

Getting the nation's first-time buyers moving.

When a client is looking to buy their first home it is important they are aware of all the options available so they can make an informed choice. Nationwide accept a range of low cost affordable housing and government backed schemes including Shared Ownership and Equity Share.

Shared Ownership

Shared Ownership allows your client to buy a share in a property under a lease, usually from a Registered Social Landlord, who will own the remaining share. The client will then normally pay rent to the other party for their share of the property.

For Shared Ownership applications:

- Clients must purchase at least a 25% share of the property.
- Nationwide will lend up to 85% of the applicant's initial share of the value of the property.
- When assessing affordability, the shared ownership rental figure must be included as a monthly outgoing.

Example based on a 75/25 split

(25% owned by shared ownership landlord)

- Full price/value of £100,000
- Amount retained by shared ownership landlord £25,000
- Price/value of the share £75,000
- Maximum loan available £63,750 (85% of £75,000)
- Minimum deposit of 15% required – 15% is £11,250

Equity Share

An Equity Share mortgage allows an equity shareholder e.g. a builder or local authority to take a share in the equity of the applicant's property by way of a second charge.

For Equity Share applications:

- Nationwide require a 5% deposit of the client's share. This must come from one of the following sources:
 - Applicant's own resources
 - Gift from family or friends (the gift must not be repayable under any circumstance and have no conditions attached)
 - A combination of the above is acceptable
- There must be no requirement to repay the loan within 5 years and with no interest charged within this period.
- Equity share applications only accepted on a capital and repayment basis

- 3% of the equity share loan must be included as an outgoing when calculating affordability, example shown below:

$$£30,000 \text{ equity share loan} \times 3\% = £900$$

$$\div 12 = £75 \text{ monthly outgoing for affordability calculation}$$

Example based on a 75/25 split

(25% retained by equity shareholder)

- Full price/value of £100,000
- Amount retained by equity shareholder £25,000
- Reduced price of £75,000
- Minimum deposit of 5% of reduced price is £3,750
- Maximum loan available £71,250 (71.25%LTV)

Nationwide will only accept specific types of equity share holders. Visit our website for more information.

For more information contact your local BDM or visit www.nationwide-intermediary.co.uk



Guarantor mortgages

Helping your clients climb the housing ladder. That's common sense.

Here at The Mortgage Works we're all about common sense. We understand current market conditions can make it difficult to find the right mortgage, so we are offering a range of guarantor mortgages that could make all the difference when it comes to helping your clients get on the housing ladder, move home or remortgage.

What is a guarantor mortgage?

With a guarantor mortgage a close family member, or someone with a close long-term relationship to the applicant, agrees to act as guarantor. In addition to their own commitments, the guarantor must be able to prove that they can afford to cover the mortgage loan in the event that the borrower is unable to keep up with the monthly payments.

Key benefits:

- Full and Limited Liability options available
- Low deposit required from 15% (85% maximum LTV)
- Variety of products with arrangement fee options
- Annual 20% capital repayment allowance without incurring ERCs
- 2 and 3 year fixed and 2 year tracker options available.

Full Liability Guarantor Mortgage - the guarantor guarantees the full amount of the loan

Our range of Full Liability Guarantor Mortgages can make getting a mortgage more accessible. For clients who have a close family member willing to guarantee their mortgage, this could be the key to owning their first home.

Example

Simon wants to buy a property priced at £100,000. His parents can afford to guarantee the whole of his loan, so he qualifies for a Full Liability Guarantor Mortgage up to 85% LTV. His parents must be able to prove they can afford his entire monthly payments plus their own commitments.

Property price: £100,000

Deposit: £15,000

Simon borrows £85,000 (85% LTV)

Parents guarantee 100% of the loan

Limited Liability Guarantor Mortgage - only a fixed proportion of the loan is guaranteed up to a maximum of 40%

With Limited Liability products the borrower only needs to be able to afford a minimum of 70% of the loan themselves, rather than the full amount, and the guarantor guarantees the difference plus a further 10% of the loan.

Example One

Emma is looking to buy a house and can afford 70% of the total loan required. Her parents would like to help her and can afford to guarantee the difference of 30% plus the further 10%. Emma qualifies for a Limited Liability mortgage.

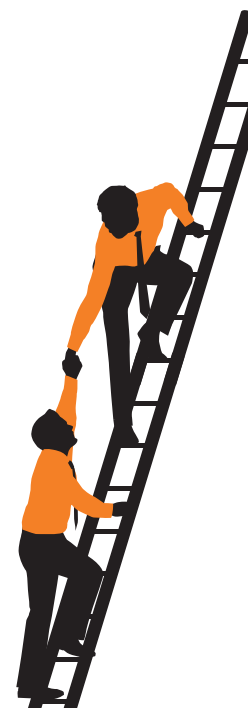
Property price: £120,000

Deposit: £18,000

Emma borrows £102,000 (85% LTV)

Parents guarantee 40% of the loan

These figures are examples only. The borrower is responsible for the entire loan/monthly payments. The guarantor is only liable in the event the borrower is unable to keep up with their monthly payments. They would only be required to pay the shortfall up to the maximum agreed percentage liability.



**For more information contact your local BDM
or visit www.themortgageworks.co.uk**

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common sense lending

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