

THE LATEST SPECIALIST LENDING NEWS AND CLIENT TRENDS

BRIGHT INSIGHTS



CONTENTS:

Foreword.	2
Semi-commercial gets competitive.	3 - 4
Bridging finance with a fast turnaround?	5 - 6
The demand is out there.	7 - 8
What does the changing buy-to-let market mean for brokers?	9 - 10
Limited company dominance shows as landlords get serious.	11 - 12
A day in the life.	13
Solstar Insurance Brokers.	14
A hands-on approach to stretching affordability.	15 - 16
Working together to make things happen.	17 - 18
Securing a home amidst broken chains.	19 - 20
Directory.	21
Mint Property Finance.	20
For your complex cases including...	23
The Specialist Lending Podcast.	24

TURNING CHALLENGE INTO OPPORTUNITY.

It's during times of challenge that the best businesses really come to the fore, adapt to the environment, deliver customers what they need and set themselves apart from the competition. With a stagnant property market and lenders snapping up remortgage business with product transfers, there's little doubt that the life of a mortgage broker is certainly challenging at the moment.

So, what are you doing to take on the challenge and set your business apart from the competition?

Working with Brightstar can give your business scale, whilst increasing your revenue.

Finding the research process too labour intensive? Fed up with hanging on the phone to speak to lenders? We can do this for you.

And there are more benefits than just saving time and freeing up capacity – working with our award-winning team can help deliver better outcomes for your clients. As well as specialist sector expertise, we often have access to lenders and products that are not available to brokers directly, either because of the panel they are able to access through their network, or because that lender is operating on a limited distribution basis.

You don't need me to remind you that the introduction of Consumer Duty regulations puts even greater emphasis on securing your clients the most suitable product from all of the options available in the market.

This may be a challenging time to be a broker, but by taking a forward-thinking approach and working with the right partners, you can turn that challenge into opportunity.

Written by:

Bradley Moore

Managing Director,
Brightstar Financial



Semi-commercial gets competitive.

[SUBMIT AN ENQUIRY](#)

The trend for property investors to explore alternative opportunities, such as semi-commercial, continues and lenders are responding with improved propositions and more competitive rates.

Semi-commercial contains elements of both residential property and commercial property – so, for example, a building that contains a shop on the ground floor and flats on the floors above. Traditionally the rates on semi-commercial mortgages have been more expensive than traditional Buy-to-let loans as banks are required to set aside more capital for lending on commercial property than on residential property.

In response to this, we now work with a couple of lenders that will offer more competitive rates on semi-commercial properties where there is a greater weighting towards the residential part of the property.

This means, for example, that a lender may offer a better rate on a semi-commercial property containing three flats above a shop than property where there is only one above the commercial premises.

With greater focus on energy efficiency, lenders are also looking more favourably at properties with better EPC ratings and there are often cheaper rates available for those properties rated A to C, for example. Where a property has a lower rating, the owners may be able to make changes to improve its rating ahead of refinancing at a potentially lower rate in the future.

Overall, lending appetite is returning to the commercial market, with criteria being relaxed and lenders more willing to take a view on individual cases and grow their lending in this sector.

If you have clients who are interested in diversifying their portfolio and you want to leverage the relationships and expertise we have at Brightstar, pick up the phone and give us a call. We'll be happy to discuss how we could help your clients invest in commercial property, including semi-commercial.



Written by:

Adam Fulcher

Commercial Finance Specialist

GET IN TOUCH





Bridging finance with a fast turnaround?

We're on the case



Up to 75% LTV available



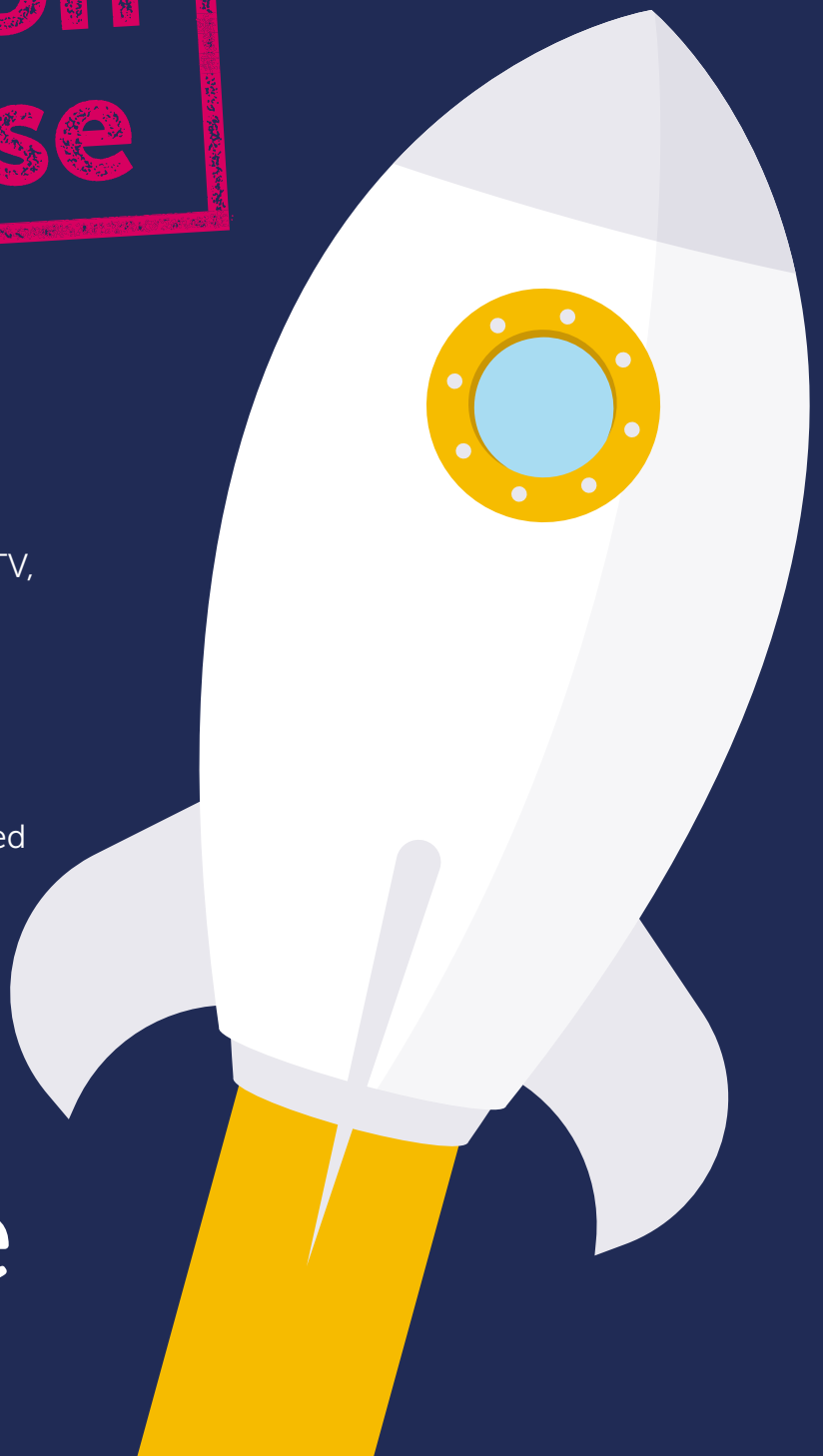
AVMs available up to 60% LTV, and with no fee



No maximum loan amount



Regulated and non-regulated



Precise
Mortgages

Landlord customer looking to improve their EPC rating?

How bridging finance could help.

Marc Callaghan, Head of Specialist Finance, Precise Mortgages.

It's anticipated that by 2028 all buy-to-let properties will be legally required to have an Energy Performance Certificate (EPC) rating of 'C' or above, financial penalties for those who fail to comply.

Are there many properties in need of energy efficiency refurbishment? Well, the average landlord has 3.5 properties rated 'D' or below and around one third of rental properties have an EPC rating below 'C'. Although approximately six in 10 landlords have said they'd look to carry out works needed if their property didn't meet the required EPC standard, the estimated costs for reaching EPC standard 'C' are now around £10,000 per property.

Continued demand for bridging

Looking at the costs for carrying out the required EPC standard works, it's evident why landlords have been turning to options such as bridging to fund their improvements.

The Association of Short Term Lenders (ASTL) reported that Bridging Mortgage loan books have grown in Q2 2023, increasing by more than 5% to an all-time high of just over £7.1bn. Which, especially in the face of an uncertain economy and a faltering property market, represents another very strong performance.

Why choose bridging finance?

Bridging finance could offer landlords the speedy, short-term borrowing solutions they need to finance their property upgrades. It could help them to quickly make improvements, minimising the impact on their tenants.

The latest EY UK Bridging Market Survey found that 'mortgage delays' have increasingly been cited as a reason for borrowers to obtain loans with 39% of respondents ranking this option as one of their top two reasons for customer borrowing. And, 'refurbishment' has come out on top as the most popular reason why borrowers obtained a bridging loan, a trend which has been consistent over the last few years.

When choosing a bridging lender, 62% of their respondents considered 'speed of execution' as the most important factor. However, 'reputation of the lender' and 'relationship management' remained high priorities for customers making borrowing decisions. ⁴

How Precise Mortgages could help

As one of the leading specialist lenders, we're focused on delivering clear bridging solutions. Brokers will receive support from our team when helping their customers to get the loan they need as quickly and efficiently as possible.

Our refurbishment buy to let proposition could offer your customers the flexibility of bridging finance with the surety of an exit onto a buy to let mortgage at the time of application.

¹ Q2 2023 BVA BDRC Core Landlords Panel

² Bridging loan books continue to grow - ASTL (theastl.org)

³ EY UK bridging market survey 2023

⁴ EY UK bridging market survey 2023 (page 15)

We provide a choice of three exits depending on the type of refurbishment works, so whether they're fitting a new kitchen, looking to improve the energy efficiency of a property by installing double glazing or refurbishing a property that already has a high EPC rating, our offering could support landlords with their property improvements.

If you'd like to see how Precise Mortgages' dynamic bridging solutions could help, contact the award-winning team at Brightstar on 01277 500 900.

Product information correct as at 25/08/2023

The demand is out there.

Consumers are now finally getting used to the fact that higher interest rates are here to stay. Rather than sitting on their hands and putting their lives on hold, they are considering their options, undertaking research and realising that there are ways they can pursue their goals without sacrificing their existing low mortgage rate.

The availability of information means that consumers are no longer as naïve as they used to be, and many have a good idea that there are options that could really help them outside of high street lenders and outside of a simple remortgage.

In short, there's growing demand for second charge mortgages out there and brokers have an opportunity to meet that demand.

We are still seeing a lot of enquiries from

customers for debt consolidation and, quite often, not as a distressed decision but as a means for financial planning for their future.

There's a growing band of borrowers who recognise that they are going to face the prospect of paying much higher mortgage rates in a couple of years' time and are taking the proactive step now to restructure their finances to lower their outgoings and consolidate their debts. However, this area of the market has potential to be much larger.

Other than those taking steps now to manage their finances, there are two further groups. Some customers will recognise that they need to take steps now to manage their finances for the future, but do not know what options are available. They sense that they should do something now, but don't know what – and they may or

SUBMIT AN ENQUIRY

may not contact a broker asking for guidance.

The third group will bury their heads in the sand, ignoring the problem until the time comes to remortgage and it's clear that it's now unaffordable. In situations like this, where a broker is not proactive and a client is naïve, it's a recipe for disaster.

We have repeatedly said that there is going to be a point when those brokers who fail to take a proactive approach with their clients will being to see their business dwindle. That time is now.

Proactivity needs to be at the forefront of everyone's mind – taking the time to have conversations with your clients about their financial circumstances and their plans for the future. This is important for broker

businesses, but more importantly, it's crucial for the financial health of your clients.

The demand for second charge mortgages is out there. All you need to do is decide whether or not you want to meet that demand.

Written by:

Stewart Simpson

Second Charge Mortgage Specialist

GET IN TOUCH



What does the *changing* buy to let market mean for brokers?

Ian Scarrott, Senior Corporate Accounts Manager, Kent Reliance for Intermediaries

Over the past few years, we've seen many 'part-time landlords' leave the sector and sell up their buy to let (BTL) properties because of the tighter rules and restrictions for investors. This shift has made way for more portfolio landlords to hold space in the private rental sector and resulted in more professionalisation within the industry. From findings in the English Private Landlord Survey, we know that in 2021 57% of landlords owned more than two rental properties, in comparison to 2010 when 78% of landlords only owned one property¹.

This shift shows that many landlords are changing the way they invest and manage their rental properties. With the average BTL mortgage rate at one of the highest points it has been in years, many part-time landlords are choosing to sell up. However, we're also seeing more portfolio landlords increasing their number of properties as the nation still feels the pinch of rising rent costs. According to the latest research from BVA BDRC, after a relatively stable 12 months the average portfolio size saw a sharp upturn in Q2 of 2023, increasing to its highest point in more than four years – likely due to the number of single property landlords divesting and exiting the market². The average portfolio size has grown by 2.1 properties and now stands at 11.6 tenancies across an average of 9.7 properties³.

Professionalisation in BTL results in more limited companies

With more and more landlords increasing their portfolios, there also appears to be an increase in landlords registering to incorporate their companies so that they can benefit from the various tax relief measures that come from becoming a limited company. According to the latest research from Hamptons, the total BTL companies increased by 153,530 between 2017 and 2022, meaning that the amount of BTL companies doubled over during the period. Hamptons estimates that this will only increase more over time due to the bigger financial gain as a result of incorporation⁴.

This could be explained by limited companies still having the ability to offset 100% of mortgage interest against profits, meaning that a company could pay less tax than an individual holding property in their own name – even if they are a lower taxpayer, let alone a higher taxpayer. For this reason, many landlords are either transferring their current properties to a limited company or registering their company to buy new properties.

Professionalisation in BTL results in more limited companies

With this in mind, if you're contacted by new entrepreneurial clients that are after a BTL mortgage to purchase their next property, it's worth remembering that Kent Reliance for Intermediaries could help. As the home for handcrafted mortgage solutions, we use our market knowledge and flexible criteria to offer tailored solutions where other lenders may struggle. With our willingness to consider cases that fall outside of standard criteria, we can help your clients that hold their private rental properties in incorporated companies. We accept rental earnings as a full-time income source, and consider properties bought for cash and renovated to increase their value for mortgaging within six months of ownership, providing this can be fully evidenced.

So, if you're looking for mortgage solutions for your landlord clients and you would like to discuss how Kent Reliance for Intermediaries could support you, simply get in touch with the award-winning team at Brightstar on 01277 500 900.

Sources:

¹ <https://www.gov.uk/government/statistics/english-private-landlord-survey-2021-main-report/english-private-landlord-survey-2021-main-report-2#text=Just%20under%20half%20of%20all%2C%20representing%2031%25%20of%20tenancies>.

² BVA BDRC Landlords Panel Report Q2 2023 (slide 46)

³ BVA BDRC Landlords Panel Report Q2 2023 (slide 45)

⁴ <https://www.hamptons.co.uk/research/articles/september-22-rental/index/>

Need a *tailored* buy to let solution?

No two **buy to let** cases are the same and that's why we have the flexibility to provide tailored solutions for your landlord clients. Our underwriters manually assess every case with a common-sense approach and willingness to lend. From first-time landlords to experienced portfolio clients and limited companies, each case gets our individual attention.



And remember, if you've got a case that doesn't quite fit our standard criteria, we may still be able to help. Get in touch with the team at Brightstar to see why we're the home of...

Handcrafted
mortgage solutions

FOR INTERMEDIARIES ONLY

Product and criteria information correct at time of print (29.08.2023).

03-09-03 (+1) MKT001747-027

KentReliance
For Intermediaries



Limited company dominance shows as landlords get serious.

[SUBMIT AN ENQUIRY](#)

Recent research from Paragon found that three quarters of landlords (74%) intend to buy property in the next year, and plan to use a limited company structure. This is the highest recorded by the survey, up from 62% in the first quarter of this year.

This statistic very much reflects our experience, which is that while many 'dinner-party' landlords may have left the market in recent years, those that remain are serious about their investment and diversifying their portfolios.

The last 12 months may have been challenging for the market, but we are already seeing increased customer demand to meet an improving appetite from lenders, as investors recognise they have a window of opportunity to grow their portfolios in a relatively quiet property market.

The difference between the buy to let market today, set against a few years ago, is that those landlords who have remained active in the sector, built portfolios and professionalised their operation. Now, buy to let is their business and not something they will walk away from just because of a few bumps in the road.

With a more business-like approach to buy to let, we are also seeing more landlords looking to diversify their investments, exploring opportunities like HMOs, multi-unit lets and holiday lets, as well as refurbishment projects and semi-commercial investments.

At Brightstar Financial, we have a wealth of expertise across these areas and, where appropriate, we can work in partnership with our colleagues who are experts in bridging and commercial finance to help secure the best result for a client. So, if you are serious about helping your landlord clients to build and diversify their portfolios, call us on 01277 500 900 to find out about how we can use our expertise and contacts to put them in the strongest position to do so.



Written by:

Neil Taverner

Buy-to-Let Consultant

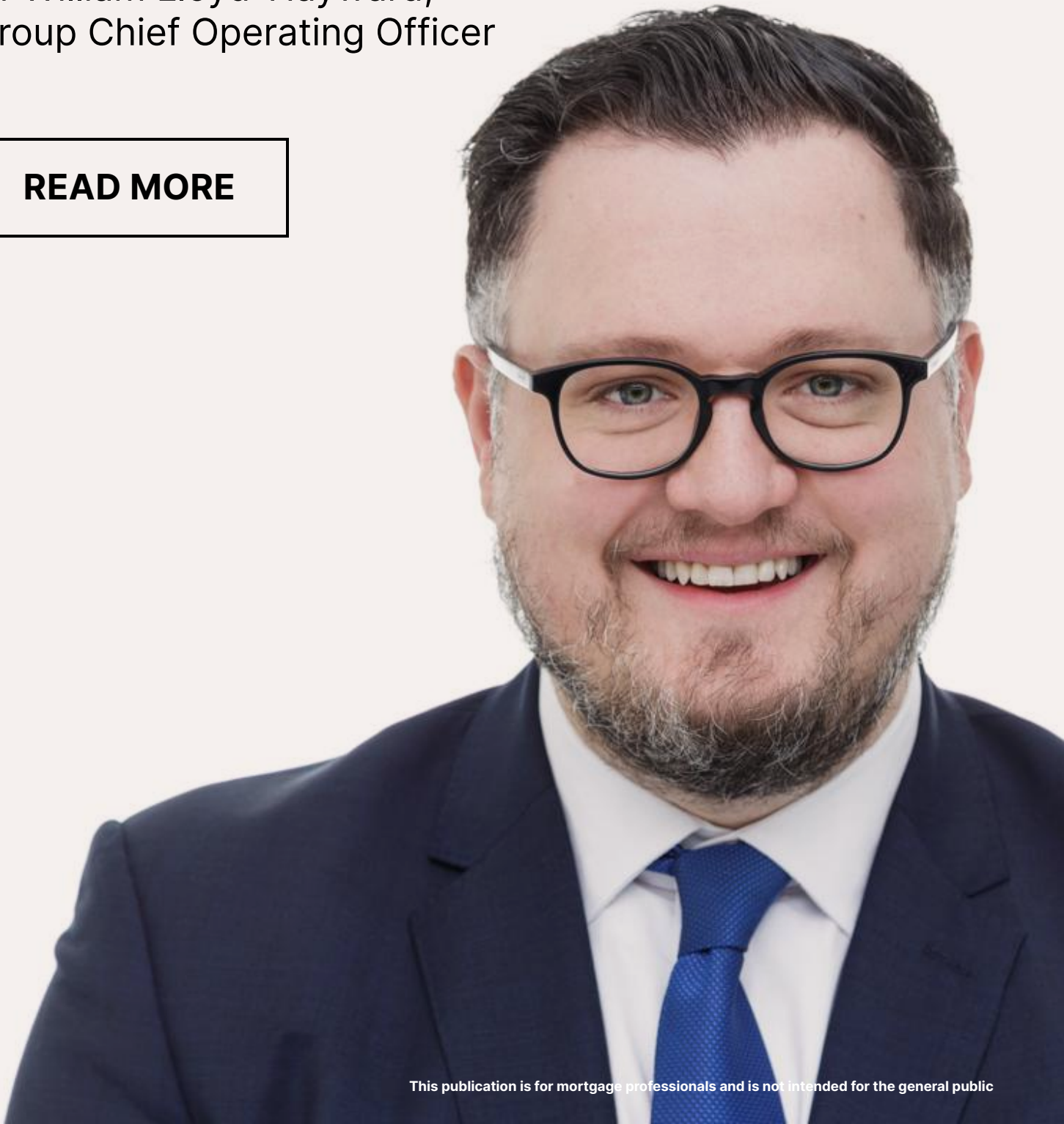
GET IN TOUCH



A DAY IN THE LIFE

Of William Lloyd-Hayward,
Group Chief Operating Officer

[READ MORE](#)



Introducers who successfully refer just 10 building insurance enquiries can receive up to £20,000 a year in commission.

No paperwork, no fuss, no additional permissions.

Our introducers can earn an annual commission for introducing building insurance for the following:

- Buy-to-let houses
- Houses converted into flats
- Shops with flats above
- Blocks of flats
- Office blocks
- Commercial buildings
- Vacant buildings
- Hotels/Pubs
- Industrial units

To discuss you or your company becoming an introducer please contact **Solomon Tzouvanni** on **0203 836 1888** or **insurance@solstarinsurance.co.uk**





A hands-on approach to stretching affordability.

Affordability continues to be a key issue for brokers when it comes to successfully placing cases. Earlier this year, research platform MBT, published research that found more than three quarters (76%) of brokers say they work with clients they believe should be able to get a mortgage, but whom they cannot currently place with any lender on the basis of affordability.

As specialist lenders take a more hands-on approach to income assessment, they can often consider more of a client's income than the automated calculation provided by a mainstream lender.

At Brightstar, for example, we work with lenders that can go over the standard 4.5 x income multiple, and there are numerous ways the specialist market can help to stretch your client's affordability.

Here are some to consider:

Self-Employed

Whereas many mainstream lenders will ask for two- or three-years' accounts to demonstrate income, we work with lenders that can base their affordability calculations on the most recent year's figures. This is particularly useful at the moment when you consider that so many businesses suffered a drop in income during Covid.

Company Directors

We work with lenders that use net profit plus salary, rather than just dividend plus salary which usually works out more. We even work with one lender that will use operating profit plus salary, which is generally more than net profit plus salary, so this helps to achieve a higher loan amount.



SUBMIT AN ENQUIRY

Contractors

Many lenders are able to base affordability on the daily rate earned by a contractor x48 weeks in the year. This can provide contractors with considerably greater affordability than some of the more traditional methods of assessing their affordability.

Regular Bonus or Overtime

There are lenders that can consider up to 100% regular bonus or overtime as part of their affordability calculations. Similarly, there are also lenders that are more considerate of maintenance and benefits payments, which can help to demonstrate a borrower's true income.

In addition to these, a hands-on approach to underwriting also means that specialist lenders can often better consider an

applicant's income into retirement, as long as they are paying into a pension and the case makes sense on its own merits.

So, if you have clients who are looking to maximise their affordability and increase their options, call us on 0127 500 900 to speak to the team at Brightstar. We have a range of lenders that can help your clients achieve the loan they need.

Written by:
Gina Blagden
Head of Sales

GET IN TOUCH





Working together to make things happen

Referral and packaged services for specialist
finance solutions.

Residential | Buy-to-let | Second charge | Bridging |
Commercial | Development

Call us on 01277 500 900
or visit brightstarfinancial.co.uk



See what people are saying

Excellent



Based on 2,840 reviews



Very complex case that we placed wit...

Very complex case that we placed with Brightstar, thank you for your hard work G...

Fiona, September 19



Easy to speak to and always someone...

Easy to speak to and always someone from the team available to help, and prompt...

David Hammond, September 15



Great support till the very end...

Open lines so of communication (important when multiple parties involved),...

Lize MMC, September 15

Showing our latest reviews



Securing a home amidst broken chains.

[SUBMIT AN ENQUIRY](#)

The slowdown in the property market means it is now taking nearly twice as long to sell a home than it did last year. This is according to data released earlier this year that showed properties took an average of 49 days to sell in May, compared to 26 days in May 2022.

There is little surprise then that regulated bridging is in high demand, as more homebuyers with their hearts set on securing a property don't want to risk waiting to sell their own home. Longer wait times can often lead to more broken chains and the latest Bridging Trends research by MT Finance found chain break bridging to be the most popular use of short-term finance, with regulated bridging being the second most searched criteria term.

In this environment, cash really is king. Cash buyers are highly sought after as they enable vendors to break the cycle of slow-moving chains. This means they can negotiate better deals and, with a regulated bridging loan, it gives you the opportunity to help your clients to secure their next home.

A bridging loan can release the equity from a buyer's current property, which can then be utilised to speed up the whole process. This puts a purchaser in a much stronger negotiating position, enabling them to have a better chance of winning bids, commanding better prices, and being in a position to act and respond to the vendor's needs as well as their own. The entire buying process is also made easier and gives the purchaser greater control of the transaction.

There are a number of considerations when using bridging finance in this way. In the first instance, by simultaneously owning 2 properties, additional Stamp Duty is payable upon purchase of a

second property. This can be claimed back once a buyer is able to sell their current property, they will need to have these funds available to pay the increased Stamp Duty. A bridging loan could additionally be used to secure funds for these costs if the amount of equity available across the properties permit.

Some clients may be put off by the rates charged on bridging loans at first as these may seem high compared to a term mortgage. However, a regulated bridging loan is only taken for a maximum of 12 months and it could put a buyer in a powerful position to negotiate, enabling them to secure a discount on the property they are buying.

Another benefit is that a homebuyer who has taken a bridging loan rather than waiting to sell their property could potentially move into their new home at their leisure following completion. This allows time for any additional works to be completed prior to taking occupation and avoids that highly stressful moment on moving day when they have to juggle the completion of a sale and a purchase and not knowing when they will get the keys for their new home.

Written by:

Jo Powell

**Bridging & Development
Finance Specialist**

GET IN TOUCH



DIRECTORY



Andrew Cappaert

National Account Manager

07540 003 897

andrew.cappaert@brightstarfinancial.co.uk

Book an appointment with one of our National Account Managers today!

Book with Andrew

Book with Lee



Lee Payne

National Account Manager

07754 559 653

lee.payne@brightstarfinancial.co.uk

STREAMLINED LEGALS PROCESS
SAVING TIME AND MONEY

AVM UP TO 65% LTV

ON KERBSIDE RESIDENTIAL PROPERTIES

SETTING UP FOR SUCCESS
FIRST-TIME DEVELOPERS

SECOND CHARGES UP TO 65% **LTV**

NO MINIMUM TERM ACROSS ALL PRODUCTS

THIRD PARTY CHARGES AND REBRIDGES CONSIDERED

HEAVY ADVERSE CREDIT

PLUS FOREIGN NATIONALS & OVERSEAS COMPANIES CONSIDERED

REDUCED RATES

HIGHER LTVS FOR REPEAT BORROWERS

SECURE FUNDING LINES

£75,000 MINIMUM LOAN SIZE ACROSS ALL PRODUCTS

Contact Brightstar Today!

01277 500 900

helpdesk@brightstarfinancial.co.uk

For your **complex cases** including...



Commercial

Semi-commercial

Buy to let

Bridging finance

Using our **expertise** and detailed understanding of the market, we're determined to support **bespoke solutions** for your clients.

So the next time you're facing a **challenging case**...

InterBay it.

FOR INTERMEDIARIES ONLY

Information correct at time of print (25.08.2023)

04-09-01 - MKT001734-017

InterBay

THE SPECIALIST LENDING Podcast

Our latest episode features host **Andrew Cappaert - Brightstar National Account Manager** with **Paula Mercer - Head of Sales at LendInvest** and **Shane Wallace - Business Development Manager at LendInvest**.

This is a really informative chat covering how the last 12-18 months has seen a change in borrowers profiles; how bridging finance is now being used in a proactive way. It also points to the green shoots which are gradually appearing across all sectors; and how being a broker who is open to expanding into the ever growing specialist lending market will reap big rewards in the future.

Paula also discusses how LendInvest recognise the importance of key workers and how their new product range is designed to specifically help this group of customers.



Did you know we offer Asset Finance

Our Lending Sectors

Hard Assets

- Commercial vehicles
- Trucks
- Trailers
- Cars
- Plant & machinery
- Construction
- Industrial
- Marine & aviation
- Print & packaging
- Buses & coaches
- Agricultural
- Waste recycling
- Cranes
- CNC machinery
- Materials handling
- Renewables



Soft Assets

- Catering equipment
- IT equipment
- Office equipment
- Leisure
- Telecoms
- Security equipment
- Scaffolding
- Gym equipment
- Fixtures & fittings
- Retail & franchise
- Broadcast & media equipment
- Hospitality finance



Structured Asset Finance

- Enhanced business cash flow
- Restructuring and turnaround
- Support future capital expenditure and business growth
- Debt consolidation
- Management Buy Out / Management Buy In
- Business acquisition
- Raising deposits for new asset and property purchases
- Equity release

Specialist Car Finance

Super Car Finance • Prestige Car Finance • Classic Car Finance

Let's talk,
we're here to help

Call us on 01277 500 900

Submit an enquiry