

**Currency Strategy Woksheet
for all
Purchasers of Overseas Property**

**“How to Create a
Currency Strategy
that will SAVE you £££’s...**

**...this worksheet shows you
how”**

Compliments of



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What are the top three ways that can cause the cost of your overseas property investment, or dream home, to increase by 5% or 10% or even 15% in the matter of months or even days?

1. Project costs overrun from the original projections (hopefully your solicitor will have ensured that any overruns are absorbed by the developer... not you) or...
2. Add-on costs that you agree for after signing the original purchase agreement (this could include an upgrade to the original value of any *extras* you want such as getting better tiles for the bathroom) or...the worst could happen:
3. The local currency appreciates in value before you need to pay for the property. (This is a REAL PAIN because you could have actually benefited from a change in exchange rates and made money rather than losing it if you had a strategy in place).

By reading about the following strategy YOU CAN avoid one of the top ways people lose money and SAVE YOURSELF £££'s.

It never ceases to amaze me but people shut their eyes to the currency risk they are exposing themselves to when buying overseas.

Why is currency management so important?

Significant CASH losses can be made if your currency exposure is not handled correctly. Imagine that you bought a property for € 300,000. If the exchange rate was Euro1.50/£1, the sterling cost would be £200,000. If the Euro strengthened to 1.44, the cost would be £208,333, a cash "loss" of £8,333.

Currency	Rate	Amount
€ 300,000	€1.50/ £1.00	£200,000
€ 300,000	€1.44/ £1.00	£208,333

→ **£8,333 Loss**

You would have to fund this "loss" with additional money from somewhere; from surplus cash funds (could be wishful thinking), additional mortgage facilities, using an overdraft - short term liability matched by long term asset is a recipe for disaster.

This cash "loss" would pay for a lot of flights, furniture, meal outs, new car, etc.

BUT WHAT RUBS SALT IN THE WOUNDS is that if you had secured the € 300,000 at 1.50 and the Euro had strengthened to 1.44 and even if there had been no increase in the price of the property, you would have made a PROFIT [albeit a paper one until you sold] of £8,333. With a bit of planning and by working with the right currency exchange specialist you could have been £8,333 better off.

This saving could represent One New Car

You may think that the above is an extreme example. It is not. I speak to a number of people daily who have, or who know of people who have, experienced similar or worse cash losses. One person I spoke with had to find an additional £17,000 simply by failing to consider a currency strategy.

So, how do you make sure that this does not happen to you?

The currency risk can be managed both for the short, medium and long term.

You need the right strategy and the right currency specialist...

The Right Strategy

The steps to starting your strategy are straight forward and easy to follow. Fill in the following table using the numbered instructions below. If you're buying a pre-owned property, you'll have to enter details into the deposit column and Stage 1 (only) whereas if it's a new-build, you'll most likely pay a percentage of the total through a series of stages; a deposit, then a % of the total through staged payments.

	Deposit	Stage 1	Stage 2	Stage 3	Stage 4
Due Dates					
Local Currency Due					
Local Funds					
Total Local Currency Needed					
Exchange Rate					
Sterling Due					
Target Rate					

1. The time to start planning your strategy is the minute you being seriously planning to purchase property abroad as that way you are always in control and can make the most savings. When you have a contract outlining your payment plan, make sure you get a breakdown of all payments due and fill in the various stage '**Due Dates**' along with the amount due (in the local currency – e.g. Euros) in the '**Local Currency Due**' section. Remember to add in any *extra* fees for solicitors or the tax man that are charged in addition to what the developer/agent puts forth.
2. A good way to reduce your currency risk is to borrow funds in the local currency if you are considering a mortgage. Determine if you intend to get any money in the local currency during any stage of the development (i.e. a loan or mortgage in Euros, CY£, US\$, etc.) and enter the amount under '**Local Funds.**'

Keep in mind that some countries do not have as sophisticated a mortgage system as we do in the UK and borrowing locally can be a slow and difficult process.

3. Subtract the 'Local Funds,' from the 'Local Currency Due,' and enter into '**Total Local Currency Needed.**'

4. With all your figures laid out in the top 4 rows, call Charles, Carl or Ann at **Smart** currency exchange on FREE Phone 0808 163 0102 to get an indicative rate for the currency you'll need to purchase.
5. Divide the 'Total Local Currency Needed,' by the Rate Smart Currency provides and this will give you the Sterling Amount due if, and only if, you buy at the rate quoted on the day. This will give you a ballpark figure on the cost of the property - if you were to buy it on the day of the quote.
6. While on the phone you'll want to discuss a '**Target Rate**' to aim for, trends, forecasts and previous performance of the local currency. You'll want to know if it has been strengthening or weakening. We can also discuss various strategies that you might benefit from.

Depending on your situation, we might recommend that you sit tight and wait for a bit OR right now may be the best time to reserve money, at today's rate, for a transfer at a later date – giving you peace of mind that you know the exact price your chosen property will cost you. Each situation is different and requires alternative ways to structure a strategy. The key is to know your options.

Recent Case Study

By way of example as to why speed can be important I recount the following.

I was organizing an overseas transfer for a client and he asked me to give him a ring later on that week. I did so and he explained that he wasn't able to book the transaction today as he had a slight problem with the mortgaging of his property.

I understood his problem and he was clear that the transaction was going to take place. I noted that the US\$ was in a strengthening phase and it made sense to reserve the US\$ at that time - for a small deposit.

For understandable reasons he deferred to the following week. In the space of three days the US\$ strengthened by 3.5%. This slight delay cost him £800. Needless to say, he now has a more comprehensive strategy in place and won't make that mistake again.

I cannot stress highly enough the need to be in a position to secure a preferential exchange rate quickly since 'outside events' can move exchange rates quickly and dramatically and it happens more often than people realize.

Since opening a currency account is free and only takes minutes, the time to do it is now so you are prepared and can discuss your personal requirement with one of our specialists.

The Right Currency Specialist

Whether you're buying your dream home for purchasing for investment purposes, **Smart** Currency provides a Currency Exchange and Transfer Service that has been created to specifically help all overseas property buyers and investors.

Smart Currency Exchange:

- **Saves you money.** On £100,000 exchange, **Smart** can **save you up to £4,000 by providing the absolute best rate** compared to using your own or high street banks.
- **Smart** Charges **NO Fees, NO Commission, NO Hidden Costs - GUARANTEED!**
- **Fast and easy money exchange** - All transfers are sent out with **24 hours** of receiving funds
- **Eliminates all bank receiving charges** to your designated overseas account*
- **Reduce the Risk of Your Property Price INCREASING** due to adverse currency fluctuations - (You can reserve money at today's rate and then purchase it later giving you **peace-of-mind** that your property price has stayed the same)
- **Smart Currency Exchange** is the UK's 1st and **ONLY** foreign currency exchange service that is **exclusively niched** for all overseas property buyers allowing you to work with a team that understands the overseas property market and relevant deadlines.
- **Smart Currency Exchange** is registered by Customs and Excise who issue a registered number **so that you know you are working with a legitimate and trustworthy company.**

* Euroland & US£

For a quote or more information on how you can get the absolute best exchange rate (on amounts from £1,000 to £1,000, 000+), please start by calling me, Charles Purdy, on our free phone number: 0808 163 0102

Or you can apply online 24 hours a day:

<http://www.smartcurrencyexchange.com/application.htm>

To understand how **YOU** can **SAVE money** download your FREE Educational Currency Report: <http://www.smartcurrencyexchange.com/freereport.htm>

For an easy, visual update on exchange rate movements, sign up today for your currency newsletter: <http://currencynewsletter.com>

For genuine feedback on our services view our client testimonials: <http://www.smartcurrencyexchange.com/testimonials.htm>

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