

Confirmation of gifted deposit

Dear Sirs

I wish to confirm that I will be giving a non-refundable deposit of £

To:

Of:

My/Our

This sum is % of the purchase price of:

I/we confirm that I/we will have no legal or financial claim or interest in the property.
I/we will not reside in the property now nor in the future.

I/we have provided identification for the Lender and the Lender has my permission to keep my/our details on file.

Yours sincerely

Your donor should complete print and sign page one of this document. The original should then be returned to your lender (via your mortgage broker if appropriate).

The letter format shown here should be acceptable to the majority of mortgage lenders.

Some Lenders are now adopting their own specified format for confirmation of gift – for example Nationwide Building Society now have a form they call a gift template that they ask the donor to complete.

Other points to note

Lenders are increasing asking for donors to provide proof of identification. Where the donor is not obviously related to the borrower (for example surnames do not match) proof of the relationship may also be requested.

Proof of the availability of funds can also be requested, particularly where the donor lives outside of the UK.

Transferring the funds to the borrower does not remove the need for a gift letter as any recent large deposits identified will lead to the lender asking for an explanation.

Lenders consider close family members as suitable donors, these include parents, step-parents, grandparents and siblings.

Gift Indemnity Insurance

Where a donor provides a gift, this may lead to a subsequent claim on the gift in the event of the donor later being made bankrupt (through a claim from creditors to the deceased estate), or in the event of death (a claim from HMRC under IHT regulation). For this reason is becoming common for the Lender and/or Solicitor to insist that 'gift indemnity insurance' is put in place to protect against this eventuality. Your solicitor will inform you (and arrange cover) if gift indemnity insurance is required on your own purchase.

Other circumstances

A confirmation of deposit letter is not required where the vendor or the builder/developer is gifting a deposit as different criteria applies.

If the vendor is a family member 'gifting a deposit' this is handled under separate criteria (gift letter not relevant) and is known as a concessionary purchase.

The above notes and the Confirmation of gifted deposit letter example are designed as a guide only. Users of the letter should not consider any element of this pack to be advice relating to their own mortgage. We cannot be held responsible for any loss caused by taking action using the above notes or Confirmation of gifted deposit letter example.



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