

## Case Study

Pamela Orton has graduated from University this year and has just started as a trainee accountant. She starts on a

salary of £20k pa but expects this to rise as she becomes fully-qualified. She would like to buy a £130k one-bedroom flat but has no deposit. She also has debts from her days

as a student totalling £6k. Is there any way she can get onto the property ladder at present and, if so, what products are currently available to her?

“Despite Pamela not having a deposit to put down on the property coupled with the fact that she would be looking at a possible stretch of 6.5 times her income, there are lenders that may be able to assist her in getting her foot onto the property ladder.

Pamela has an added advantage in that her chosen profession is one where her income is likely to increase by a considerable amount once she is qualified and some lenders may take a view on this. Her student loan would be taken into account but its impact on her ability to make the repayments on her mortgage would be minimal.

NatWest has a 100 per cent mortgage where it would be willing to look at enhanced income multiples of up to five times. It would also accept Pamela's parent's income (if they are prepared to agree) so that in effect they act as guarantors for the shortfall. This would be looked at with the view that her parents would come off the mortgage once Pamela's income has increased sufficiently and she is able to comfortably afford the £130,000 herself. (Independent legal advice is essential).

NatWest has a first-time buyer deal with a free valuation and is a two-year fixed rate



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product at 5.49 per cent which reverts to the lender's standard variable rate which is currently 6.79 per cent. This product has a £195 reservation fee and an ERC of 2 per cent until 30 September 2006 and 1 per cent until 30 September 2007.

Scottish Widows is another lender which would be able to look at this case on a similar scenario to NatWest and will accept parents as guarantors. It currently has a lifetime tracker of 0.75 per cent giving a current rate of 5.25 per cent followed by 1 per cent above Base Rate, at present meaning a rate of 5.5 per cent for the rest of the mortgage. This product has no arrangement fee and will refund the cost of the valuation up to a maximum of £250. Scottish Widows will also give £150 towards legal fees.

Pamela can apply for 100 per cent of the cost or valuation of the property, whichever is the lower, plus a further 2 per cent. She could use the extra 2 per cent towards associated costs that come with buying a new home such as stamp duty and legal fees. This unique mortgage package is available exclusively to graduates who have graduated from a recognised UK university and are aged between 21 and 35 years.”