

## SECTION B

Michelle, aged 40, has recently divorced her husband, Terry, and has retained the former marital home. She has agreed to raise the sum of £10,000 to repay Terry for his share in the property. She will then own the property in her sole name.

Michelle is employed as a training manager and has a basic salary of £45,000 with regular overtime of £4,000 and last year's performance bonus of £10,000. She has a car loan of £150 per calendar month and owes £4,000 on this loan. She also has a credit card with a balance outstanding of £5,000.

Terry, aged 50, has no savings available to use as a deposit for a new home, but has sufficient money to cover the fees, taxes and expenses. He plans to use all of the money that Michelle will pay him as his deposit, with no other money being available. He is employed as an account manager with a salary of £70,000. He has no loans or credit card debts and will **NOT** pay maintenance to Michelle.

Michelle would like to remortgage the former marital home, which is valued at £200,000. They currently owe £90,000 on their joint mortgage and there is no early repayment charge outstanding. The current charging rate is 4.5% variable. Michelle is cautious in her attitude to risk and would like to make sure that her mortgage is repaid at the end of the term. She would like a guarantee that rates will **NOT** increase for at least two years and wishes to keep her monthly payments to a minimum.

Terry has considered two new houses to purchase and would like mortgage advice. House X is priced at £110,000. House Y is priced at £95,000. He has a balanced attitude to risk and believes interest rates will remain static for some time to come. He is prepared to consider all rate options and even speculates that rates could fall.

**The first paragraph in this scenario has been added to inform the answer to question 101 in this exam guide.**