic annuity loan, and a smaller share (around 40%) as a bullet loan intended to be paid off in a few years through an existing building society savings contract.

> This is where the particular value of our detailed review became apparent: the family wanted a ten-year fixed-interest period for both components. On closer examination, however, it turned out that the building society contract would already be eligible for allocation in five years. Had we chosen the ten-year fixed period, the bank would have charged an early repayment penalty in the range of roughly €10,000 to €13,000 when the planned payoff occurred after five years.

> *„The longest fixed-interest period isn't automatically the smartest choice. It has to fit the structure, or you end up paying for it later.“*

We adjusted the structure accordingly, protecting the family from an expensive, easily overlooked mistake.

The Final Hurdle: Bank Clearing

Shortly before submission, the automated pre-screening system of a well-known major German bank initially flagged the wife's self-employment side income as requiring further review; the automated review systems of many major banks generally struggle with self-employed applicants.

The side income had been fully disclosed to the bank, but was not decisive for the positive serviceability decision given the rest of the couple's income and assets. Through direct, expert-level communication with the credit processing team, we prepared the documents so that the bank could assess serviceability, in line with its own rules, based on the complete overall picture. The application went through without a hitch.

The Outcome

- ✓ The desired structure was implemented exactly as planned
- ✓ Terms achieved in the range of **3.85% to 3.95%**
- ✓ All contracts fully coordinated and completed within the required deadline
- ✓ An amount of roughly **€35,000 to €45,000** retained as additional liquidity in the portfolio

In the end, this was exactly what the F. family valued most: that we acted not as a salesperson pushing a product, but as a sparring partner meeting them as equals.

Our Conclusion

Online offers provide a first point of orientation. But with complex asset and income structures, it is the individual credit assessment that determines which rate and financing structure are actually available and sensible.

> ### How much equity should you actually put in?
> The answer depends not only on the interest rate, but also on liquidity, asset structure, the fixed-interest period, and future planning. Contact us for a personal assessment.

The terms mentioned relate to the financing date in question and the clients' individual situation at that time. They are not transferable to other or current financings. To protect our clients' privacy, names, locations, institutions, and other identifying details have been changed or generalized. Figures may be rounded or presented as ranges. Quotes are paraphrased.

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