

## Buy for Uni – Leaflet



University accommodation is a significant financial burden for parents with the average rent reported by Times Higher Education at £125 per week in 2017. Our Buy for Uni scheme offers an innovative alternative to paying rent by allowing the student to buy a home, with no deposit, renting out spare rooms in order to meet the mortgage interest payments. Parents support the arrangement by being a joint borrower on the mortgage and by providing additional security if necessary.

### Who is eligible?

Students in full-time higher education, who are aged between 18 and 30 in England or Wales, with at least one year left of their course.

### How does it work?

With a Buy for Uni mortgage the student borrower buys suitable accommodation in their own name with a mortgage of up to 100% of the property's value (or purchase price if lower). They rent spare rooms to friends and use the rental income to help meet the mortgage payments.

The mortgage is supported by the parents who will be joint borrower(s) and (where a deposit of at least 20% of the property value is not available) will provide additional security in the form of cash or a legal charge on property. You should note that parents are not a joint owner of the property which is in the student's sole name.

The arrangement has the potential to allow the student to live rent free, saving parents thousands of pounds in the process. It provides certainty of tenure and good quality accommodation. Of course the arrangement does carry some risks which we have set out in our 'Important Information for Borrowers' and 'FAQ' leaflet, available from branch or our website.

### What extent of parental support is required?

In all cases we require the mortgage to be in the joint names of the student and the parent(s) which means they are individually and jointly responsible for making the monthly mortgage payments and repaying the mortgage in full.

In terms of additional security there are several options to suit different circumstances.

- If at least a 20% deposit is provided, then no additional security is required.
- If less than 20% or no deposit is available, then the mortgage can be supported by either cash deposited in a Vernon savings account in the name of the parent(s) or a legal charge over the parent's own house.
  - If cash is provided then this needs to be equivalent to the amount of the loan that exceeds 80% of the value/price of the property being purchased.
  - If a charge over property is provided then this must be equivalent to the amount of the loan that exceeds 75% of the value/price of the property being purchased.

## Examples:

Property value	£200,000	£200,000	£200,000
Deposit	£0	£20,000	£40,000
Mortgage amount	£200,000	£180,000	£160,000
<b>Additional security required</b>	£40,000 cash deposit or a £50,000 charge over property	£20,000 cash deposit or a £30,000 charge over property	none

## When can the mortgage transfer into the sole name of the homeowner?

We could transfer the mortgage into the homeowner's sole name at a point where the mortgage is less than 80% of the property value and the borrower can demonstrate that they can afford the mortgage on their own in line with our affordability assessments at that time. An up to date valuation would be required at this time with the cost borne by the borrower.

## Restrictions on the property that can be purchased

The property must be in England or Wales. The minimum property value is £125,000 and our maximum loan is £400,000.

The property must be in good proximity to the university (typically 10 miles) with a maximum of 4 bedrooms. We will not lend on flats.

The maximum number of tenants is 3. We will not lend if the use of the property requires a mandatory House in Multiple Occupation (HMO) licence (see Q&A leaflet for further details).

## Is it right for you?

The advice we give to you during the application process is limited to the mortgage. We cannot advise you on the commercial viability of your proposal. There are risks involved and we have highlighted these through our in-depth Q&As and 'Important Information for Borrowers' leaflets which are available from our mortgage advisers or can be obtained from our website.

## To know more...

Drop in to your local branch or contact us on 0161 429 6262 for more information. Further details can also be found on our website.