

How does a First Start mortgage work?

A First Start mortgage is a joint mortgage between two or more applicants, including a 'sponsor'. All applicants are considered 'borrowers'. Usually, a sponsor is a close relative like a parent, step-parent, or grandparent, but other relationships may be allowed.

The sponsor's income increases the borrowing capacity for the mortgage. Each borrower is jointly and individually responsible for paying the mortgage. This means the sponsor is not a guarantor.

How does the property ownership work?

We'll tell you in our offer which Mortgage Deed (Standard Security in Scotland) you should complete. All our conveyancing documents, including our deeds, can be found at bankofirelanduk.com/legal-documents

All applicants, including the sponsor, must be named as a 'borrower' on the deed.

The sponsor can choose to either:

- ▶ Jointly own the property with the other borrowers, or
- ▶ Not own the property.

If the sponsor wants to be a named owner, they must be named on the deed as a 'mortgagor' with the other borrowers. If they don't want to be a named owner, they must only be stated as a 'borrower'. Where the property is to be owned by all borrowers, you don't need to tell us whether this is as joint tenants or tenants in common.

The special mortgage conditions in our Offer of Loan will state if the sponsor is to be an owner of the property or not. You should tell us straight away if these details are wrong.

Is independent legal advice needed?

The choice regarding ownership is for the borrowers to make. In all cases, we strongly recommend that borrowers seek independent financial, legal, and tax advice to understand the nature and practical implications of the mortgage, including any inheritance tax and capital gains tax implications.

If a sponsor doesn't want to be a named owner of the property:

- ▶ The sponsor must receive independent legal advice before the mortgage can be completed.
- ▶ A different solicitor within your firm can act separately for the sponsor. This solicitor must be of no lesser standing within the firm than the solicitor completing the conveyancing work.
- ▶ We'll need a letter from the sponsor's solicitor confirming that they've given independent legal advice to the sponsor and that the sponsor has decided to proceed with the mortgage. We must receive this letter before the mortgage can complete.

Can the sponsor be removed from the mortgage after completion?

If the sponsor no longer wants to be on the mortgage, the remaining borrower(s) must apply to us to remove them. We can only remove a sponsor if the remaining borrower(s) meet our lending criteria at the time of application.

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