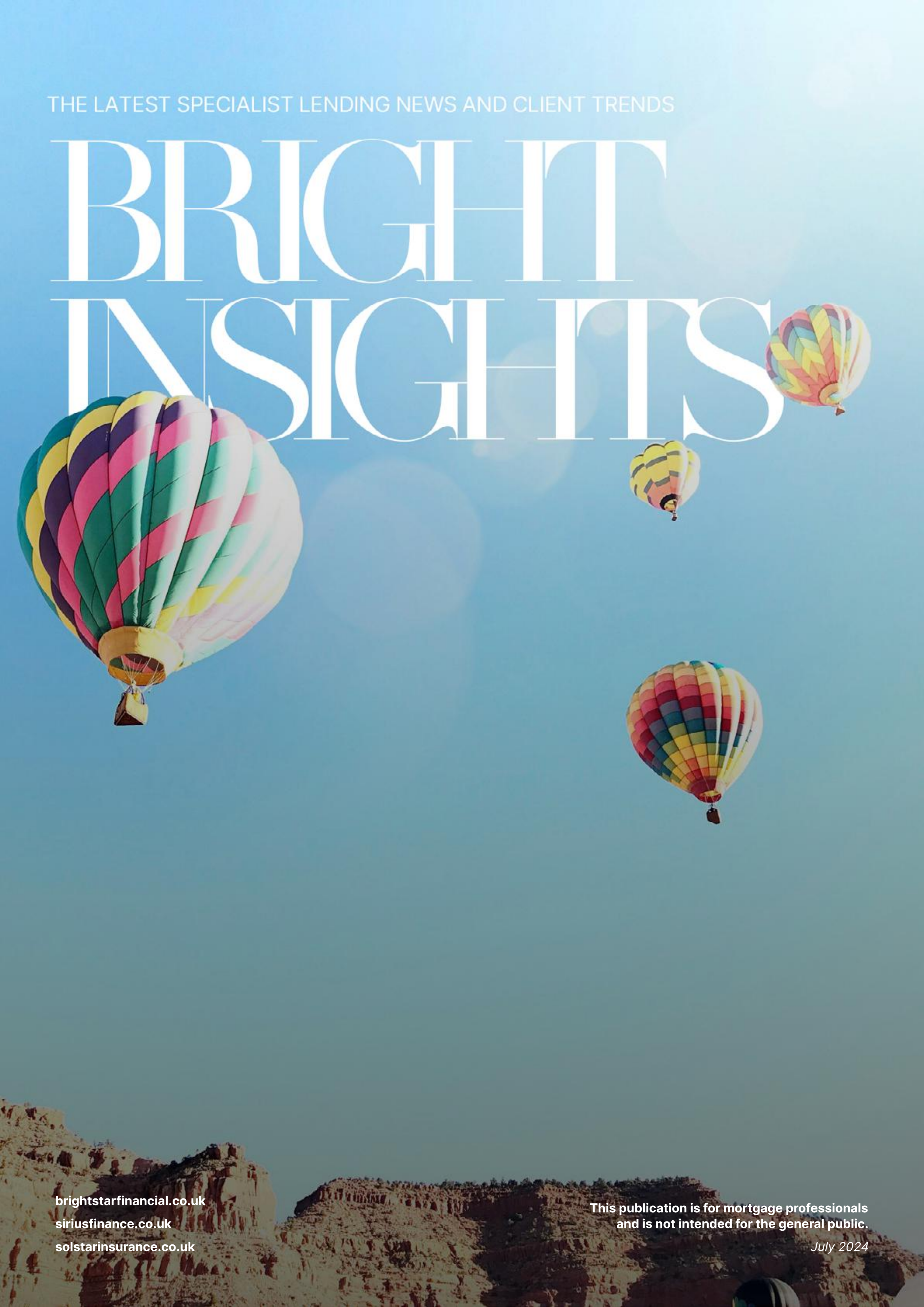
THE LATEST SPECIALIST LENDING NEWS AND CLIENT TRENDS

BRIGHT INSIGHTS



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This publication is for mortgage professionals and is not intended for the general public.

July 2024

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AVOID THE NOISE & FOCUS ON WHAT MATTERS.

As I write this introduction for the first time in this publication, our country finds itself in the midst of an earlier-than-expected General Election. It comes after what feels like a decade of change, marked by three referendums, five Prime Ministers and now our fourth General Election. One thing is for sure: the mortgage and property market has faced all those challenges head-on, and we can look round with pride at where we stand today . No matter who wins the General Election in July, we are sure to see plenty more opportunities and challenges head our way in the mortgage, property and housing market.

These external factors impact us on many levels across our daily lives, from the confidence lenders have to lend and the rates they need to adapt to remain competitive and secure, to the willingness of first-time landlords to dip their toe in the market with ever changing tax implications to consider, to the stresses faced by first-time buyers dealing with unexpected rates, and the mortgage brokers completing yet another PT and issuing yet another ESIS as rates changes and clients consider all their options.

One thing remains constant: the need for us to focus on what we do best and to find those who can take the stress away from our mounting inboxes and voicemails.

Time and time again, we speak with brokers who simply want to retain their client but don't always have the options, expertise or time to source what appears to be a specialist deal. That is where partnership has always been, and will always be, important. We have always prided ourselves on being that external partner who helps to get the job done.

So, while all the noise continues around us with all those external pressures, let's all focus on what matters: doing what we do best and referring the rest. Utilise our experienced team across the Brightstar Group to support your specialist mortgage, property investment, insurance and asset finance needs to help clear the noise from your day and hopefully make the second half of this year the best it can be.

Written by:
William Lloyd-Hayward
**Group Chief Operating Officer
& MD of Sirius Finance**

COMMERCIAL FINANCE

Giving greater control to business owners.

SUBMIT AN ENQUIRY

The commercial finance market is certainly becoming more buoyant, with lender appetite returning to the sector.

One area where we are seeing particular demand from clients is from business owners who currently rent their business premises. For these clients, their rental payments represent wasted money, and they are likely to have limited flexibility in how they use the premises as landlords may object to alterations of the property. At the same time, commercial tenants may find they are at the mercy of landlords who want to renegotiate their lease.

If a business has the opportunity to purchase the property from which it operates, it can gain greater control over how the property is used and ongoing costs. In some circumstances, buying may even be a cheaper option than renting. However, the real advantage is that making payments on a commercial mortgage means a business is investing in its own asset, building additional value within the business and providing the owners with additional security.

In the current economic environment, there are a number of commercial landlords thinking about selling their property and this provides a great opportunity for business owners to establish greater control over their premises, if they are able to secure the right finance. At Brightstar, our specialist commercial team can provide expert guidance for you to help your business owner clients, and our strong relationships with lenders means we are often able to get deals across the line that might not be possible otherwise.

It's not just those businesses looking to purchase their premises that we are able to help either.

Many business owners may have traditionally had a relationship with their high street bank, with whom they may have previously secured a commercial mortgage to purchase their premises. As the banks have reduced their teams at local branches, many business owners have lost the support from this point of contact, meaning there's a good chance they haven't reviewed their finances for quite some time. We can help these clients to consider their options to refinance, which could enable them to secure a better deal or to release capital, which can be used for a number of purposes, including business investment and even the purchase of further property.

Written by:

Hisham Elabaire

Commercial Finance Specialist

Brightstar Financial

GET IN TOUCH

paragon

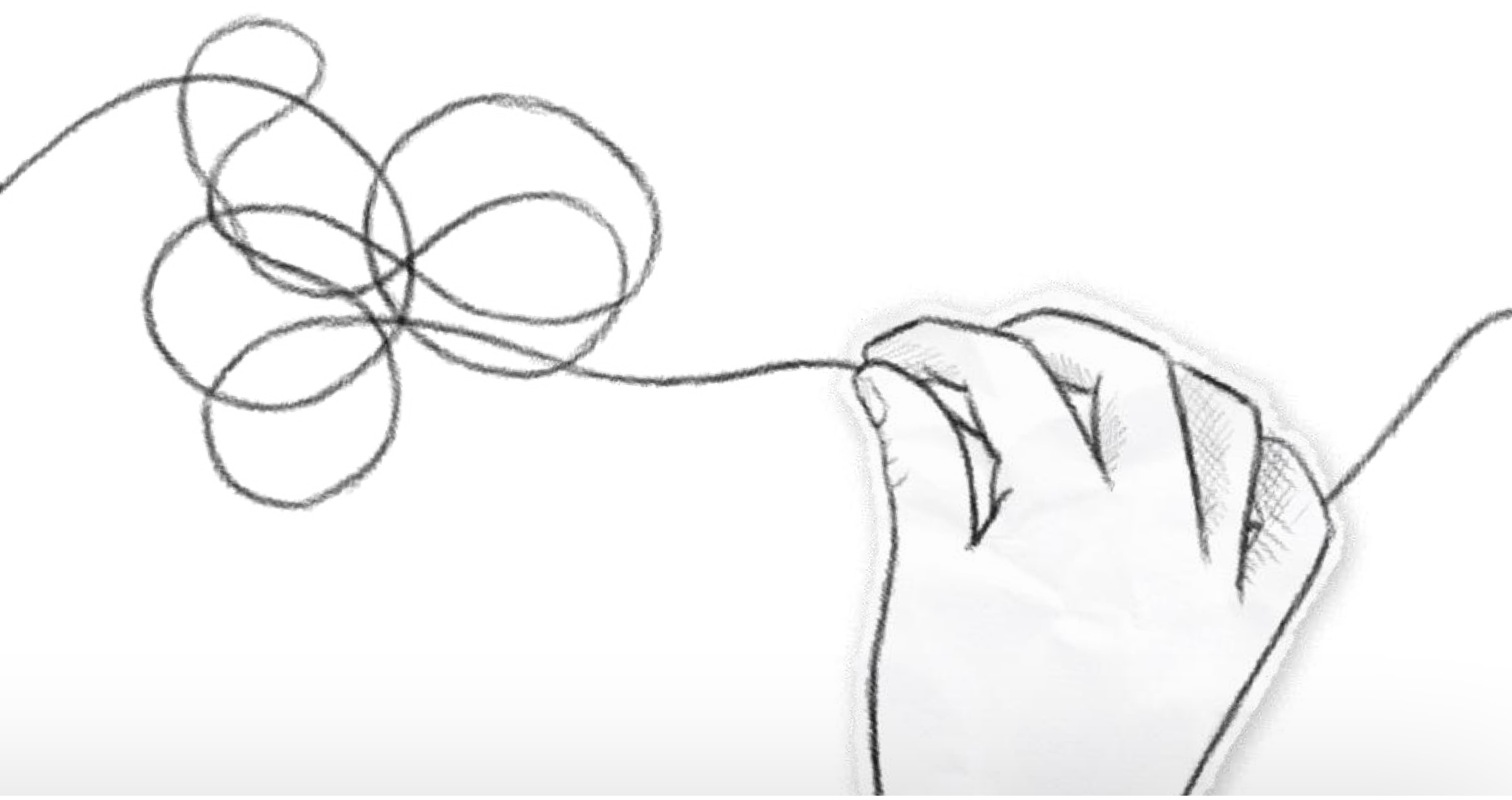
Buy-to-let u

Say goodbye to **confusion** and hello to **clarity**.

Buy-to-let shouldn't be complicated. Especially when you're working with the experts.

That's why we've streamlined our buy-to-let range to make getting the right mortgage for your clients' needs even easier.

For more information, contact **Brightstar**



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Working in partnership with Brightstar and using our expertise, we can help no matter how niche or complicated a landlord's needs are.

Our specialisms:

- **Large HMO and MUBs**
- **Complex Limited Company structures**
- **Refurb to Let**

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MARKET INSIGHTS

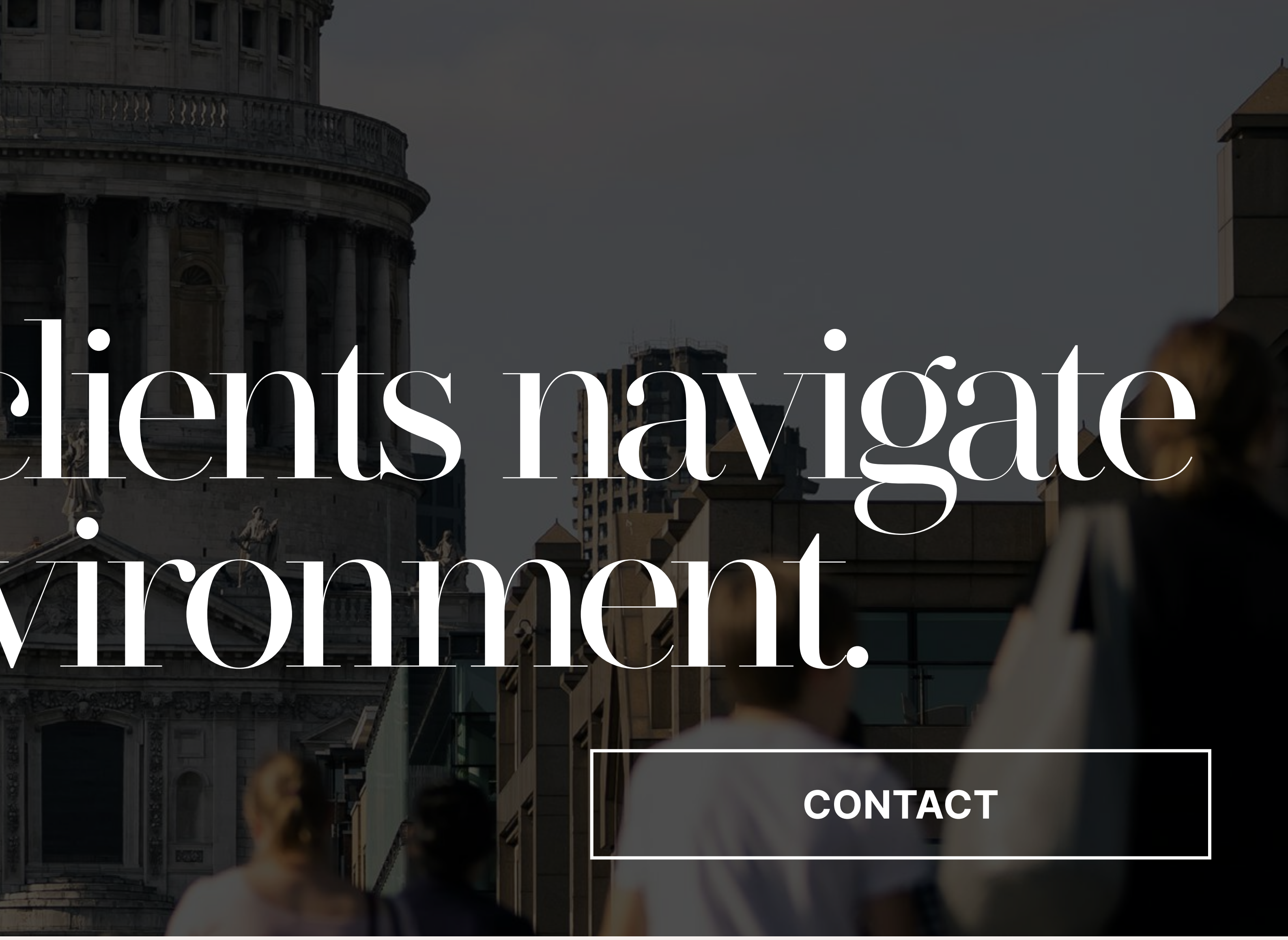
Helping your c
the current env

Providing good advice for clients isn’t straightforward at the moment. Opinion polls may have the upcoming General Election as a foregone conclusion, but any election always creates an element of uncertainty in the property market, with buyers often waiting to learn the outcome before committing to a purchase. At the same time, speculation regarding a drop in interest rates later in the year is adding to the current ‘wait and see’ environment.

It’s periods of uncertainty such as this, however, where good advisers really add value to their clients. Homeowners and property investors still have financial arrangements that need attention and, while nobody is keen to tie themselves into longer term deals currently in hope of a lower rate environment in the future, advisers are able to help their clients navigate the short-term challenges.

For example, the slow-moving property market can have a significant impact on developers who need extra time to market and sell their schemes and will often have a time imperative as they approach the end of the term of their development finance facility. In these circumstances, a short-term development exit bridging loan can prove a vital lifeline in helping investors to refinance their development finance onto a lower rate and even raise capital to help them fund the progression of future schemes.

We’re also seeing demand for bridging from portfolio landlords who want to refinance but are reluctant to be tied into a buy to let mortgage at current rates. Often a bridging loan can be exited without penalty after just three months, which provides investors with the flexibility to switch onto longer term funding in the future when they are happy that rates are more attractive.



Another option, for homeowners as well as investors, is to take a tracker mortgage – which may seem expensive at first but will track down should interest rates fall. Trackers also tend to carry fewer exit charges than fixed rates, so this again provides flexibility to switch onto an alternative product in the future.

Immediate uncertainty doesn't have to stand in the way of good advice. In fact, it's environments like this where advisers can really add value and help their clients to navigate the near term and build for the future.

Written by:
Neil Chambers
Senior Associate
Sirius Finance

GET IN TOUCH

There are often many hurdles to overcome when it comes to arranging specialist finance and some of these can be as a result of the complex insurance requirements around the deal, rather than the loan itself.

By partnering with Solstar, the specialist commercial and property insurance division of The Brightstar Group, you don't need to let these hurdles become an insurmountable obstacle. Our team of experts are on hand to source the right cover specified by a lender. These requirements are often not fully known until quite late in the finance journey, but we are proficient in resolving these issues. We have already worked on many cases where we have saved the deal at the eleventh hour.

Here are just three examples of cases where we have helped:

Two commercial warehouse units

As a result of buying out their business partner, this client recently needed to remortgage their two commercial warehouses. The existing insurer would not note the lender's interest, they therefore needed to obtain a new insurance policy.

We sourced a policy which covered both units, whilst noting the lender's interest and at a lower cost than their existing policies.The client was extremely happy with the outcome as this enabled completion of the remortgage without any delays.

Hospitality premises covering light refurb

This client was purchasing a pub/restaurant which needed light refurbishment work before the grand opening. Solstar sourced the perfect insurance solution which covered the premises whilst it was unoccupied, enabling the final works to be completed ahead of the cover being switched once the business was trading.

Listed building holiday let

This client was entering the holiday let market for the first time and was seeking cover for their Grade II Listed Building, including fixtures and fittings, prior to completing on the purchase.

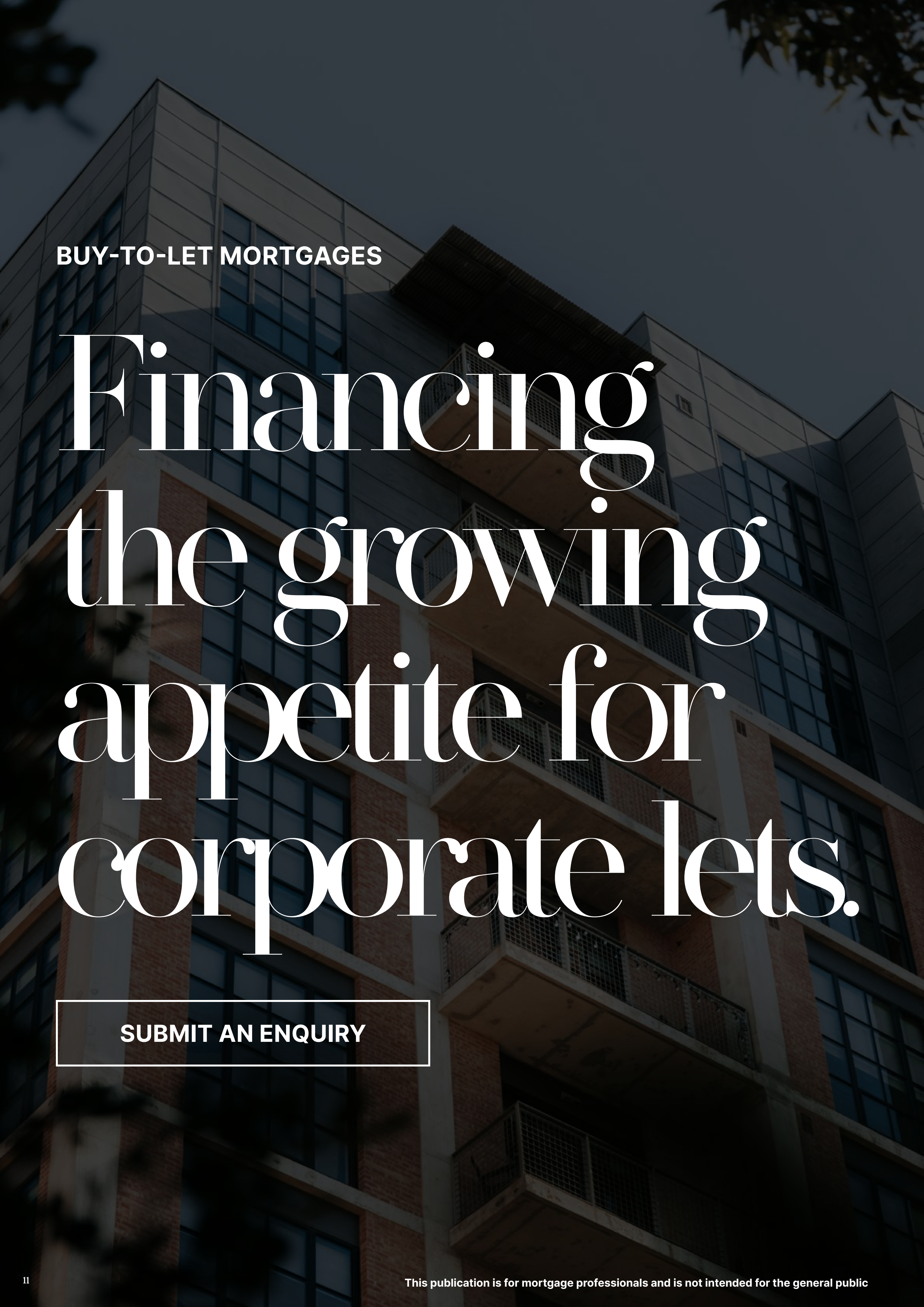
We identified that accidental damage, landlords' contents, legal expenses, home emergency and public liability would be beneficial to cover all eventualities and found the perfect comprehensive cover in just 24 hours from initial enquiry.

As a first-time holiday let landlord, the client was thrilled that the stress of searching for the correct policy had been taken away from them, and that they could now embark on their new venture.

Speak to our team!

T 0203 836 1888

E insurance@solstarinsurance.co.uk



BUY-TO-LET MORTGAGES

Financing the growing appetite for corporate lets.

SUBMIT AN ENQUIRY

We're seeing a growing trend amongst landlords who choose to rent their property on a corporate let rather than a standard AST, and lenders are evolving to deliver propositions that meet this increasing demand.

A company let to a corporate entity is typically categorised as a commercial tenancy and has different terms and conditions to a residential tenancy. Contracts are often tailored to suit the needs of the business and the landlord – but there are a number of organisations that offer standardised agreements that are recognised by a number of lenders. For example, Serco is an organisation with more than 7,000 properties in its portfolio that it uses to house asylum seekers and we work with lenders that are happy to accept a Serco arrangement as part of their policy.

There are a number of advantages for landlords in letting to a limited company in this way. Lease terms are often for a longer period than an AST and offer guaranteed rent during this period, so investors don't have to worry about potential void periods. In addition, given that the terms of a lease are more akin to a commercial tenancy than a residential one, it's often a requirement for the corporate tenant to return the property in exactly the same condition as it was presented at the start of the arrangement.

There may be different requirements for investors regarding taxation and insurance when it comes to letting to a corporate tenant and, needless to say, any landlord interested in exploring this avenue should look into all of the considerations for them and their portfolio. However, when it comes to financing the investment, there's a growing number of options.

Even where the people living in the property may be considered vulnerable, such as asylum seekers for example, lenders are increasingly well versed in underwriting corporate lets and the increased competition in this sector means that rates are also becoming more competitive. We even work with one lender that has set up a specialist division to handle this type of property investment.

This is a very different market to standard Buy to Let business and it's important to understand the criteria and appetite of the lenders involved in this area. So, if you have investor clients who want to diversify their portfolio into corporate lets, pick up the phone and speak to an expert. At Brightstar, not only do we have experience in successfully placing these cases, we also have access to lenders and products that you may not be able to reach directly.

Written by:
Stacey Forrester
Specialist Mortgage Consultant
Brightstar Financial

GET IN TOUCH


yes

Q&A: ASSET FINANCE

Q&A with Asse expert, James C

It’s now a year since Sirius Finance launched its Asset Finance offering. How did the launch go and what do you offer to clients?

Sirius launched our Asset Finance offering to complement our existing advice service for SME and HNW clients last year. We hit the ground running, with a huge amount of demand over the last 12 months, and we see the market as a major growth sector, as well as an essential business offering for the group.

We work with a number of lenders to provide funding solutions for clients, offering options across hard asset, soft asset, and structured asset finance, predominantly operating in the Tier 1 and Tier 2 space.

Asset Finance is a direct parallel for the business, especially given our high concentration of SME and HNW clients.

What’s the difference between hard assets and soft assets?

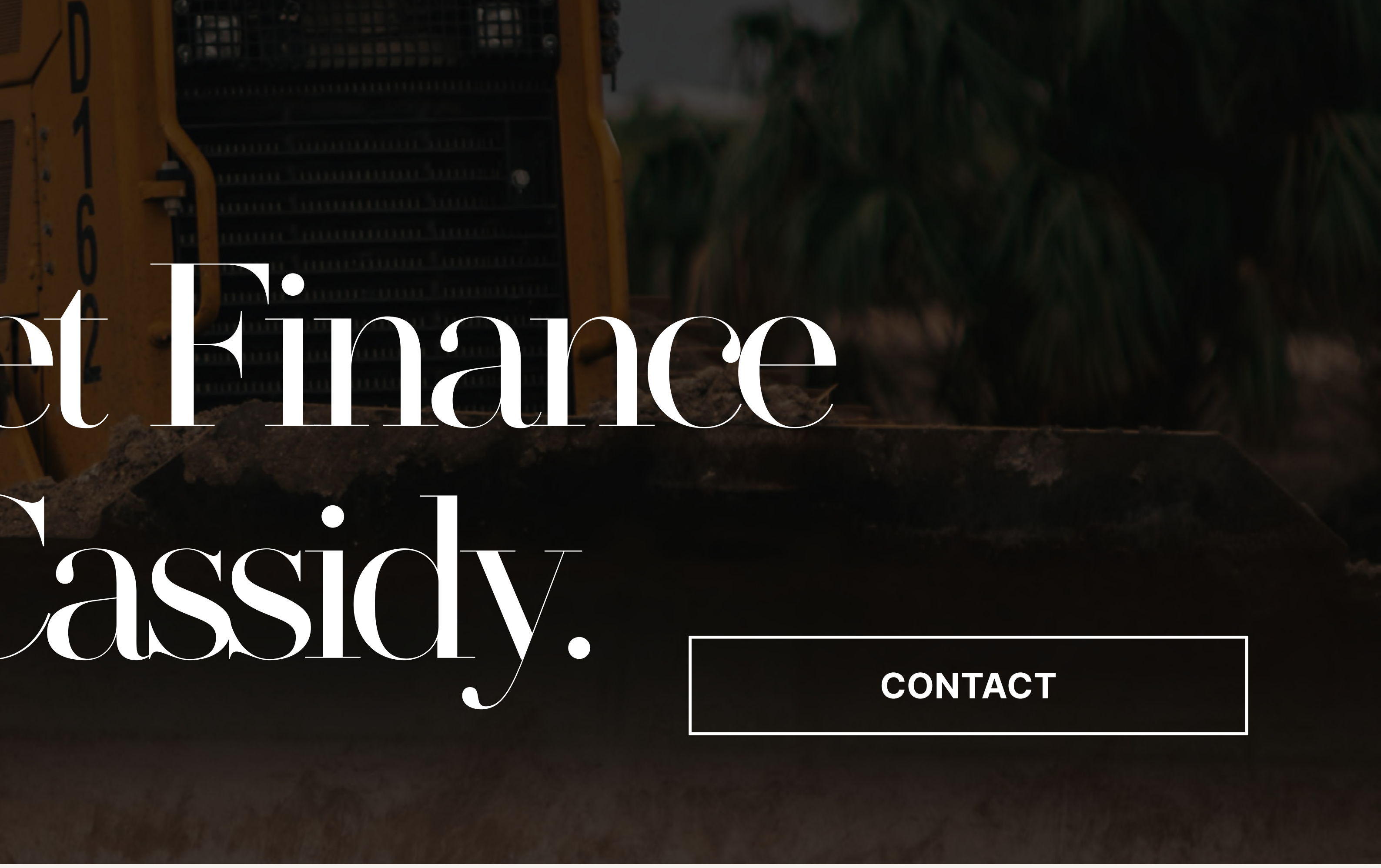
Hard assets include things like commercial vehicles, plant and machinery, construction, industrial, marine and aviation and agricultural. Whereas soft assets include things like catering equipment, IT equipment, telecoms, scaffolding, gym equipment, fixtures and fittings, retail and franchise, broadcast and media equipment.

We can arrange finance to buy these assets, but also to refinance hard assets.

How can hard asset refinance of existing loans support a business?

Our structured Asset Finance product offering is particularly pertinent in the current economic environment as it provides clients with the ability to reduce their monthly interest liability and deliver an essential cashflow injection.

The refinance of hard assets can give a business enhanced cash flow, which can help with restructuring and turnaround, and support future capital expenditure and business growth. It can also help with Management Buy Out or Management Buy In, business acquisition, raising deposits for new asset and property purchases and equity release.



Can you give an example on a case you have worked on?

We recently financed a Scania 770S V8 Highline truck for a second-generation haulage business. The truck cost £165,000 and we structured the loan over a 5-year period. The deal completed within two weeks of introduction and we look forward to further supporting the client with their business expansion plans.

What are your plans for the future?

We are looking to grow organically and recruit in due course. Our infrastructure is in place and pipeline is strong following our soft internal launch, on which we are already completing on live business. We expect many more brokerages to follow our lead and expand their offering to include Asset Finance.

Written by:
James Cassidy
Associate
Sirius Finance

GET IN TOUCH

Brightstar

Working together to make things happen

Referral and packaged services for specialist finance solutions.

Residential
Buy-to-let
Second charge

Bridging
Commercial
Development

Asset finance
Insurance

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See what people are saying

Excellent

Based on 3,131 reviews

Trustpilot

Five stars for Brightstar Financial!

Their team's expert guidance and personalized approach made securing my mortgage a breeze. They truly go above and beyond...

Adam S

Easy to deal with

and straight forward. Very quick process and able to get to offer quickly...

Niki Hemblen

I would highly recommend

I used Brightstar for one of my clients and the service from start to end was second to none...

Emma P

Showing our latest reviews

BRIDGING FINANCE

The growing demand of Commercial to Residential conversions

SUBMIT AN ENQUIRY

Permitted Development Rights (PDR) were originally introduced in 2015 to grant a right for investors to convert commercial offices to residential use without the need for full planning permission applications to be submitted and subsequently granted by local councils. In 2021, the rules were revised to encourage the creation of more homes in areas with unused commercial property. The new rules permitted conversions of assets to include shops, restaurants, and other commercial usage properties – opening a whole new range of opportunities for investors to convert and refurbish property for the residential rental or sales markets, following completion of building works.

A big benefit of PDR schemes is that investors can achieve a large uplift in the value of an asset with less costings and complications than those associated with traditional ground up development projects. These conversions will typically be completed in much quicker timescales too, allowing investors to maximise the profitability of a project.

With more and more people now working remotely, there are increasing opportunities to acquire office buildings as the leases for existing commercial tenants come to an end. Investors are seeking these opportunities to convert the existing asset into apartment blocks or HMOs and maximise resale values or rental yields. We're also seeing a high demand for clients seeking to purchase buildings such as dental practices, doctors surgeries and B&Bs to be converted back to full residential use under PDR schemes.

Heavy refurbishment bridging finance can provide up to 100% of the costs of the conversion works (typically funded in staged arrears) along with funds towards the day one acquisition of an asset (if not already owned). We work with lenders that provide the opportunity to draw down funds throughout the building works schedule as they are needed, providing investors with additional savings in overall borrowing costs as interest is only chargeable on funds drawn down.

At Brightstar Financial, we specialise in providing tailored finance solutions to support property investor clients. Our team of experts can help you access the full range of options available for refurbishment bridging finance, ensuring that your clients can capitalise on the opportunities presented by the current market. Our team work with bridging lenders every day, which means we often have access to products and terms that are not available directly to brokers and our lender relationships enable us to facilitate completion of applications that might not otherwise be possible.

Give us a call to discuss how we can help your clients to convert commercial properties into residential success stories.

Written by:
Stephen Watts
Bridging & Development Finance Specialist
Brightstar Financial

GET IN TOUCH

SIRIUS FINANCE

SPECIALIST FINANCE BROKERS

MAKING THE SEEMINGLY IMPOSSIBLE, POSSIBLE

CONTACT US

We get to the heart of the borrower's aspirations and the lender's requirements before constructing a partnership to best realise our clients' specialist finance needs.

SPECIALISMS

Residential Mortgages
Investment Finance
Commercial Finance
Structured Finance
Asset Finance
Insurance

CONTACT US TODAY

WE WOULD LOVE TO HEAR FROM YOU

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SEE WHAT PEOPLE ARE SAYING

EXCELLENT

Based on 795 reviews

Trustpilot

Home Loan

Working with Rob at Sirius Finance was a pleasure. The transaction was complicated but Rob was always on top...

Sukhy Chandale

Responsive, fast. Highly recommend

Neil Chambers at Sirus Finance has now helped me arrange 2 mortgages to date and I highly recommend...

Guy Chambers

Amazing service

Speed and efficiency at highest level. Billie has been very helpful with the completion of my property. Really amazed...

Sam Timpany

Showing our latest reviews

Dear Dan,

Brightstar

Brightstar Bridging Q&A

With conveyancing delays and transaction times taking longer, I am experiencing a lot of sales falling through for my clients. What are my options to help them secure their property, even if the chain has broken down?

"This is a really common theme in the market. This is where a chain break bridge facility would be useful for your clients. We will take a 1st charge against the onward purchase and also take a second charge on the existing property which will be sold to form part of the exit. This will allow your clients to complete on their dream purchase whilst the chain filters through. This is a common use with 19% of the bridging transactions written in Q1 of 2024 being used in this exact scenario."*

*www.bridgingtrends.com

My client is looking to sell their main residence but feels the property needs small improvements and refurbishment to achieve the best price and improve the saleability of the property. Is there a second charge bridge option that would allow the client to complete the works and market the property once the works are complete?

"Together have a standalone second charge bridge product that would allow the capital raise to complete the refurbishment. The client will then be allowed a set period of time to complete the works before marketing the property. This is a great option for clients who have equity in the property and want to make the property more marketable to achieve the best sale price."

One of my developer clients is reaching the redemption of their developer finance, but they need more time to market and sell some of the properties they have built – can bridging help them?

"A suitable product here would be a bridge facility that is typically referred to as a development exit. Together will lend against the completed value of the site, which will be used to repay the existing development finance. The customer can then market the properties for sale on the open market, repaying the debt as each property is sold. This gives the client peace of mind that the development finance has been repaid and they have suitable time to achieve the sale price of their development."

together.

I am working with a couple whose son is looking to buy a property but needs support from the bank of Mum and Dad. What options do they have if they wanted to gift the deposit to their son? The client doesn't want to remortgage to protect their current interest rate but they are considering downsizing themselves.

"Together would be able to raise the funds needed against the client's main residence on a second charge term basis, where an Early Repayment Charge (ERC) may be applicable. We would also consider funding via our standalone second charge bridge facility. This will allow the client to protect their existing first charge rate and not trigger the ERC. The client can then refinance at the end of the bridge and tie the first charge and this facility into one. Or if they do decide to proceed with downsizing they can market the property to sell and downsize. "

How long is a borrower tied into a bridging loan? Are there ERCs if they would like to redeem before the end of the term?

"A regulated bridge is written over a 12 month term and doesn't carry an ERC. The term for an unregulated bridge loan can vary between 6 months and 24 months. It's worth noting that for unregulated bridge loans under £100k, whilst there is no ERC, there is an exit fee of one month's interest."

Dan Narwal

Intermediary Relationship Manager, London & Essex, Together

DIRECTORY

Andrew Cappaert

Group Head of National Accounts

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

Book with Andrew | **Book with Lee**

Lee Payne

Group National Account Manager

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Read how we helped House of Worktops to secure a multi-million-pound commercial mortgage to purchase a new headquarters in Enfield, signalling the company's plans for a major expansion.

Read now

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Lender WINNER Commercial Finance Lender of the Year

Lender WINNER Service Excellence Award

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