

SECURITY THROUGH PROPERTY

<HOW IT WORKS>

The Wilson's Story

George Wilson is 55 years old and earns a reasonable income as a teacher. Now that his children are grown up, he wants to help them buy a first home but he doesn't have savings to spare for this. His step-daughter Christine graduated from university and moved back home to start saving towards her first flat.

23A BRACKLEY ROAD - VALUE: £150,000

Christine has saved £7,500, a 5% deposit toward buying the flat she's chosen. She wants to borrow £142,500.

George can't spare any cash but he does own his home. The Family Mortgage allows George to use some of the value of his home as security for Christine's mortgage. By doing this he can help get her a more favourable interest rate than she might otherwise be able to get.

George doesn't use the whole value of his home as security, just the £30,000 needed to secure Christine a better interest rate, by bringing the security account up to 25% in total.

Assuming Christine keeps her mortgage up to date, this charge on George's property comes to an end after 10 years. During these ten years, George takes on responsibility for up to £30,000, should the flat be sold for less than what Christine owes on the mortgage.

