



Helping family to buy their first home

Loaning the money: the fine 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 either among yourselves or more formally, with the help of a solicitor.

A loan agreement would cover things like: repayment amounts, the repayment schedule and any interest to be paid. However, you might want to think about a few key points 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 it's over time, then...
 - How often will the repayment be made?
 - How much will be paid each time?
 - Will a record of the repayments be kept?
 - Can there be fluctuations in the amount paid?
 - Will there be any interest payable on the loan? If yes, how much?
 - What happens if repayments are missed?
 - What happens if the full loan isn't paid back in time?
- Do other members of the family need to be made aware of the arrangement?

And what happens if circumstances change?

If recent times have taught us anything, it's that life can suddenly change. So, you could ask yourself some questions around contingency.

- What would you do if you or your loved one lost your/ their job?
- Or either of you became seriously ill?
- If you or your loved one has a partner and were to split up, would this affect the agreements you have made?
- If the worst happened and someone died, how would the arrangement be affected?

Make sure you all come back together and take another look at your arrangement regularly, even if your circumstances haven't changed. This helps everyone to remember what's been agreed and adapt if you need to.

For more information on helping a loved one buy their first home, visit [Step up: Helping family to buy](#) on [santander.co.uk](#)