



What do celebrities need in a mortgage?

Investec Private Bank business development manager Peter Izzard looks at why the wealthiest of clients can be the most complex

You might think that the higher a client's salary, the easier it would be for a lender to meet their mortgage needs but sometimes the opposite can be true.

It is often the case that the wealthier a client is, the greater their mortgage needs are.

A High Net Worth Individual's (HNWI) substantial wealth and assets might make them an attractive mortgage candidate but it is the way in which their income and assets manifest that regularly present the challenge.

It is not uncommon for such clients to have a multi-layered income and portfolio, comprising stocks, shares, carried interest, overseas investments and property.

While such a portfolio might display shrewd business acumen it can present problems for some mortgage lenders when it comes to incorporating this into the mortgage assessment -

though not for private banks like ourselves. We pride ourselves on being able to meet the needs of even the most complex of HNWI's.

HNWIs invariably have high expectations when it comes to their mortgage requirements and in some instances are looking to invest as little as possible into the mortgage in order to keep cash free for future investments.

As mirrored in their working lives,

HNWIs are often not looking for an 'off the shelf' solution and instead demand a bespoke service.

Mortgages of the rich and famous

HNWIs are not exclusive to the world of business and as well as seeing demand from business entrepreneurs, private banks also cater to the needs of those who work in the entertainment industry.

Like many HNWIs, such clients might look like a solid mortgage candidate on the surface due to their perceived wealth and fame, yet a full dissection of their wealth is often required in order to ascertain their true wealth and income.

A broker recently referred a well-known actor to us who was looking to buy a London property.

Due to her fame and the heightened interest from the media into her private life, she required the utmost discretion and as such wished to purchase the property through a bare trust using a pseudonym – something not uncommon for celebrities.

A client's fame can often add another layer of complexity to their mortgage needs. Signing fees, bonuses, royalties and payments in a foreign currency all make for a rather staggered income and due to the changeable nature of the entertainment industry it can sometimes be hard to predict the

lifespan of the client's chosen career and also their income.

The aforementioned client wanted to borrow on an interest-only basis at a relatively high LTV. She had to date enjoyed a successful and lucrative career and was extremely well-known. Yet even the most successful of actors can slip out of fashion easily within the entertainment world, which is why gaining an overall picture of their finances is essential.

The client had received a substantial chunk of her recent income in a foreign currency (US dollars) and was awaiting another instalment.

We were able to work with the mortgage intermediary to secure the best possible solution for this client after examining her past financial track record, other assets and credentials.

Whether such HNWIs wish to purchase a residential property or buy-to-let (BTL) home, our years of experience in helping such clients positions us to meet their lending goals.

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