

# First Start mortgages

Boost your customer's borrowing power

First Start boosts the borrowing power of first time buyers, by combining their income with that of a sponsor. First Start is also available to buyers who have been out of the property market for a while, or who need to buy a property on their own, for example if their personal circumstances have changed.

## More borrowing power

First Start takes the sponsor's income into account as well as the applicant's – boosting the overall amount that can be borrowed. Here's how:

### 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	<b>£112,250</b>

### 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	<b>£336,750</b>

More borrowing power = **£224,500**

### 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	<b>£269,400</b>

### 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	<b>£500,000</b>

More borrowing power = **£230,600**

These examples show how First Start works. Each customer's circumstances will determine how much they can borrow.

**The sponsor:** A sponsor is a close relative, normally a parent or step parent, who is added as a co-borrower.

**The applicant:** The buyer hoping to get onto the ladder - often a child of the sponsor.

## About First Start

Together, the sponsor and applicant can borrow up to 85% of the value of the property. It's available for purchases only on a repayment basis, up to £500,000.

Both parties are co-borrowers, making them jointly and individually liable for the monthly mortgage repayments, as well as the total mortgage loan.



## First Start criteria

### Here's our First Start criteria at a glance:

- ▶ Borrow up to £500,000
- ▶ Up to 85% LTV
- ▶ Maximum of four applicants, however, only the income of the sponsor and the highest earning applicant will be assessed
- ▶ Applicant 1 must be the sponsor
- ▶ Applicant 2 must be the highest earning applicant
- ▶ The sponsor's assessable minimum income must be at least £30,000
- ▶ The applicant's assessable minimum income must be at least £20,000
- ▶ Minimum age for applicant at application is 18
- ▶ Maximum age for sponsor at application is 60, and they must not exceed 80 years old at the end of term
- ▶ First Start is for residential purchases only, and repayment only
- ▶ The applicant can't have an interest in any other property at time of completion. This includes any investment property
- ▶ If a sponsor has any outstanding mortgages (excluding Buy to Let), you should deduct these as an annual outgoing
- ▶ Our mortgage deed is written to allow the property to be owned jointly or in a sole name. The choice depends on the applicant's circumstances. If the property is to be owned in a sole name, the sponsor not benefiting must seek independent legal advice before completion
- ▶ The sponsor must be a UK home owner and a close relative, normally a parent or step parent
- ▶ The sponsor and applicant will be jointly and individually liable for the total loan and repayments.

## Ownership options

- ▶ First Start allows the sponsor to choose whether to register as a joint owner of the property
- ▶ The sponsor must get independent legal advice before completion if they choose not to be registered as a joint owner. Legal and financial advice is highly recommended even if they choose to be a joint owner
- ▶ If the sponsor chooses to be a joint owner, they'll be registered as a property owner at the Land Registry
- ▶ An enhanced 3% stamp duty land tax is payable on second residential homes
- ▶ We highly recommend independent financial, legal and tax advice is taken in all cases.

## Tax considerations

### Stamp duty land tax

Sponsors who decide to be a registered owner at the land registry, will need to pay an extra 3% in stamp duty.

### Capital gains tax

Anyone selling an additional property may need to pay capital gains tax on any profit. This includes jointly owned properties.

### Inheritance tax

An additional property will form a part of a deceased estate for inheritance tax purposes if jointly owned.

## Support

- ▶ First Start affordability calculator
- ▶ Customer facing brochure
- ▶ Lending criteria lookup tool
- ▶ Award winning online application system
- ▶ Experienced team of Business Development Managers to answer your queries.

Head over to [boi4i.com](https://www.boi4i.com) to learn more about First Start.

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We're here to help, call us on 0345 266 8928. Lines are open 9am - 5pm Mon to Fri. Calls may be recorded for training and monitoring purposes. Calls cost no more than calls to geographic numbers (01 or 02). Calls from landlines and mobiles are included in free call packages.

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