

“Because Mary has a sizable deposit it is not surprising that she wants to retain her position as a homeowner as opposed to renting a property.

However, using standard income multiples of 3.25 times a single income, Mary would only be able to raise a maximum of £84,500 on her income of £26,000. As we do not know what price bracket Mary is looking at, it is hard to speculate; however I can only assume she is looking at properties in the region of £135,000 (however, her current location would determine what kind of property she would be able to get).

The first thing Mary should do then is to approach her existing bank or building society to see if it would be willing to look at a slight income stretch for her. If Mary did approach her existing bank then factors such as length of time with her banking provider, whether she has maintained good conduct on her account (and not abused overdraft facilities, etc.) and whether there is any future potential for her income to increase would all



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

influence its decision on whether it agreed to lend Mary any more.

If Mary's bank was not able to assist her then the other option for her would be to approach lenders that do not apply traditional (and sometimes strict) income multipliers but instead look at the applicant's ability to service the loan in question. Lenders such as Intelligent Finance and Standard Life would take an overall view on Mary's income, her outgoings and whether or not she had any outstanding loans or hire purchase agreements that may affect her ability to service the loan with them.

Currently Northern Rock has a two-year 5.19 per cent fixed, IF has a 5.35 per cent two-year fixed and Standard Life offer a three-year 5.15 per cent. We would need to sit down with Mary to discuss repayment amounts, whether she did have any other commitments and what money she had put aside for costs like stamp duty and solicitors fees.”