Why Brokers Shouldn't Overlook JBSP Mortgages: 8 Benefits

Joint Borrower Sole Proprietor (JBSP) mortgages are a versatile solution to tackle some of the biggest challenges in the housing market today.

Despite their potential, they remain underutilised by brokers because of the complexity they bring to a case.

This article will dive into the reasons why brokers should pay attention to this mortgage type and how it can help deliver solutions to a wide range of borrowers.

8 Benefits of JBSP Mortgages

1. Addresses affordability challenges

With house prices fluctuating and becoming unaffordable for some buyers, many are struggling to meet the lending criteria on their own.

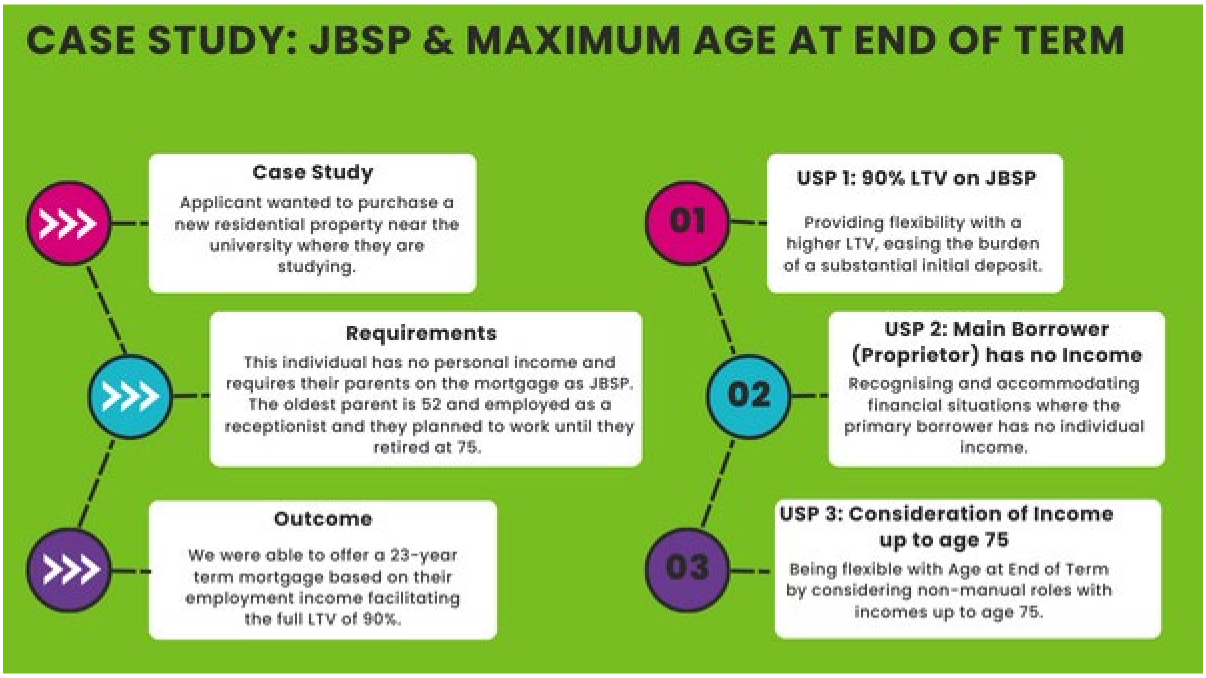
JBSP mortgages are able to provide a lifeline, with some lenders allowing up to four individuals to be named on the mortgage application. By having up to four incomes considered for the loan, it makes gaining a mortgage all that more attainable for the primary buyer.

2. Supports first-time buyers

One of the key benefits of JBSP mortgages for brokers, is that it can help first time buyer clients find a solution to affording a property. They are especially popular among parents, who want to help their children get onto the property ladder. For example, instead of paying rent while studying at university, parents can support their child in purchasing a property.

In one of our cases, we were able to help a student with no personal income, purchase a residential property near their university while they study to become a doctor.We assessed the case on all parties involved, including the parents whose affordability matched the criteria for a 23-year term mortgage at 90% loan-to-value (LTV).

The oldest parent, aged 52, was a receptionist and planned to continue working until retirement at 75. This scenario highlights the flexibility of JBSP mortgages to bring a personalised solution to your client.



3. Helps families pass on wealth

The current housing market often highlights the wealth divide between generations. In recent years, house prices have skyrocketed, far outpacing the average salary expectations of younger generations, which makes affording a home for them all the more unattainable.

JBSP mortgages provide a solution, allowing parents who have paid off their mortgage, or near the end of their team, to assist their children with affordability.

They often complement the traditional models like "Bank of Mum and Dad" where parents provide gifted deposits to help their children purchase a home. When gifted deposits aren't enough, JBSP can be that extra lifeline.

4. Flexible beyond family

Although JBSP mortgages are commonly used by parents, you can also have non-family members co-apply on the mortgage application.

For example, a close friend could co-apply to help a first time buyer get on the property ladder.

This offers clients greater flexibility in addressing affordability challenges and makes JBSP mortgages a more attractive prospect to buyers.

5. Caters to complex incomes

JBSP mortgages are one of our key complex mortgage solutions that can cater towards borrowers with complex income sources, like multiple jobs, pensions, savings, or property income

They can offer flexible options, such as split terms and interest-only plans, and may also allow for transferring ownership later, which can be especially beneficial for older borrowers.

For example, an older borrower with a non-physically demanding job like manual labour could extend their mortgage term to their retirement age, allowing them to borrow more.

6. Appealing for Expats

JBSP mortgages provide an option to help family or friends with a mortgage in the UK, without having to be on the property deeds. This is great news for expats.

For e.g. Expats can help their UK-based children buy a home using their foreign income. By their children being on a JBSP mortgage, the parents can avoid the 3% surcharge that comes with purchasing a second home.

This arrangement also works for children living overseas, as affordability can be assessed on their parents' UK income.

JBSP mortgages can work for both residential and buy-to-let properties, making it a versatile choice for expat clients.

7. Simplifies perceived complexity

JBSP mortgages often get a bad rap for being too complicated, as cases have many angles to consider. However it doesn't have to be. By using an experienced broker and underwriter, you can make the case more straightforward and stress-free.

At Dudley Building Society, we use a personalised approach to underwriting that considers factors such as foreign income, multiple income sources, and unique borrower circumstances to make JBSP mortgages accessible.

8. Expands borrowers potential

They are sometimes referred to as an "income booster", as they can be the final jigsaw in helping borrowers find a resolution across a variety of cases.

This makes them a valuable asset for brokers seeking an innovative solution to meet their clients' needs.

Conclusion

To conclude, JBSP mortgages can provide clients with a practical, flexible solution if they are experiencing affordability challenges.

Whether they are a first time buyer or expat looking to purchase a property overseas, JBSP mortgages can provide that missing jigsaw piece that should simply not be ignored by brokers.

It is important to dispel any myths behind JBSP mortgages. While they can potentially provide many complexities to the case, working with an experienced broker and partnering with a lender that has highly qualified underwriters, can simplify the case. With the right approach, JBSP can become an essential part of a broker's toolkit.

Need help with a case, or inquiring about a JBSP mortgage for your client? Contact our friendly team today.

Our USPs for JBSP mortgages

1. 90% LTV on JBSP: Providing flexibility with a higher LTV, easing the burden of a substantial initial deposit.

2. Main Borrower (Proprietor) has no Income: Recognising and accommodating financial situations where the primary borrower has no individual income.

3. Consideration of Income up to age 75 for non-manual roles: Being flexible with Age at End of Term by considering non-manual roles with incomes up to age 75.

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Frequently Asked Questions

How to place business with us

Our helpful team

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