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CASE STUDY · REAL ESTATE FINANCING

Race Against Time: How We Saved a Cross-Border Purchase Just Before the Notary Appointment

Without a German land charge as security abroad, we still found a workable financing structure

The Starting Point: Dream Property, Narrow Time Window

Our client, an employee with a net income of over €4,300 a month, was about to purchase a condominium as a capital investment just across the border, for a purchase price of €190,000. The time pressure was significant: both the 10% deposit due date and the deadline for securing financing were imminent.

THE CASE AT A GLANCE

Client	**Employee, net income over €4,300**
Property	**Condominium as a capital investment, just across the border**
Purchase price	**€190,000**
Starting point	**Deposit due date and financing deadline were both imminent**

The Real Hurdle: A Property No German Bank Can Secure the Usual Way

What set this case apart from an ordinary mortgage financing became clear even before the first bank inquiry. A German bank normally secures a mortgage loan through a Grundschuld, a land charge registered in the German land register (Grundbuch). This mechanism simply does not work for a property abroad, since the German land register system has no jurisdiction over foreign real estate. Many institutions therefore do not finance foreign property at all, and those that do compensate for the lack of standard security with markedly more conservative terms: lower loan-to-value ratios, stricter valuations, and sometimes unsecured loan components in place of a regular mortgage loan.

The First Setback: The Valuation Squeezes the Budget

This exact pattern showed up in our client's financing structure. The bank's own valuation conservatively assessed the property at €175,000. The preferred cooperative bank then capped the loan strictly at a 75% loan-to-value ratio under its internal guidelines, around €131,000. The second building block was telling of the missing standard security: an already approved personal loan from a major bank for €60,000, an unsecured loan based on creditworthiness rather than the property itself, since standard mortgage-style security was not possible abroad at all. Combined, this came to a financing amount of around €191,000, which would have just about covered the €190,000 purchase price. What remained uncovered, however, were the incidental purchase costs of around €11,000.

The Cascade of Rejections

The search for a solution to cover the incidental costs led to several structurally driven rejections, each of them, ultimately, another consequence of the same underlying problem: the lack of standard security abroad.

1. **Regional Bank A** would have required a pure loan-to-value process with a new valuation, risking lost time and an even lower valuation for the foreign property.
2. **Regional Bank B** declined because the property was located outside its statutory regional service area. Foreign properties are generally excluded by regionally bound institutions.
3. **The financing major bank** could not top up the existing, unsecured personal loan alongside new lending contracts for procedural reasons.

None of these rejections stemmed from an individual misjudgment. Without exception, they were rigid, standardized, rule-based processes that reach their limits when it comes to foreign properties without land-charge-based security.

> ### The Algorithm Shock
> When we tried to cover the missing incidental costs through a small loan from a leading direct bank, the automated system rejected the application despite the top-tier salary. The reason was credit stacking: multiple credit inquiries within a short period trigger automated risk systems reflexively, regardless of individual creditworthiness.

The Turning Point: Composure Over Haste

At this point, we actively pulled the brake and explicitly advised our client against any further credit inquiries, to avoid lasting damage to his credit score. Instead, we convinced him to temporarily cover the roughly €11,000 in incidental purchase costs from his own liquid investment funds.

> *„Not every gap needs to be closed with another loan. Sometimes the smarter decision is to draw on your own liquidity in the short term and protect your creditworthiness for the financing that actually matters.“*

The Outcome

- ✓ The contracts were signed in time before the notary appointment, the **€190,000 purchase price secured**
- ✓ The client's credit score was protected, no further credit inquiries were needed
- ✓ The incidental purchase costs (around €11,000) were initially covered from the client's own investment funds
- ✓ After a few months, once the credit score had recovered, the incidental-cost amount was comfortably refinanced

Our client was delighted with the honest, forward-looking guidance through this high-pressure situation and later gave us an outstanding review.

Our Conclusion

The real difficulty in this case was not our client's creditworthiness, but the property itself. Without the option of standard land-charge security in the German land register, we had to assemble a financing structure from several differently secured components. It was precisely in this constellation, under time pressure, that it became clear why one more thoughtless credit inquiry could have jeopardized the entire structure. Financing property abroad is therefore not a standard product; it requires a structure that is designed from the outset around the missing security.

> ### Are you planning to buy a property abroad?
> Without a land charge in the German land register as security, German banks apply different rules than for domestic financing. We know the available structures and assess which one fits your project. Contact us for a personal assessment.

To protect our client’s privacy, name, location, institutions, and other identifying details have been changed or generalized. Figures may be rounded or presented as ranges.

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