



myerson

Myerson **Residential Property**

**Our guide to helping family
members purchase property**

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Welcome

Why Myerson?

At Myerson, we are experts in dealing with residential property. Putting our clients and their families at the heart of everything we do means we establish long term relationships across generations and act as trusted advisers.

As a Top 200 UK Law Firm, we are also proud to be ranked in many legal disciplines as '**Top Tier**' in the prestigious international directory **The Legal 500**, providing a truly bespoke and personal service.

Unlike others, our Residential Property Team don't deal in bulk conveyancing and we don't use automated systems or teams of conveyancers, to manage your file. This means that we can provide you with a personal bespoke service, tailored to your specific requirements.

Our service to you is prestige. We have a small, close-knit, team of qualified solicitors who have the knowledge and experience to advise and assist on a wide variety of residential property matters.



Helping Family Members Purchase Property

There are times when you may wish to help a family member buy a property. It may be that they are first time buyers who need a hand getting on the property ladder, or its part of your succession planning later in life.

This short guide looks at three common ways of financial assistance with property purchase.

- Making a gift;
- Granting a loan; and
- Obtaining a family assistance mortgage.



Making a Gift

Before making a significant gift to a family member you may want to consider whether this has an impact on future estate planning both for yourself and your family member to whom you are making the gift. Our highly experienced **Wills, Trusts & Probate Team** will be able to guide you through the considerations and options when it comes to tax planning.

To be a true gift, the money has to be given to the person (or people) buying the property without there being any agreement or intention that it is to be repaid in the future.

If the person you are gifting the money to is also getting a mortgage, the mortgage lender will often require a signature of declaration which states the intention of the gift.

The lender will need reassurance the gift is non-repayable and that, by making the gift, the person giving the gift is not seeking to claim any beneficial interest in that property.

A mortgage lender needs to be certain that, if they have to take possession of the property in the future, there are no others with a competing interest in the property.

If you are gifting a significant sum of money to a family member who is buying a property jointly (for example, you may want to gift money to your daughter to help her and her partner get on the property ladder) then you should consider also getting a Declaration of Trust.

A Declaration of Trust records financial contributions made towards the purchase and can ensure that, on sale or separation, your daughter gets the amount of the gift back before the remaining equity is split. We can assist you with this.



Granting a Loan

If the money you are providing towards a purchase is to be repaid in instalments, or as a lump sum on a particular date or trigger event, a loan agreement can be drawn up which illustrates the specific terms of the loan. This is something that we can draft for you.

The loan can be secured against the property as a legal charge which ensures that the property cannot be transferred or sold without your consent and/or without the outstanding loan amount being repaid in full. This provides added financial security.

Please be aware that if you are loaning money to a family member who is buying with the assistance of a mortgage, this will need to be disclosed to the lender and it may affect their decision to proceed with the mortgage.

The mortgage lender will require this as reassurance that, in the event of repossession and sale, that they will be able to recoup the money outstanding to them first before any other secured or unsecured loan.

There are risks to this – it may be that once the mortgage lender's charge has been repaid that there is insufficient equity left in the property for the loan to be settled in full.

Family Assistance Mortgages

In recent years, some mortgage lenders have introduced family assistance mortgages – these are sometimes called 'springboard' mortgage.

This enables a family member to transfer money into a specified bank account which the lender then uses as security for the mortgage. If the property owners' default on their mortgage, the mortgage lender can keep the money you put down as the security.

However, if the property owners adhere to the mortgage conditions and make their usual payments, the money held can be released from the security after a fixed period (e.g. three years).



You're in safe hands!

If you would like further information about how we can help you with **helping family members purchase property**, or if you have any questions, please don't hesitate to contact a member of our **Residential Property** team today.

Call: 0161 941 4000

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