



Concessionary purchase mortgages explained: a guide for brokers

As a broker, you may come across clients buying properties through less conventional routes, like discounted or concessionary sales. These purchases require specialist lending solutions, and that's where the concessionary purchase mortgage comes in.

What is a concessionary purchase mortgage?

A concessionary purchase mortgage is designed for buyers purchasing a property at a discount to its market value. This discount can arise through various arrangements, such as family members wanting to help each other out, landlord selling to a long-standing, or buying inherited properties where the purchaser is acquiring other beneficiaries' shares. Because the purchase price is below the typical market level, lenders need to carefully assess the transaction to ensure the discount is genuine and that the loan remains secure and affordable.

Who does this appeal to?

- First-time buyers looking for an accessible route onto the property ladder.
- Landlords wanting to sell their property to sitting tenants, enabling tenants to buy the home they already live in.
- Relatives selling within the family at a reduced price, often helping purchasers who may struggle to raise a full deposit.
- Buyers of inherited properties, where the purchaser is buying out other beneficiaries' portions (family member to family member).

Choosing a specialist lender

Concessionary purchase mortgages aren't always straightforward, they may need specialist expertise to navigate the legal, financial, and compliance complexities involved.

Aldermore's in-depth experience and tailored approach make us a strong partner for brokers handling these cases. We understand the importance of verifying genuine discounts, assessing risk accurately, and ensuring compliance without adding unnecessary hurdles.

How Aldermore can help with concessionary purchase mortgages

Here's an overview of Aldermore's key criteria and features for concessionary purchases:

- Minimum concession: 5% discount off market value.
- Loan-to-value (LTV): Loans up to 95% LTV are available. If at least a 5% equity gift is provided, loans can be considered up to 100% of the purchase price.
- Product availability: Residential owner-occupied properties in Level 1 and 2 ranges. For Level 3 products, a 5% deposit from the customer is required.
- Discount limits:
- Up to 50% maximum discount of the property valuation from the equity gift is available for inter-family sales (including parent, grandparent, siblings, children, aunts/uncles, and step-relatives).
- Up to 25% maximum discount for landlord-to-tenant sales. Note: these limits include any additional gifted deposit amounts.
- Tenant criteria: At least one applicant must have been a tenant of the selling landlord for at least one year
- Deposit processing: For landlord-to-tenant sales, the deposit should be keyed as 'Vendor Gift' in the broker portal. For all concessionary purchase cases, the estimated value should be keyed into the 'Estimated Value / Purchase price' field in the broker portal.
- Verification: A reasonable explanation of the discount and relationship between buyer and seller must be provided to confirm the transaction is genuine. The discount cannot be a loan or have conditions attached
- Legal and compliance requirements:
- Owner must not reside in the property after completion.
- Seller must complete an Equity Gift and Solvency Declaration Form.
- Insolvency Act indemnity insurance policy must be obtained.
- Separate legal representation for buyer and seller is mandatory.

What this means for brokers and clients

Concessionary purchase mortgages open up opportunities for clients who may otherwise struggle to access traditional lending, whether first-time buyers, sitting tenants, family purchasers, or those buying inherited property shares.

Working with Aldermore means you get:

Clear, specialist criteria that reduce uncertainty.

Support through the underwriting process to help cases proceed smoothly.

A lender who values and understands the complexities involved in these deals.

Our aim is to empower brokers with the tools and expertise to help their clients secure the best possible outcome.

If you have clients considering a concessionary purchase, Aldermore's specialist lending team is ready to support you. For full product details or help with specific cases, please contact your Aldermore BDM.

[Contact Details for Mortgage Customers | Aldermore Bank](#)

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