

SMART CURRENCY EXCHANGE

THE PROPERTY BUYER'S GUIDE TO CURRENCY

YOUR BUYER'S GUIDE INCLUDES:

TIPS FOR A SUCCESSFUL PROPERTY PURCHASE

"CURRENCY RISK" AND HOW YOU CAN AVOID IT

HOW TO SEND MONEY FOR A PROPERTY PURCHASE OVERSEAS

WHY A CURRENCY SPECIALIST INSTEAD OF YOUR BANK?

smart CURRENCY EXCHANGE

RATED EXCELLENT

Trustpilot

FOR CURRENCY EXCHANGE AND MONEY TRANSFER

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Contents

Welcome 3

Currency for a property purchase 4

Protecting your budget from currency risk 6

Forward Contract – Q&A's 9

Your other currency options 10

10 reasons to choose a currency specialist for property 12

What's your next move? 15

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Welcome

According to a recent survey in a British national newspaper, half of us would like to buy a home abroad. Some of us would love a holiday home, others are planning a whole new life abroad. For others, investment is the motivation.

But of the many who would like to, few ever achieve this life-changing dream. The prospect of all that planning, and worries about sending so much money abroad, put many of us off.

At Smart Currency Exchange we've been helping people to buy abroad since 2004. We have transferred billions of pounds, and enabled thousands of people to fulfil their dreams of owning a home in the sun.

We know that there are three secrets to turning dreams into reality. Firstly, see it as a series of simple, achievable steps. Secondly, find reliable people to help you along the way. Thirdly, look after your money by removing risk factors. This guide will help you do all three.

If at any time you have any questions, we are at the other end of a phone line waiting for your call. Call today on **+44 (0) 20 3733 1390** or email **info@smartcurrencyexchange.com**

Good luck with your overseas property purchase.



Charles Purdy
Founder and CEO, Smart Currency Exchange

'We've helped thousands of people to buy abroad and we know there are just three secrets to turning dreams into reality'.



Currency for a property purchase

Although the amounts may be much larger, there is little of difference or more complex when buying currency for a property abroad than when going on holiday.

However, you won't be able to pay for a property in cash, or on your credit card, so you'll have to use a specialist currency exchange to transfer your money to the property seller.

You can either transfer the money as a one-off payment, or several payments, and then close the account, or keep it open to trade in the future. As well as being specialists in property payments, Smart Currency can also look after your ongoing transfer needs too. For example for property maintenance, your pension or for rental income.

While the basics of the transaction are simple, property transactions can have one vital difference – the time they take. Things get a little more complicated if you are agreeing a price in, say, euros today, but will be actually paying the money later, as is typical for a property purchase.

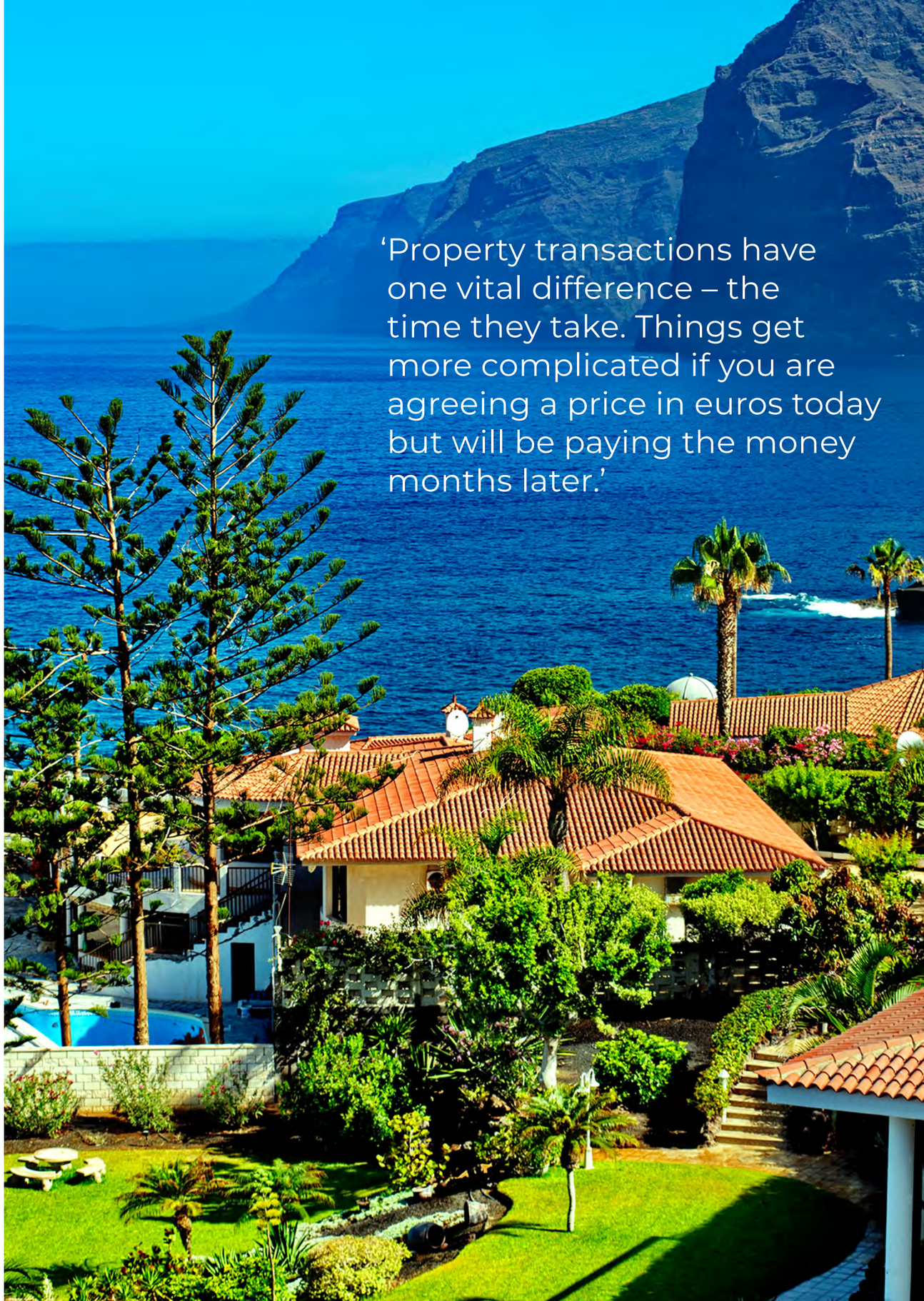
The currency exchange process

The mechanics of your currency transfer are simple. It can all be organised online or over the phone in a few minutes.

- **After discussing your plans with your designated and named account manager, we will quote you an exchange rate. If that is acceptable to you, Smart Currency will purchase the currency on your behalf at the agreed rate. At this point the transaction becomes legally binding.**
- **You can buy the currency for a trade now (a spot contract) or for a transaction later (a forward contract).**
- **When you are ready to pay the beneficiary, transfer your money to Smart Currency's client account and notify us of the account you would like paid. Usually that's an overseas lawyer if buying a property.**
- **When your funds have cleared Smart Currency will transfer the converted currency to the beneficiary's account.**

'There is a 50% chance of you losing money – potentially a lot of money – if you don't plan for currency risk.'

Call your account manager to talk through all the steps on **+44 (0)20 3733 1390** or email **info@smartcurrencyexchange.com**.
For a currency quote, **click here**.

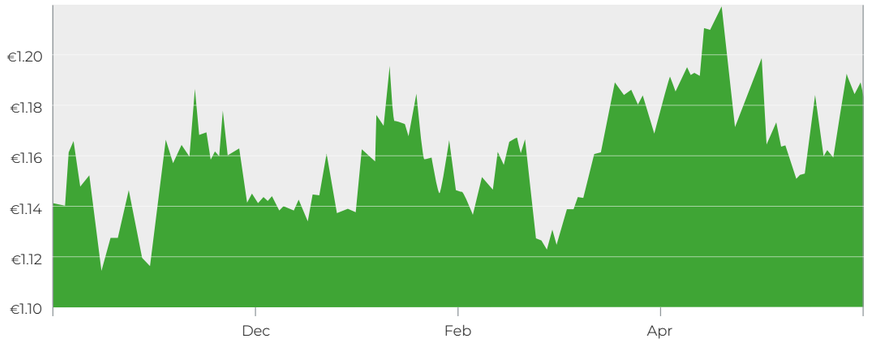


Protecting your budget from currency risk

While the process is simple and safe, property buyers where the transaction can take months to finalise, need to be aware that the price in their own currency is highly likely to change.

Currencies move up and down in value against other currencies every minute of the working week. Below is a typical exchange rate, the number of euros you will get per pound, over six months.

GBP/EUR over a typical six-month period



These changes are impossible to predict. Currencies strengthen and weaken each day in response to political and economic news. Positive news about a country and its economy tends to mean that the value of the currency rises ("strengthens") while bad news means the currency falls ("weakens").

If you follow the currency markets, you'll soon learn which economic and political factors have most impact. Interest rate decisions are the most important economic element, but watch out for inflation, employment and economic growth (GDP). You will also hear economics readings such as Purchasing Managers Index (PMI) and Non-Farm Payrolls. It can be fascinating to follow the movements of currencies, especially when it will affect your own property budget.

'Most importantly, look after your money by removing risk factors.'

Property buyers are uniquely at risk from currency movements because the legal processes of buying a property take several weeks or even months.

The simplest way to protect your property budget is via a forward contract. This locks in your exchange rate for up to a year without you needing to pay all the money yet. Here is an example.

Buying without protecting your budget

- You find a property for €200,000. The pound (GBP) buys you €1.20, so you assume the property will cost £166,500.
- You make an offer and it's accepted!
- You exchange contracts and pay a 10% deposit, committing you to buy. Now your solicitor gets to work, with completion scheduled for the summer.
- But the rate drops to €1.10. You are due to complete but now the property costs nearly £182,000.
- If you cannot find the extra £15,500, you won't be able to complete on the purchase. Not only will you lose the property you have set your heart on, but probably your deposit too.

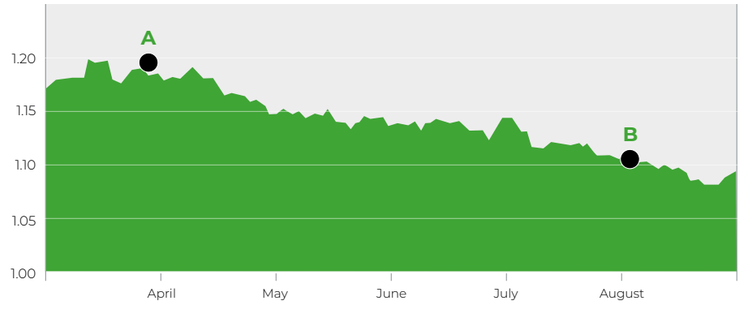
A rare occurrence?
The scenario above has happened to UK buyers in the eurozone several times in the past few years, caused by events such as the referendum in 2016, elections in 2017, Covid in 2020, the mini-Budget in 2022 and others.

Buying with a forward contract

Let's rework the example, this time with a forward contract.

- You find a property for €200,000. The pound (GBP) buys you €1.20, so you assume the property will cost £166,500.
- You make an offer and it's accepted!
- You exchange contracts and pay your deposit to the vendor. You call Smart Currency Exchange and agree a forward contract, paying a 10% deposit to secure that €1.20 rate.
- Now your solicitor gets to work, with completion scheduled for the summer.
- But the rate drops to €1.10. You are due to complete but now the property costs nearly £182,000.
- No problem, you have locked in your rate at €1.20 and the property still costs you £166,500. You have avoided losing £15,500.
- A forward contract means you can set the rate when you decide to buy the property abroad and know that it won't cost any more.

However, a forward contract is a legal contract to buy a certain amount of currency at an agreed rate in the future, so is only suitable for when you have definitely committed to buy.



A - Deposit paid in April, when £1 = €1.20, so the €200,000 property costs £166,500.

B - Completion in August, but now £1 = €1.10, so the €200,000 property costs £182,000.

In just four months the price of a €200,000 property has leapt by nearly £15,500. If you can't find the extra money, you will lose the property and maybe your deposit too.

Case Study 1:

The forward contract that saved a property dream

Alan bought a property in Normandy two years ago. But without a forward contract it might never have happened. Alan explains why.

We'd holidayed in France for the last 9 or 10 years, in gites all over Normandy and Brittany, and buying our own was one of those drip-drip things, with years of planning and discussions!

Then a lot of things came together very nicely for us. George Osborne's decision to free up access to pensions meant we would have access to our pension funds and rather than buy a classic car or yacht we decided that we would use it to fund us in France.

This was before the Brexit vote, and I was worried. I thought there's nothing to lose with a forward contract and so we forward fixed about €250,000. I'm very glad we did because we completed after the Brexit vote and our forward contract probably saved us £30,000-£40,000!

It probably made it easier to negotiate a deal with the vendor as well because we had the money forward fixed so the vendor knew that we weren't going to suffer a financial hit.

It would have affected our ability to purchase and live here.

Smart Currency's personal account manager was very helpful. I didn't know anything about forward fixing and it was the account manager who talked me through that.

If we hadn't had someone like Smart Currency Exchange to research and lean on it would have been really difficult, I think probably impossible.

Call your account manager to talk through all the steps on **+44 (0)20 3733 1390** or email **info @smartcurrencyexchange.com**. For a currency quote, **click here**.



Forward Contract – Q&A's

How do I start the process?

It couldn't be simpler. You just go online at **smartcurrrencyexchange.com** and complete the form to open your account. We will assign you your own named account manager, who will be in touch within two to three hours to discuss your specific needs and time frames. Or call us on **+44 (0)20 3733 1390**. A forward contract will be the best option for most property buyers, but we won't recommend it if it's not right for you.

You say 'account'; do I need to pay money in now?

No. We simply register your details including, if required, proof of address and some ID (to comply with the UK financial regulations), and you're done. It takes about five minutes and there is no obligation to trade with us.

You can now set off to look at property abroad with a much better understanding of what exchange rate you will be achieving.

I've found a property, now what?

You speak to your own dedicated account manager and tell him or her how much you are going to pay for the property, and more or less when. Your account manager will then order the currency at the agreed rate. You transfer 10% of the money to our secure client bank account to lock in your exchange rate. This is now a legal contract and you are fully protected.

When you come to pay the remaining amount on the property, you transfer the remaining money to our secure client bank account and we send the required amount in the foreign currency to the beneficiary (usually the property seller's lawyer).

Can I cancel if the exchange rate moves in my favour?

No, you have made a legal agreement to trade at that rate. You will have saved yourself peace of mind though.

What happens if the sale falls through?

Then you have two options. If you have locked in the rate for a year, you have plenty of time to look for another property. If you don't find anything, or decide not to buy after all, you can cancel the contract. However, any money that we have lost from buying your currency in advance will be deducted from the 10% deposit that you paid us. The remainder will be refunded.

Will I earn interest on the deposit I pay you?

No, but remember you have only paid 10% of the purchase price so far, so the other 90% can be earning interest in your own account.

Can I use a forward contract for longer term payments?

Yes! If you are paying for a property to be built in stages, or paying for regular maintenance or cleaning payments for a rental property, a forward contract will mean that whatever happens to exchange rates your costs will be fixed. It works well if you are receiving an income in a different currency too. So if after you move abroad you are receiving an income from rentals, pensions or investments in pounds, to avoid that income changing by the minute with exchange rates, setting up a forward contract means you know exactly what your income will be for at least the next year.

'Setting up a forward contract means you know exactly what your income will be for at least the next year.'

Your other currency options

At Smart Currency we have an option for every type of client and every type of property purchase. Your own dedicated account manager will explain them in full, but here are some options for people at various points along the property buying – and overseas living – process.

Where are you in the buying process?	Talk to us about:
Just planning	Opening your account & establishing your budget
Viewing trips	Prefunding your account
Making an offer with a reservation deposit	Forward contract or spot contract
Exchanging contracts	Forward contract or spot contract
Regular payments	Regular Payments Plan (RPP)
Completion	Forward contract or spot contract
After sales, maintenance	RPP and forward contract

Wherever you are in the buying process, call your account manager on +44 (0)20 3733 1390, or email us on info@smartcurrencyexchange.com

Prefunding your account

When you make a viewing trip, consider prefunding your client account. Being able to make a transfer quickly to secure a property can be critical when buying property abroad in a seller's market.

For example, you're viewing an apartment in Marbella, and it's perfect. But there's a local buyer also interested and whoever pays the reservation deposit (usually around €3,000) gets the property. With the money prefunded to your Smart Currency account already, we can transfer the money immediately.

Prefunding your account can eliminate difficulties that tend to arise when you are in a different country, such as limitations on how much can be transferred each day, language barriers, dealing with automated switchboards, authority limits, time differences, and so on.

Spot contract

With a spot contract you can register with us, discuss your requirements, lock in an exchange rate and make a payment on the same day. It's a quick and convenient arrangement for those who need to make one-off transfer on the day or very soon. Maybe you are about to complete on a purchase in Florida and are concerned that the pound is about to drop in value. No problem, just change your money now via a spot contract and it's ready in the bank at the right rate when you need it.

Regular and automated payments

If you are making payments every month or quarter, our automated RPP may be perfect for you. We can automate your payments to help you avoid the time, effort and costs of having to make lots of individual payments. An RPP takes away the risk of missing a payment too. Even better, if the exchange rate is secured with a forward contract an RPP means that your payments will be the same every time. Then if the pound should weaken, your payments won't be affected. It's great to be certain of the amount you receive each month.

An RPP will be of particular value to homeowners who need to make regular payments such as for an overseas mortgage or local property taxes and maintenance, as well a non-property related costs such as school fees or child support. If you divide your time between homes in different countries, sending regular payments to an overseas account will save the cost and hassle of changing money each time you travel.

An RPP also makes good sense if you are receiving an income from a different currency. For those receiving pension or investment income when abroad, an RPP allows you to automate the payments to reach you at a set exchange rate. That can be invaluable when you're budgeting.

Limit order

A 'Limit Order' will allow your Smart Currency account manager to buy currency on your behalf when an exchange rate goes too high or gets too low. For example, suppose you are making regular payments to a developer building a property for you in France; €50,000 each quarter. You are committed to the purchase, but you've been simply taking the rate on the day you have to make the payment (a spot payment). No problem if it stays within certain limits, but if the pound goes too low the payments could spiral out of reach. Solution? Via a limit order if the pound sinks to a certain level we will buy it for you to cover the next few payments and prevent any further losses. And if the pound reaches a high that you want to lock in, via a limit order we can order that currency for the next few payments.

Call your account manager to talk though all your options on **+44 (0)20 3733 1390** or email us on **info@smartcurrencyexchange.com**

Case Study 2:

David owns a home in Torrevieja, Spain

We use Smart Currency to exchange and transfer the funds to top up our Spanish bank account once a year to give us sufficient living expenses for 12 months. Having transferred my money from my account to Smart Currency the whole thing goes through within a couple of days, so there's no long-term risk

Once there's less than €1,000 I'll top it up so there's something like €4,000-€5,000. Having done my research I found that Smart Currency had very good rates and I got a good service.

"When you're transferring a reasonable amount getting the best rate does make a difference."



10 reasons to choose a currency specialist for property

1 Property experience

Buying a home abroad is one of the most exciting purchases you will ever make, but potentially the most daunting too, with a couple of 0s more than your holiday cash! The majority of our business is related to property purchase; we know how the legal and property buying systems work abroad and tailor our service to make it work.

2 Phone not app

Where convenient for our clients we use technology such as online trading facilities. But we don't hide behind them! Your own dedicated account manager is available on the telephone every working day, 8am to 6pm.

3 It's not just about the transaction

At Smart Currency we pride ourselves on the guidance and support we offer. Few people are able to buy a home abroad and we truly value your custom. Being able to call your own, named account manager to pay a deposit as soon as you make the deal can be the difference between getting the property you want, and being left behind.

4 Fair exchange rates

Smart Currency will always offer you a fair exchange rate. Even better, we can prevent serious losses to your property budget that arise from exchange rate movements.

5 Authorised and regulated

Smart Currency is authorised by the Financial Conduct Authority under the Payment Services Regulations 2009 (FRN 504509) for the provision of payment services. We are also licensed by HMRC as a money transmitter.

We are members of the Association of Foreign Exchange and Payment Companies (AFEP). This was established to ensure shared high standards across the money transfer industry.

6 Separate accounts

All funds are transferred directly to our client account with one of our banks, which was set up in accordance with FCA regulations. This client account is separate from any operating bank accounts.

7 Charges

We do not charge a fee for exchanges of over £3,000.

8 Your 'local', international firm

Smart Currency was set up in 2004 by Charles Purdy. It continues to be employee-owned and run by Charles from offices in Hammersmith, London. With so many of our clients buying homes in Spain and Portugal, we also have offices on the Costa Blanca, Costa del Sol and Algarve too.

9 Over 35 currencies

It's not just euros and dollars, Smart Currency deals in over 35 currencies, from the Aussie dollar to the Polish zloty and everything in between.

10 Trustpilot

Smart Currency has a five star, "Excellent" rating on the customer ratings website Trustpilot, for Money Transfer and Currency Exchange.







What's your next move?

The earlier you register with us and open a trading facility, the sooner you get guidance on the property transaction process.

Set up your account

We will set up your trading facility over the phone in no more than 10 minutes. The information we request at this stage will help us to service your initial transfer needs. We verify your identity and conduct the anti-money laundering checks all money transfer institutions are obliged to by HM Customs and Excise.

Case Study 3:

The Property therapists



As a single person, Christine saw her Smart Currency account manager as "like a therapist", protecting her from currency risk and offering peace of mind whenever she got nervous about her purchase in France.

"I was recommended to Smart Currency by my estate agent Beaux Villages Immobilier. I could not fault the assistance Smart Currency provided me throughout my buying journey. Thanks to their expert service I was able to buy my current home in a lovely little village in Provence.

I was especially impressed with my personal account manager who guided me through my transfers, of which there were many, ensuring they were all carried out quickly and efficiently. He would call me on a regular basis with invaluable information on the exchange rate, putting my mind at ease much like a therapist.

This allowed me to lock in a rate for the bulk of the transfer and in doing so protect the cost of my property from rate fluctuations.

Buying a property overseas can be a daunting prospect, particularly as a single person, so it was reassuring to have that personal support every step of the way."

Start the journey today

To start the safe journey to currency exchange, click here to go to **smartcurrencyexchange.com** and complete the form to open your account. We will assign you your own named account manager, who will be in touch within two to three hours to discuss your specific needs and time frames. Or call us on **+44 (0)20 3733 1390** or email us at **info@smartcurrencyexchange.com**





Talk to our team

To speak to your account manager, call us on **+44 (0)20 3733 1390**

You can also email us at **info@smartcurrencyexchange.com** or complete the online application at **smartcurrencyexchange.com**. Your account manager will be in touch to discuss your specific needs and time frames.

For an online quote, click here: **smartcurrencyexchange.com**

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