Get more with First Start

Bank of Ireland UK
Intermediaries

First Start is our mortgage with a difference. It can help you increase your borrowing power, giving you a better chance of buying a home.

First Start uses a sponsor's income as well as your own to boost how much you can borrow. A sponsor can be a close relative (normally a parent or step-parent). This person is added to the loan as a co-borrower. A First Start mortgage is mainly used for first-time buyers but could also help if you've had a change in personal circumstances and need to buy a new home.

This is a co-borrower mortgage. You'd be borrowing together and would both be jointly and individually responsible for the monthly mortgage repayments and the total loan.

This guide will give you and your sponsor more details about how it works.

Your broker will help you both decide if it's right for you.

Buying a home?

An overview for applicants

First Start could help increase your borrowing power. If you're looking to get your first home, or buying somewhere after a change in circumstances, First Start could be right for you.

With more borrowing power comes more choice. This could be the difference between buying a property for the short term and a home you'll live in for years to come.

Want to help your loved ones buy their new home?

An overview for sponsors

First Start could be the ideal way to help your children or close relatives buy a home without having to contribute towards a deposit. It uses your income, along with the salary of the person you're sponsoring to work out how much they can borrow.

As a sponsor, you'll still be jointly responsible for the monthly mortgage payments and total loan.

It's up to you whether you're named as a joint owner. Your financial and legal advisers will be able to help you work out what's best for you.

More borrowing power

Applying on your own

The first table below gives an example of what you could borrow on your own. The second table shows what you could achieve by combining your income with a sponsor.

Borrowing power on your own
As a single applicant you could borrow £112,500

Applicant Income 1	Applicant Income 2	Borrowing Power
£25,000	£0	**£112,250**

Borrowing power with First Start
With the help of a sponsor you could borrow £336,750

Applicant Income 1	Sponsor Income	Borrowing Power
£25,000	£50,000	**£336,750**

Borrowing power increases by £224,500

As joint applicants

The first table below gives an example of how much two applicants could borrow. The second table shows what you could achieve by replacing one applicant with a sponsor.

Borrowing power with a partner
As joint applicants you could borrow £269,400

Applicant Income 1	Applicant Income 2	Borrowing Power
£32,000	£28,000	**£269,400**

Borrowing power with First Start
With the help of a sponsor you could borrow £500,000

Applicant Income 1	Sponsor Income	Borrowing Power
£32,000	£80,000	**£500,000**

Borrowing power increases by £230,600

These examples are based on incomes without any debts or commitments. Your situation might be different. An affordability test will decide how much you can borrow based on what you earn and owe.

The sponsor: A close relative, normally a parent or step-parent. This person is added to the loan as a co-borrower.

The applicant: The person looking to buy a house – often a child of the sponsor.

Key features

- Borrow up to £500,000
- A minimum 5% deposit is needed towards the purchase price
- We can only accept a Direct Debit from one bank account. You'll both need to agree how much you pay if you split the payment
- Affordability is worked out using the combined incomes of the sponsor and the highest earning applicant.

Applicant

- You'll need to earn a minimum of £20,000 per year
- You cannot be older than 75 years of age at the end of the mortgage term
- You cannot own any other property at time of completion. This includes any investment property.

Sponsor

- You'll need to be between 18 and 60 years old when the mortgage is taken out
- You cannot be older than 80 years of age at the end of the mortgage term
- You'll need to be earning a minimum income of £30,000 per year
- You must be a residential homeowner living in the UK.

Important information for the sponsor

It's important to remember that you're both jointly and individually responsible for the monthly repayments, as well as the total loan.

If the mortgage falls into arrears (money owed that should have been paid earlier), you'll be responsible for the debt and any missed payments. This could have a negative effect on your credit rating.

As a co-borrower, the First Start mortgage will be used in future affordability calculations. This will be considered if you need to re-mortgage your own home or move home with the help of a mortgage. Your broker can provide more information on this.

Ownership options

First Start allows the sponsor to choose whether to be a joint owner of the property or not.

The sponsor must get independent legal advice to decide whether to be a joint owner or not. This should be done before the mortgage completion.

If the sponsor chooses to be a joint owner, they'll be registered as a property owner at the Land Registry. You'll have to pay 3% on top of stamp duty land tax rates on additional residential homes.

We highly recommend independent financial, legal and tax advice is taken.

What is independent legal advice?

Independent legal advice is when a solicitor only looks after your legal interests, not anyone else's.

For a First Start mortgage, we'd need evidence that the sponsor has had independent legal advice.

The solicitor giving the independent advice needs to be:

- From a different law firm than the conveyancing (transfer of home ownership) solicitor.
- Or, from the same law firm but at the same professional level as the conveyancing solicitor.

For example, if the conveyancing solicitor is a partner of the firm, then the advice needs to come from another solicitor who is also at partner level of the same firm.

What about tax?

Tax can be confusing. We'd suggest getting independent financial advice on the following:

Stamp Duty: This is paid when buying a home. Not everyone has to pay this. For example, first time buyers in England and Northern Ireland have an allowance where they pay no Stamp Duty on properties under £425,000.

With First Start, if the sponsor choses not to be a joint owner, then the buyer can usually keep the first-time buyer allowance.

If the sponsor does choose to be a joint owner, they would be viewed as owning more than one residential property. This means an extra 3% would be charged on top of any stamp duty rates that need to be paid.

Capital gains tax: This is paid when you sell something for more than you bought it for. You only pay tax on the profit. For example, if you bought something like a painting for £5,000 and sold it later for £25,000, you've made a profit of £20,000. You'd only pay tax on the £20,000.

There are some things you don't have to pay capital gains tax on. Your main home is one of these. However, anyone selling an additional property may need to pay capital gains tax on profit made when it is sold in the future. This includes jointly owned properties which is why we'd suggest independent financial advice for the sponsor.

Inheritance tax: This is paid on the estate (property, money and owned items) of someone who's passed away.

An additional property would be part of an estate for inheritance tax. This includes jointly owned properties.

What if the sponsor wants to leave the mortgage?

What this means for the applicant

There may come a time when the sponsor wants, or needs, to be removed from the mortgage. If so, we would treat this as a re-mortgage with the usual costs. You'd need to meet our standard lending and affordability criteria to take on the mortgage yourself.

What other fees will I pay?

Our fees vary, but may include the following:

- For most of our mortgages, we'll charge a product fee. This can often be added to the mortgage or paid on completion.
- If you repay all or part of your loan before the end of a current fixed rate, we may charge you an early repayment charge.
- When you repay your loan, we'll charge you a lending fee.
- A fee is applied when we send money for your mortgage by CHAPS (Clearing House Automated Payment System).
- We may change our fees during your mortgage to reflect our costs, but we'll always keep you updated with any changes that could affect you.

Both you and the sponsor would need to agree for them to be removed from the mortgage. It's important to remember that you're both jointly and individually responsible for the monthly repayments, as well as the total loan.

What this means for the sponsor

If you want, or need, to be removed from the mortgage, both you and the applicant would need to agree. This would have similar costs to re-mortgaging.

The applicant(s) taking on the mortgage must meet our standard lending and affordability criteria before this could happen. Removing you from the mortgage could affect your tax situation and we highly recommend you get independent financial, tax and legal advice first.

Speak to your broker today to find out how First Start could give you more.

Get in touch if you want any of our documents in large print, Braille, on coloured paper or audio.

Your property may be repossessed if you do not keep up repayments on your mortgage.

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