



# Helping family to buy their first home

Loaning the money: the finer detail



## Thinking about lending to a loved one?

If you're loaning money to a loved one, you could draw up a loan agreement. It's helpful to have things down on paper so that everyone knows where they stand. You can set up an agreement between yourselves or more formally, with the help of a solicitor.

A loan agreement would cover things such as:

- how much your loved one will need to pay you
- how often they'll need to pay you
- if there'll be any interest to pay.

There are some things you should think about before you go down this route.

- Will the loan be paid back in one go or over time?
- When does the money need to be paid back by?

If the loan is being paid back over time, then you should think about the following too.

- How often will the payments be made?
- How much will be paid each time?
- Will a record of the payments be kept?
- Can the payment amount go up or down?
- Will there be any interest payable on the loan? If yes, how much?
- What happens if payments are missed?
- What happens if the full loan isn't paid back in time?
- Do other members of the family need to be told about the arrangement?

## What happens if circumstances change?

Life can quickly change. So, you could ask yourself some questions around what might happen if an unexpected event occurs.

What would you do if:

- you or your loved one lost a job?
- either of you became seriously ill?
- either of you experienced the breakdown of a relationship?
- the worst happened and one of you died?

Think about how your arrangement might be affected if any of these happened.

**Make sure you get together regularly to look at your arrangement. You should do this even if your circumstances haven't changed. This helps everyone to remember what's been agreed and gives you time to change it if you need to.**

**For more information on helping a loved one buy their first home, visit [santander.co.uk](https://www.santander.co.uk) and search 'helping family to buy'.**