

the tipton's learning hub

Joint Borrower Sole
Proprietor mortgages





Joint Borrower Sole Proprietor mortgages

JBSP mortgages are considered as niche lending, meaning a limited number of lenders are likely to offer these products.

Joint Borrower Sole Proprietor (JBSP) mortgages can help clients who may struggle to meet mortgage affordability requirements on their own. This is done with the support of a parent or sibling on their mortgage application.

The parent or sibling supporting the mortgage, will not be added to the title deeds, which means that your client will have sole ownership of the purchase property. Furthermore, this also means that parents who already own their residential home, will not have any further implications in relation to Stamp Duty which may have occurred if they did have to appear on the deeds.

So, what is the difference between a joint mortgage and a JBSP mortgage?

A joint mortgage is where clients borrow money to buy a home with someone else like their partner, or a friend or relative. Both parties are then liable for the mortgage payments and both also have a legal claim to ownership of the property. However, for a JBSP mortgage, the other person, typically the parent, accepts joint responsibility for making mortgage payments but has no legal claim to the property.

The benefits of having a JBSP mortgage is that it gives clients a better chance of getting onto the property ladder, and they are able to move out into a new home with the support of a parent or sibling, without the parent or sibling actually owning the property. However, there are also risks to having a JBSP mortgage the most prominent to note is if the homeowner does not pay the monthly payments, the non-owning party whose name is on the mortgage is still liable for making the payments.



JBSP Mortgages at the Tipton:

Our Joint Borrower Sole Proprietor mortgages are accepted for applicant/parent or sibling relationships. The intention must be with the parent(s) or sibling to support the applicant(s) as a short-term solution until the applicant(s) is in a position financially to take over the mortgage as normal.

Sibling supported applications are only permitted where the sibling is an existing homeowner.

Where the child wants to support the parent in reverse JBSP cases, we will consider these applications on a case by case basis.

Things to consider with The Tipton's JBSP mortgages:

- We will require all borrowers to take separate and independent legal advice as part of the conveyancing process;
- Due to the nature of the agreement, the Mortgage Deed must be signed in front of a Solicitor who is acting as the conveyancer, and this must be completed on a face to face basis.
- In the future, should one of the borrowers wish to be released from the mortgage, this will require approval from the Society and be reliant on the mortgage being affordable by the remaining parties.
- In the Society's affordability calculation, additional parties outgoings will be taken into consideration.



the tipton: a case study

Case Study 1:

Mr S was looking to support his daughters first purchase following her graduation from university.

Mr S was retired but had substantial retirement income to support this new purchase, but as he already owned his own residential property wanted to proceed on a JBSP to reduce the stamp duty levy which would apply if he was also party to the deeds.

They had a £350,000 deposit, and a mortgage of £305,000 was agreed in joint names on an interest only basis.

Case Study 2:

Miss M was looking to purchase a new property but had recently started her own business and did not have adequate proof of income to support a mortgage in her own name.

Her parents, Mr & Mrs were professional landlords and happy to support the application on a JBSP basis.

A £131,000 mortgage was agreed over 25 years, 49% loan to value in all three names.

Discussion

To find out more, call our Business Development Desk on **0121 521 4000**, email us at **newbusiness@thetipton.co.uk** or visit our website at **www.thetipton.co.uk/intermediaries**