

Case Study

Ben Arner is 43, and feels the time is ripe to get onto the buy-to-let ladder. He has a property, valued at £220,000 and has paid £160,000 of it off. He is looking to buy an appealing three-bedroom property close to a university in the region of

£140,000-£180,000. Ben is a graphic designer and is currently on £30,000 a year, with a split commission earning him an extra £5,000 to £10,000 a year. Ben has one satisfied CCJ of £750. He is worried about slipping up on his payments – what are his options?



RAMONA LEAVERS IS HEAD OF MARKETING AT ALL TYPES OF MORTGAGES (AToM)

Ramona answers: "From the outset, AToM would need to obtain some more information from Ben, so that we could offer him a solution best suited to his requirements. We already know that he is a residential homeowner, and the fact that he owns his own property is something that will definitely work to his advantage. This is because the majority of lenders specialising in the buy-to-let market prefer borrowers who have already held a residential mortgage for some time as they are able to demonstrate that they have proof of historic mortgage payments.

Assuming the CCJ Ben held was registered and satisfied in the last two

years, Mortgages plc, Future and Platform are just some of the lenders in the market that would be able to assist Ben in his aim of buying a property to let. AToM also has in-house underwriters for these lenders ensuring quicker turnaround times. By choosing one of these lenders, Ben would be able to obtain a maximum loan-to-value (LTV) of between 85 and 90 per cent.

Currently Mortgages plc allows a maximum LTV of 85 per cent with a three-year fix at 6.15 per cent. Rental would be based on 125 per cent of the pay rate. Platform would allow Ben to borrow 90 per cent LTV. Platform has a three-year fix at 6.75 per cent with rental at 125 per cent of the initial pay rate. Future offers a three-year fix at 6.15 per cent with a maximum LTV of 90 per cent. Rental on this product is calculated at 100 per cent of the initial rate. At the moment we do not know what monthly rental Ben will be receiving, but the amount he anticipates may dictate which lender and product we would recommend to him. Based on the above lenders and rates, Ben would need to obtain a minimum monthly rental income of £941 with Mortgages plc, £1,139 with Platform and approximately £830 per month with Future."