



# Family Step Mortgage Guide

What you need to know as  
a borrower or  
family supporter



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### We've got a mortgage solution to support a younger generation to step on or up the property ladder.

Many young people are still living at home or struggling to pay expensive rent whilst saving to get a place of their own.

The average property price in the UK is £218,255\* which means for most, they need to source a large deposit to keep their monthly costs manageable.

Our Family Step mortgage allows family members to secure their savings or property to allow the borrower access to a mortgage without a deposit and with lower monthly payments.

\*1 HM Land Registry UK House Price Index (HPI) for January 2017  
\*2 Council of Mortgage Lenders (2015) The challenge facing first-time buyers.

# £218,255<sup>1</sup>

is the average UK property price leaving borrowers needing to raise a minimum deposit of £10,912 for a 95% mortgage.

By 2020, only

# 25%<sup>2</sup>

of 30 year olds will own their own home.

### What are the benefits?

#### For the buyer, getting a helping hand from your family helps you:

- Reduce your monthly payments as our Family Step interest rates are lower than our conventional First Time Buyer products.
- Increase your property spend meaning you can get a property that fits your needs.
- Get on to the property ladder without a deposit.

#### For the family members, it helps you:

- Support your next generation onto the property ladder.
- Use your property or savings assets as security to support the buyer.
- Retain ownership and earn interest on your savings.
- For some (or so we've heard)... get them out of your house!
- The charge will be released when the mortgage amount is less than or equal to 80% of the purchase value or after ten years if the loan at completion was 95% or less.



### Why would you choose the Family Step mortgage?

Our Family Step mortgage offers an opportunity to reduce the time you spend in rented accommodation or living at home saving for a deposit. It's ideal if you:

- Have no deposit or have just a little bit saved in the pot!
- Are looking for a competitive mortgage rate
- Have family members with savings or a property (with the mortgage paid off) who are willing to help
- Are looking for a flexible way to purchase your next or first home.



## Who can apply?

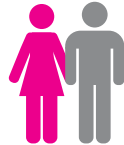
Here's some of the things you need to know if you're looking to be a borrower or a family supporter...

### The Borrower



- ✓ For first time or home movers
- ✓ This is not an offset mortgage
- ✓ Sole or joint applicants allowed
- ✓ Minimum age 21
- ✓ Up to 100% mortgage
- ✓ Property in England or Wales
- ✓ Affordability evidence to support monthly payments
- ✓ No credit scoring

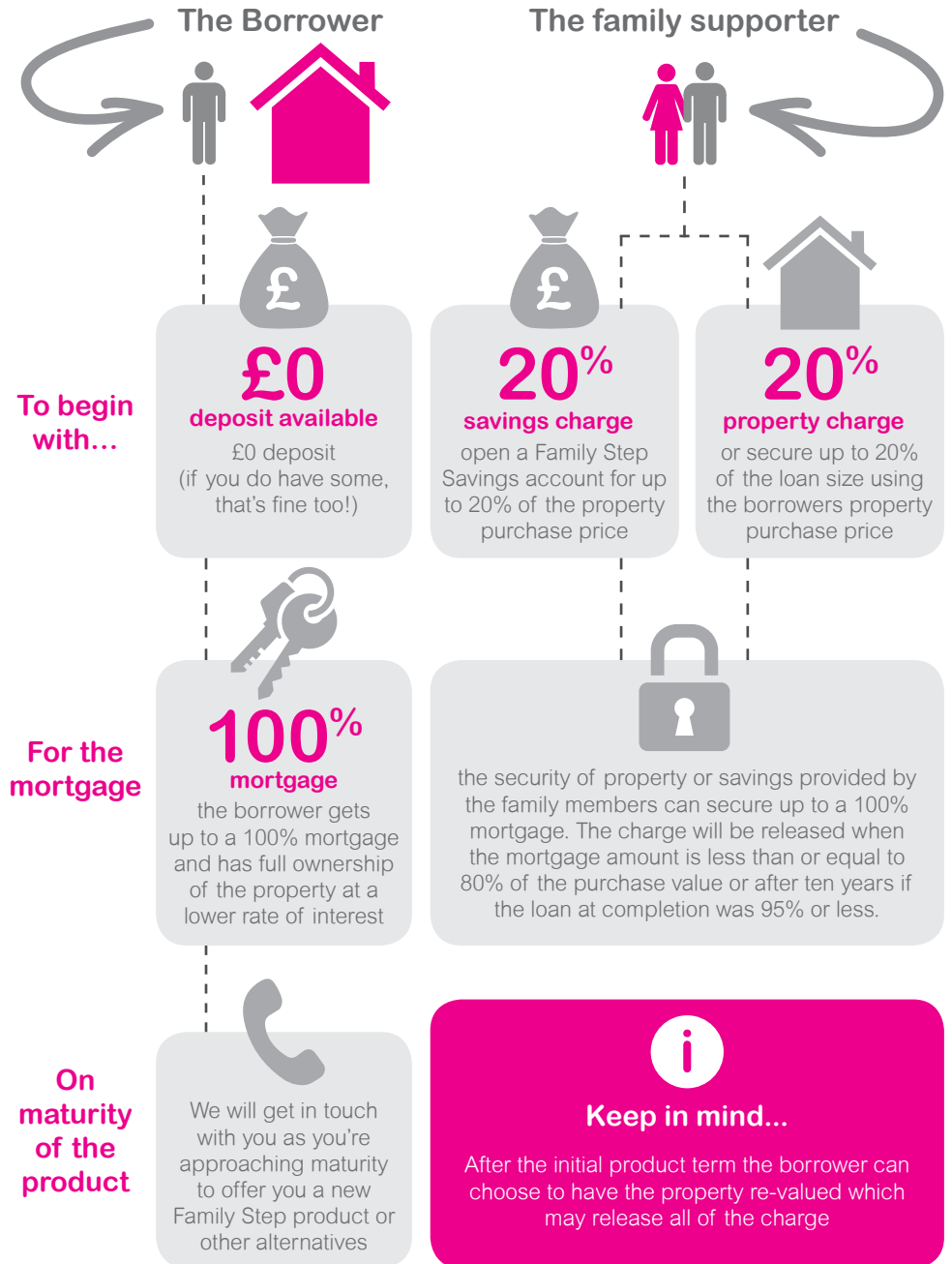
### The family supporter



- ✓ No maximum age
- ✓ This is not an offset mortgage
- ✓ If you're using savings, you'll need to open our Family Step Savings Account(s) with the money you're looking to secure. (Please note, you will earn interest on your Family Step savings)
- ✓ If you're using property, you need to have your mortgage paid off in full
- ✓ You'll need to get independent legal advice as part of the process

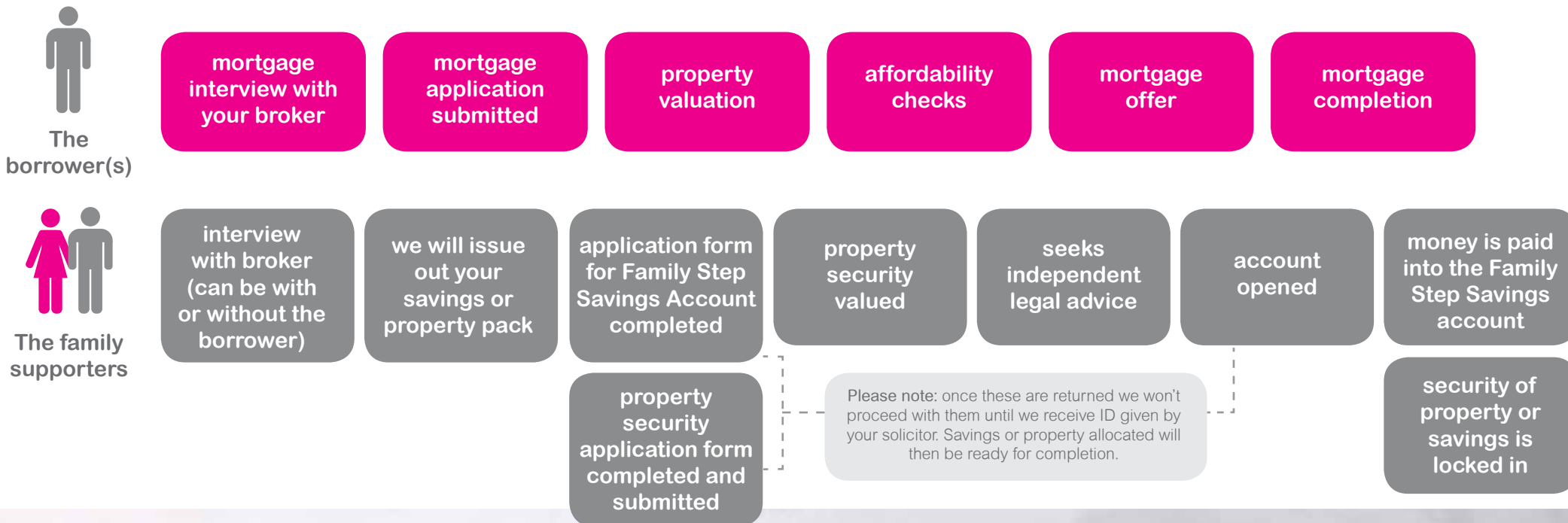


## How does it work?



## How do I apply?

Here's some of the things you need to know if you're looking to be a borrower or a family supporter...



“ We wanted to provide more opportunities for First Time Buyers to step onto the property ladder. Our Family Step mortgage allows up to four family steppers, who may be parents or grandparents the opportunity to assist their relatives in becoming homeowners. ”

Rob Pheasey,  
CEO Marsden Building Society



## FAQ's

### Will Family Supporters get information about the conduct of the mortgage account?

Whilst the charge on savings or property is in place, the Family Supporters will receive communications and information relating to the mortgage account and its conduct, including copies of the annual mortgage statement and any information relating to mortgage arrears or possession proceedings.

### What is the Family Supporters' liability?

The Family Supporters will be liable for any shortfall in the event of repossession and sale of the mortgaged property up to the maximum amount of the charge on savings or property. The charge is capped and covers any shortfall that the borrower owes (including charges and costs) following the sale of the property. The charge (if property) also covers the cost associated with using the rights you have given us over your property in the event that we need to enforce the charge.

### What is the borrowers' liability?

The borrowers are liable for the full mortgage balance outstanding plus interest, expenses and costs.

### What happens if the value of the mortgaged property changes?

The charge on savings or property must remain in place until the mortgage balance represents 80% or less of the property value. If during the mortgage term, the borrowers or the Family Supporters believe that the property value has increased or that the outstanding balance on the mortgage now represents 80% or less of the property value, you can ask the Society to revalue the property.

A valuation fee will be payable by either the borrower or family supporter.

If the valuation confirms that the outstanding mortgage balance is 80% or less than the property value, the Society will release the charge on savings or property as appropriate. There is no charge for the release.



### Frequently Asked Questions

We understand you'll have a lot of questions, please get in touch for more information on

**01282 440500**

### What if the borrower's circumstances change?

A mortgage is a long term commitment so it is important that all borrowers consider how their circumstances might change in the future, for example illness may affect the ability to make repayments.

If the borrowers think they might not be able to make a repayment, or have already missed a payment, they should contact Lending Services as soon as possible on 01282 440500 to discuss the options available.

Family Supporters will not be expected or asked to make any repayment of arrears, although they will be liable for the amount of any shortfall in the event that the mortgaged property is repossessed and sold, up to the amount provided by the charge on savings/property.

### What happens if the Family Supporter dies?

If the family supporter dies, their estate would be bound by the charge on savings/property. To release the charge, the mortgage would have to be reduced to a level where the balance outstanding is equal or less than 80% of the property value or alternatively the mortgage be repaid in full and a new charge on savings/property be put in place by a Family Supporter.

The charge on savings/property may affect the value of the Family Supporter's estate and independent legal advice must be obtained before providing the charge. It is also strongly recommended that family supporters seek independent financial advice.





## Additional Information where the Family Supporter provides a charge on their savings...

### Will the Family Supporter receive interest on their savings whilst it is used to help the borrower(s)?

Yes, whilst the savings are retained by the Society, the Family Supporter will receive interest which will be paid to their nominated bank account. Please see the Family Step savings account terms and conditions, which details the current interest rate. If interest rates change, the Society will notify the Family Supporters of the change.

### Can the Family Supporter access their savings?

No, once the mortgage has completed, the Family Supporter is unable to access their savings until:

- the mortgage balance is 80% or less of the mortgaged property value
- the borrower repays the mortgage in full or
- 10 years has elapsed since completion of your loan and the LTV at the time of completion was less than 95%

### How much can the Family Supporter deposit?

The maximum amount the Family Supporter can put in the account is the total amount of support they are providing to the borrowers, i.e. up to 20% of the mortgaged property value. It is not possible to add to or reduce this amount whilst it is being used to support the borrowers.

### Are the Family Supporter's savings protected by FSCS?

Yes, your savings with the Society are protected by the Financial Services Compensation Scheme (FSCS). Please see the FSCS Information Sheet for further information.

### Are the Family Supporter's savings at risk?

A Family Supporter will not be expected or asked to make any repayment of arrears, although they will be liable for any shortfall in the event of repossession and sale of the mortgaged property, up to the amount in the Family Step Savings Account.

### What if the Family Supporter's circumstances change?

Family Supporters will only have access to their savings in the circumstances described in the question above.



## Additional Information where the Family Supporter provides a charge on their property...

### I am willing to be a Family Supporter by providing a charge on my residential property, what do I need to do?

Once you have made the decision to help the borrower buy a property, you will receive a Family Step Supporter mortgage application form. You should complete the application form and nominate a solicitor or licensed conveyancer to provide you with independent legal advice and go through the documentation with you.

The Society will arrange for your property to be valued and on completion of the borrowers' mortgage, a collateral charge will be registered over your property.

### What equity must the Family Supporter have in their property to be able to provide a collateral charge?

The collateral charge must be secured by a first legal charge on the Family Supporter's residential property. The Family Supporter cannot have any other loan secured against their property and the collateral charge must not exceed 50% of the value of the property.

### Can the Family Supporter sell or borrow money whilst the collateral charge is in place?

As the Family Step Mortgage is not portable, if the Family Supporter's property was to be sold, the Family Step Mortgage would need to be repaid. Alternatively the Family Supporter could request that the collateral charge be transferred to an alternative residential property in their ownership or provide a charge on their savings.



# Get in touch



## Online

Visit us at [www.themarsden.co.uk/familystepmortgage](http://www.themarsden.co.uk/familystepmortgage)



## By phone

Call us on 01282 440500\*



## By post

Write to us at Principal Office,  
6-20 Russell Street, Nelson BB9 7NJ

FOR THE BORROWER YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.  
THE FAMILY'S RESIDENTIAL PROPERTY MAY BE REPOSSESSED IN THE EVENT THAT THE BORROWERS PROPERTY IS  
REPOSSESSED, SOLD AND A SHORTFALL ARISES.

Marsden Building Society is a member of the Building Societies Association. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 206050. Principal Office, 6-20 Russell Street Nelson Lancashire BB9 7NJ. \*Calls will be recorded and may be monitored. 626-18