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Joint Mortgage Sole Proprietor

Customer Brochure

At Newcastle Building Society, helping people own their home is one of our biggest priorities.

We are committed to providing products and services to support you, our valued customer, in making home ownership a possibility.

Our Joint Mortgage Sole Proprietor (JMSP) could help you get onto the property ladder or even purchase a home later in life or following a change in circumstances, by using the income of a family member to increase your borrowing capacity (subject to affordability checks).

This brochure provides detail as to how our JMSP mortgage will work and how this will benefit you.

What is a Joint Mortgage Sole Proprietor mortgage?

JMSP uses the income of a family member in order to increase your borrowing capacity. By combining both your income and that of a family member, you can borrow more.

Our product means children can utilise the income support of their parent and vice versa meaning that by combining family income in the short term it will potentially enable more borrowers to achieve home ownership.

Our JMSP allows one family member to be added to the mortgage in order to support a single occupying borrower meaning there can be two borrowers named on the mortgage. The ownership of the property however would be solely in the name of the occupying borrower – the non-occupying borrower would not be named on the property ownership at all.

For the avoidance of doubt a family member is defined as a close family relative, normally a parent or step parent.

Key Features of a Joint Mortgage Sole Proprietor mortgage

- Available on residential properties only – excludes Buy to Let properties.
- Borrow from £25,000 to £3,000,000 (subject to loan to value restrictions and affordability checks).
- Max loan to value (LTV) 80%.
- Minimum age for either borrower is 18 years.
- Affordability is calculated using both the incomes of the occupying borrower and non-occupying borrower.
- Any ongoing financial commitments (including existing mortgage repayments) will be deducted from any affordability assessment.
- Capital and repayment mortgages only.
- Any extra borrowing on top of your original mortgage can only be used for home improvements. You cannot use it for debt consolidation.

Who could this mortgage be right for?

Some examples of who this mortgage could be right for are:

- First time buyers who need the support of a family member to get onto the property ladder.
- Older borrowers whose circumstances have changed and require the support of a family member to continue to live independently.

Please note that this list is not exhaustive.

There can be a maximum of two borrowers named on the mortgage including the non-occupying borrower, however this person should not reside in the property.

We will lend you up to 80% LTV (subject to affordability).

Who is listed as the legal owner of the property?

Only the occupying borrower will be listed as the legal owner on the title deeds.

Who's name will appear on the mortgage?

The names of both the occupying borrower and the non-occupying borrower will be listed.

Independent legal advice

Both the occupying borrower and non-occupying borrower are jointly and equally responsible for the mortgage. This means that if any party can't pay the mortgage for any reason, then both the borrower and non-occupying borrower are entirely responsible for both a) the mortgage repayments and b) repayment of the entire mortgage balance. Joint responsibility also extends to ensuring that there is a suitable buildings insurance policy permanently in place and also general maintenance and upkeep of the property.

By being part of any mortgage, your borrowing capacity may be affected and depending on circumstances, there may also be implications to Capital Gains and Inheritance tax amongst others.

It is therefore recommended that the non-occupying borrower seeks independent financial and legal advice prior to taking out the mortgage. The Solicitor appointed should not be the same Solicitor responsible for the conveyancing work on the property. Any costs incurred for this advice would be payable by the non-occupying borrower. This will be a condition of the Mortgage Offer.

What happens if there is a change in circumstances?

If your circumstances change and you wish to remove the non-occupying borrower from the mortgage then we will happily consider any requests.

Any requests to remove/change the non-occupying borrower from the mortgage will be considered providing the application meets with our lending criteria. In the circumstance where the non-occupying borrower is removed altogether, then the remaining borrower must be able to demonstrate they are able to afford the loan in their own right. A fee may be charged to cover our administrative costs.

Important things to consider

Both the occupying and non-occupying borrower are both jointly and equally responsible for both the entire mortgage borrowing and the full monthly repayments. This means that we can enforce our rights against both of you individually or collectively.

Therefore it is advised that you consider the following points before making an application for this type of mortgage.

- The non-occupying borrower will not be living in the property or classified as an owner of the property. However they will be named on the mortgage and therefore will have full responsibility over the mortgage borrowing.
- As the mortgage is a long term commitment, both parties need to be comfortable that any material changes to your financial circumstances will not impact on your financial ability to support this or any other borrowing.
- This financial commitment will appear within any future credit searches.
- Any changes to either borrower's circumstances does not remove their full financial liability towards this mortgage. This includes and is not exhaustive to:
  - The death of the occupying borrower will result in the non-occupying borrower continuing to have full responsibility to make mortgage payments until the property is sold.
  - If either party loses their job or reduces their income then any shortfall is the responsibility of the other borrower even if that is the non-occupying borrower.
  - Changes to health which may impact on the occupying borrower being able to make repayments will fall to the responsibility of the non-occupying borrower or vice versa.
- Any family dispute that may occur between the two parties does not subsequently mean that the responsibility to ensure payments are maintained is removed.

YOUR MORTGAGE WILL BE SECURED ON YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Want to talk to us? Call us on 0345 601 5533.

Lines are open Monday to Friday, 8 am to 6 pm