

Buy for University on a Joint Borrower Sole Proprietor Basis - Important information

Essential Requirements for Students

- You'll have at least one full academic year left on your course when the mortgage begins.
- You can purchase a property up to one year in advance of the start date of your course provided you can show us your acceptance offer.
- You must live in the property.
- You must be a UK resident and at least 18 years old.
- The property you wish to buy must be in England or Wales.
- The property you wish to buy must be within 10 miles of the University you are studying at.
- The property must have no more than three bedrooms and no more than three occupants including you.
- If you are renting any rooms, tenancies must be granted under an Assured Shorthold Tenancy Agreement.
- The property mustn't be an ex local authority flat, a studio flat that doesn't have a separate bedroom and bathroom or any flat in London.

Essential Requirements for all parties

- The maximum loan is £400,000 and the minimum is £90,000.
- The actual amount you can borrow will depend, among other things, on the rental income that will be received if you are letting rooms within the property.
- Where there is insufficient rental income to support the mortgage, we'll consider the income of the family member(s) supporting you as a joint borrower but not a proprietor (owner), after deduction of their financial commitments.
- We'll lend up to 100% of the value of the property, and for loans greater than 80% of the value of the property being purchased, we will also need one of the following:
 - Security through savings (Cash security): this allows the supporting joint family member(s) to use their savings to help the occupying borrower without having to 'give' the money to them;
 - Security through property (Collateral security): this allows the joint family member(s) to help even if they don't have spare cash but do have equity in their home; or
 - A combination of options 1 and 2 is available. The minimum amount of each security option is £5,000.

The security noted in the examples above can be used to make up any shortfall (loss) that arises when the property is sold. There are also other circumstances which allow the Society to exercise its rights over the security provided. These will be made clear in the mortgage offer conditions and explained to you by the Solicitor providing legal advice.

Terminology Explained

Joint Borrower not a Proprietor – The mortgage will be in your joint names (student and family member(s)) meaning you'll all be responsible for the mortgage payments. Only the occupying borrower (the Student) will be named on the property title at the land registry (as the owner). It'll be a condition of the mortgage that all parties to the mortgage obtain independent legal advice so that you're aware of your responsibilities and rights and what might be involved should there be a change in circumstances.

Cash Security: Cash Deposit Guarantee – The joint family member(s) deposit cash in a specifically designed deposit guarantee account with the Society. The cash deposited must be equivalent to the difference between the amount being borrowed and 80% of the value of the property to be purchased. The account must be in the names(s) of the family member(s) who have provided the guarantee. The cash security agreement will be prepared and registered by the borrower's solicitor. The cash held in the account won't be used to make the monthly mortgage payments but would be called upon to make up any shortfall if we had to repossess the property and when sold the proceeds are less than the mortgage debt plus any costs. This liability is limited to the amount of the cash held in the Deposit Guarantee Account. The cash is at risk if you don't keep up repayments on the mortgage.

Collateral Security: Property Deposit Guarantee – The joint family member agrees to some of the equity in their residential property being used as security. They would do this by giving what is called 'a legal charge' for the amount of the deposit guarantee required which means the Society would have specific legal rights over the family member(s) residential property. The amount of the charge will be limited to the value of any loan amount in excess of 80% of the purchase price and will be prepared and registered by your solicitor. Property provided as security may be repossessed by us to recover the debt if you go into arrears on your mortgage payment and we have to repossess the mortgaged property and the proceeds are less than the mortgage debt plus any costs. This liability is limited to the amount of the property deposit guarantee. The family member's home is at risk if you do not keep up repayments on the mortgage.

Release Conditions for the Deposit Guarantee

The maximum mortgage term allowed for this product is seven years. If you want to release the deposit guarantee commitment earlier, this can only be done if;

- a) The mortgage debt is repaid in full; or
- b) A formal request is made on the basis that the release conditions set out in the Agreement and repeated below have been satisfied in full;

I. The borrowers are not in breach of their mortgage terms and conditions; and

II. All monthly mortgage payments have been made in full when due in the previous six months; and

III. The amount of the mortgage debt does not exceed 75% of the open market value based on the valuation undertaken at that time by the Society's valuer.

What happens when you finish your course?

The Buy for Uni mortgage is designed specifically to enable a student to take ownership of a property while studying. The maximum term allowed under the Buy for Uni Mortgage is seven years. Once your studies come to an end, what you do next will affect the mortgage. Whether you intend; keeping the property as your personal residence without tenants, continuing to live in the property with tenants or moving out and converting the mortgage to a Buy to Let you will need to contact us to confirm your decision. The potential options available will depend on individual circumstances.