

Intergenerational lending.

Charlotte Grimshaw, Head of Intermediaries

I can't believe it's been nearly two years since we launched Joint Borrower Sole Proprietor to sit within our intergenerational and family assist proposition!

Since launch it's been consistently popular. We've received applications across resi, BTL, expat resi and expat BTL. It's working exactly as we intended: as a case-shaping tool to help families work together to come up with a solution that meets their needs.

I thought it might be fun to give you some insight into what we've seen so far.



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Some key insights.

20

Youngest
JBSP borrower

94

Oldest
JBSP borrower

£1.2m

Largest JBSP mortgage,
for an expat based in Italy,
for a resi mortgage.

1 to 4

Borrowers allowed on
each application.

Majority are

standard

residential cases, but our standard

**isn't
straightforward.**

Some cases we've helped shape.

70 year-old dad helping daughter

Daughter earning £21k plus child benefit can't afford £140k borrowing on a £390k purchase. Her father, aged 70, is able to use his pension income to be joint borrower with his daughter. We can do a 25-year term as we have no maximum age at this LTV (we cap at 90 if above 70%).



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Self employed mum helping both children at once

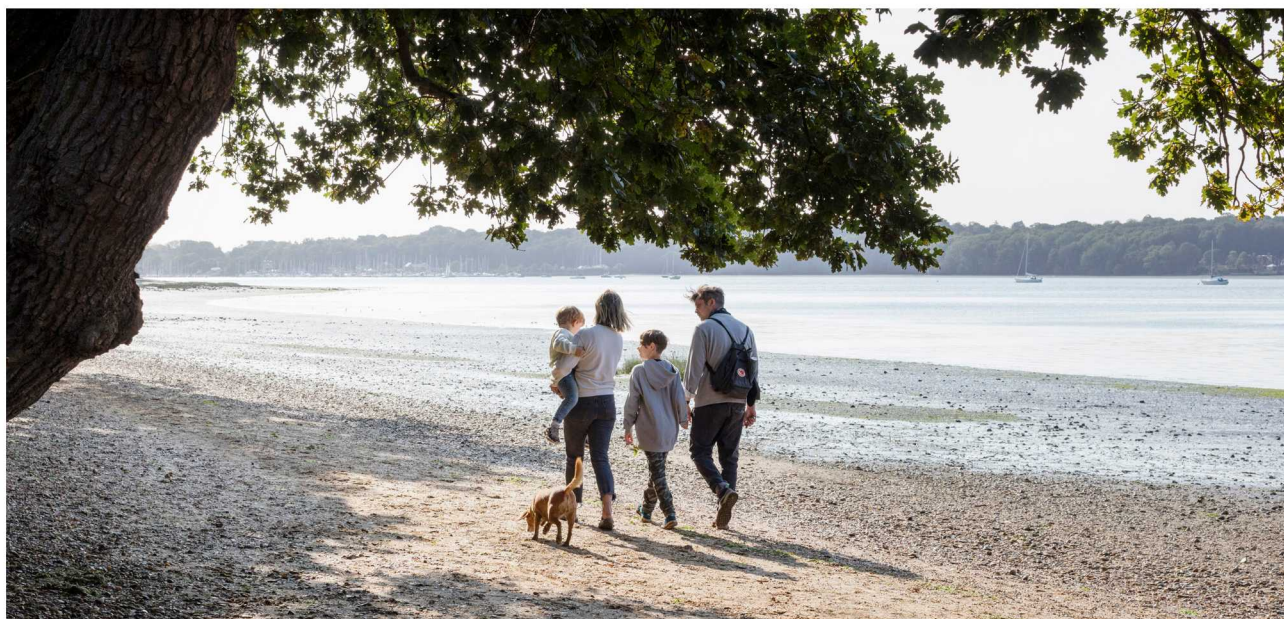
Son, 26, and daughter, 27, are both looking to purchase new homes. While they are employed earning good salaries, and have deposits, they need additional income to make required borrowing and affordability work.

Mum is happy to be joint borrower on both purchases. However, she's recently been made redundant and her self employed business is just 5 months old.

Mum has an invested pension fund in the background worth £2m. We're able to take 80% of the fund value and divide by the mortgage term and use that as income for affordability.

$£2m \times 80\% = £1.6m.$

Divide by 20 (for the mortgage term) = £80k p/a, then split between 2 mortgages = £40k p/a towards each child's purchase.



Why your customers might choose it.

Affordability – four borrowers, four incomes!

The obvious benefit is the boost in affordability as you're using more incomes towards affordability. Don't get me wrong, you have to still factor in commitments of those joining the mortgage to support, but the surplus income of those supporting goes towards helping affordability for the applicants named on the deeds. Not to mention the gross incomes of all applicants supports the LTI or BTL minimum income requirements too.

Stamp Duty

Because supporting family members are not named on the title deeds, they avoid legal ownership of the property and therefore don't impact any payable stamp duty. If they already own property themselves they'd instantly be looking at the additional rate stamp duty payment on a house purchase for example if they were a named owner of the property.

Life changes

This option isn't just for first time buyers. Family members experiencing divorce or separation may need the help of a family member in order to stay in their home, or move home. Likewise, those downsizing later in life, or retiring, may wish to boost their pension income with help from family. The non-proprietors can also live in the property too (unless they've gifted the deposit)!

Types of JBSP we'll do

Residential

Holiday let

4 borrowers in total
(2 proprietors)

BTL

Expat

2 borrowers in total
(1 proprietor)

Eligible family members

Parents, grandparents, children or siblings. We'll also accept step or adoptive close family members. Borrowers can come from a total of two households.

If we're up your street and you want to run through your JBSP case, we'll happily chat through the details over a cuppa – give us a call 0330 123 1073



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