THE LATEST SPECIALIST LENDING NEWS AND CLIENT TRENDS

BRIGHT INSIGHTS

brightstarfinancial.co.uk
siriusfinance.co.uk
December 2023

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2023, THE BIG DIPPER.

I've never been that keen on fairground rides, especially rollercoasters. I don't know whether it's because I have a conscious concern that at 6ft 8 there is a fair chance that I may be decapitated, or whether I'm just not a thrill seeker. So, the same can be said of the 2023 UK mortgage market which wouldn't be out of place if we called it 'The Big Dipper.' What a 12 months hey!

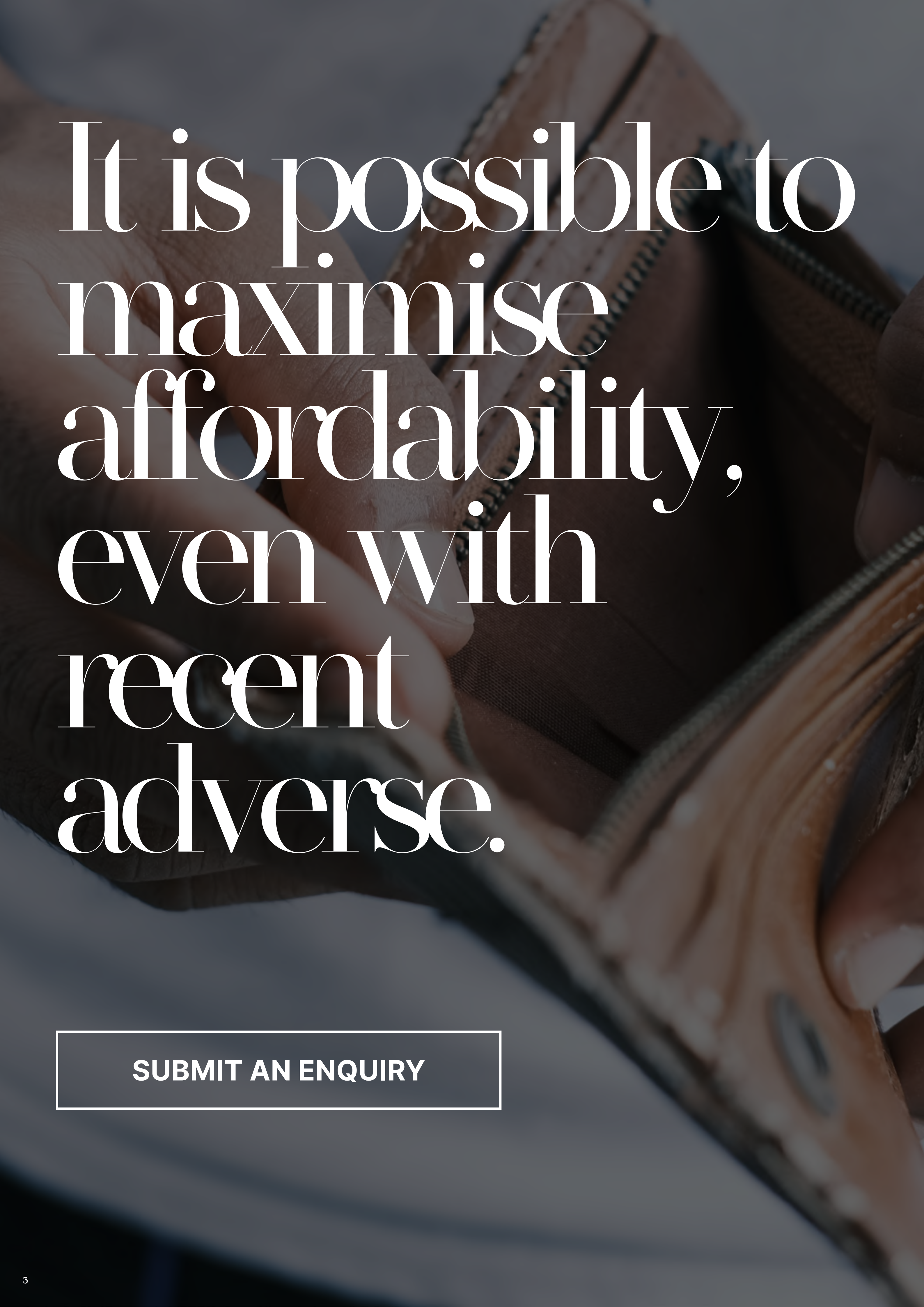
Just prior to writing this foreword, I read the piece I wrote 12 months ago and with a small degree of smugness, I got almost every point right. The market turned out exactly as I had anticipated with regular rate pulls, often at impossibly short notice, followed by relatively long periods of market inactivity whilst clients waited for rates to fall. What that created was the ultimate famine to feast environment where we became virtual mortgage client junkies. How many weekends were ruined, holidays killed with nerves always on the edge? We should remember that this wasn't just an intermediary issue: lenders, valuers, conveyancers were all negatively impacted.

So, enough of the past, what about 2024? The Chinese Horoscope for 2024 reveals that the Year of the Dragon, specifically the 'Wood Dragon Year', will allegedly bring authority, prosperity, and good fortune. Well, that's a good start, but I think our Chinese friends may be on the money. I don't think we should anticipate significant rate reductions, but SWAP rates will continue to encourage the housing market to escape out of its slumber by making home ownership affordable. In a year that will contain a general election by or before the 28th January 2025, and with the current incumbents of power in Westminster lagging behind their main competitor, a stable economy with low inflation remains their best chance of holding onto power.

The Specialist Lending Market remains crucial and so does the part that professional intermediaries play in it. As an almost 100 percent intermediary controlled sector, we owe it to our clients to ensure that we either have the skill set to excel in it, or work with a partner to ensure great customer outcomes. As part of the UK's leading specialist finance group, our excellent stakeholders can help you on almost any transaction. Our UK teams deserve the praise our customers regularly give them on Trustpilot and if you haven't experienced this, please just reach out.

Good luck to you all for 2024. I hope the year is both successful and kind in equal measures.

Written by:
Rob Jupp
Group CEO,
The Brightstar Group



It is possible to maximise affordability, even with recent adverse.

SUBMIT AN ENQUIRY

Affordability has consistently been an issue for customers throughout this year, as the ongoing cost-of-living crisis has increased monthly expenditure for all households at the same time as higher rates have restricted the loan sizes available to customers. However, there are options available in the specialist market to help your clients maximise their affordability, even if they have recent adverse in the last six months.

We work with one lender that has a semi-exclusive product with Brightstar which enables customers to maximise their affordability if they have recent adverse, even if the adverse has been within the last six months. The lender's underwriter will assess viability based upon the clients' individual circumstances and merits.

There is another lender who covers people in current IVAs, with no minimum period to them to have been in the IVA, and also those in a current Debt Management Plan (DMP) that they could have entered into as recently as three months ago.

Shared ownership is growing in popularity amongst first-time buyers as a means of maximising their buying potential, particularly as higher mortgage rates have made the rental part of shared ownership significantly cheaper than mortgage finance. We are seeing increasing demand from customers for shared ownership mortgages and our lenders are responding with increasingly competitive propositions, which means we now work with lenders that are able to provide shared ownership opportunities to customers with adverse credit and those who receive benefit income.

Maximising affordability often means extending the term and more customers are considering mortgages that involve lending into retirement, subject to the correct planning and provision. Again, this is another area where the specialist lending sector has responded, and we work with a lender that accepts higher levels of adverse credit as part of its lending into retirement proposition to brokers who access it through Brightstar than it does to brokers who go direct. They also do this at the same rates available to direct brokers, but at a lower fee – so there is a big incentive to partner with Brightstar on these cases.

Written by:
Gina Blagden
Head of Sales
Call Email

Need a clear solution for adverse credit?

We're on the case

- Products to support customers with heavier levels of adverse
- Defaults, CCJs and active DMPs accepted
- Automated cascading to provide a suitable lending option for your customer's credit profile

Precise Mortgages

02-09-03 (4) MKT001728-054

DMPs stopping your customers from getting a mortgage?

Precise Mortgages offer solutions for you.

The cost of living crisis continues to hit UK households hard, with roughly 2.4 million households missing or defaulting on an essential payment in the month to 13 July*.

Of these, 1.5 million did so on household bill payments, such as energy, water or council tax, with nearly two-thirds of them reporting they missed more than one payment. A further 770,000 households missed or defaulted on a housing payment.

It means we could soon see an increase in the number of people entering into a **debt management plan (DMP)** as they look for ways of managing their finances.

What is a DMP?

If you haven't come across one before, a **DMP** is as informal agreement between a customer and their creditors which allows them to pay back their non-priority debts, for things such as credit cards, loans and store cards, at a rate they can afford.

A DMP isn't legally binding and can be cancelled at any time by either party, but on the flip side, a DMP can leave a mark on a credit record meaning it could affect a customer's ability to secure a mortgage as many lenders won't consider customers with DMPs.

To help you through the trials of searching for a mortgage for customers who have an active or recently satisfied DMP, we've put together a helpful factsheet. It explains all about DMPs, why your customers could be struggling to get accepted for a mortgage and how Precise Mortgages are here to find solutions for you and your customers. To find out how we could support you and your customers, read our **DMP factsheet.**

How could Precise Mortgages help?

Fortunately, here at Precise Mortgages we don't believe a credit blip in the past should stop customers from getting the residential mortgage they need now. We could help customers with adverse credit, including those with DMPs.

Our residential mortgage range features products specifically designed for those with active and recently satisfied DMPs. DMPs must have been active for a minimum of 12 months, there's no minimum period of activity for those with satisfied DMPs, and we also accept Debt Arrangement Schemes (DAS) in Scotland. What's more, customers with DMPs satisfied more than 36 months ago can choose from our core range of
residential products.

It's all part of our wider adverse offering which also includes a choice of 2 or 5-year fixed rate products up to 85% LTV for those with:

- Defaults – up to 5 in last 24 months
- CCJs – up to 3 in last 24 months
- Mortgage or secured loan arrears – 1 in 12 months, 3 in 36 months (worst status)
- Unsecured arrears are not counted but may affect a customer's credit score

To find out more about how we could help, take a look at our **DMP page.**
* Cost of living crisis: 2.4 million households miss essential bill payments - Which? News

For intermediaries only. Information correct as at 17/11/2023

New year, new space.

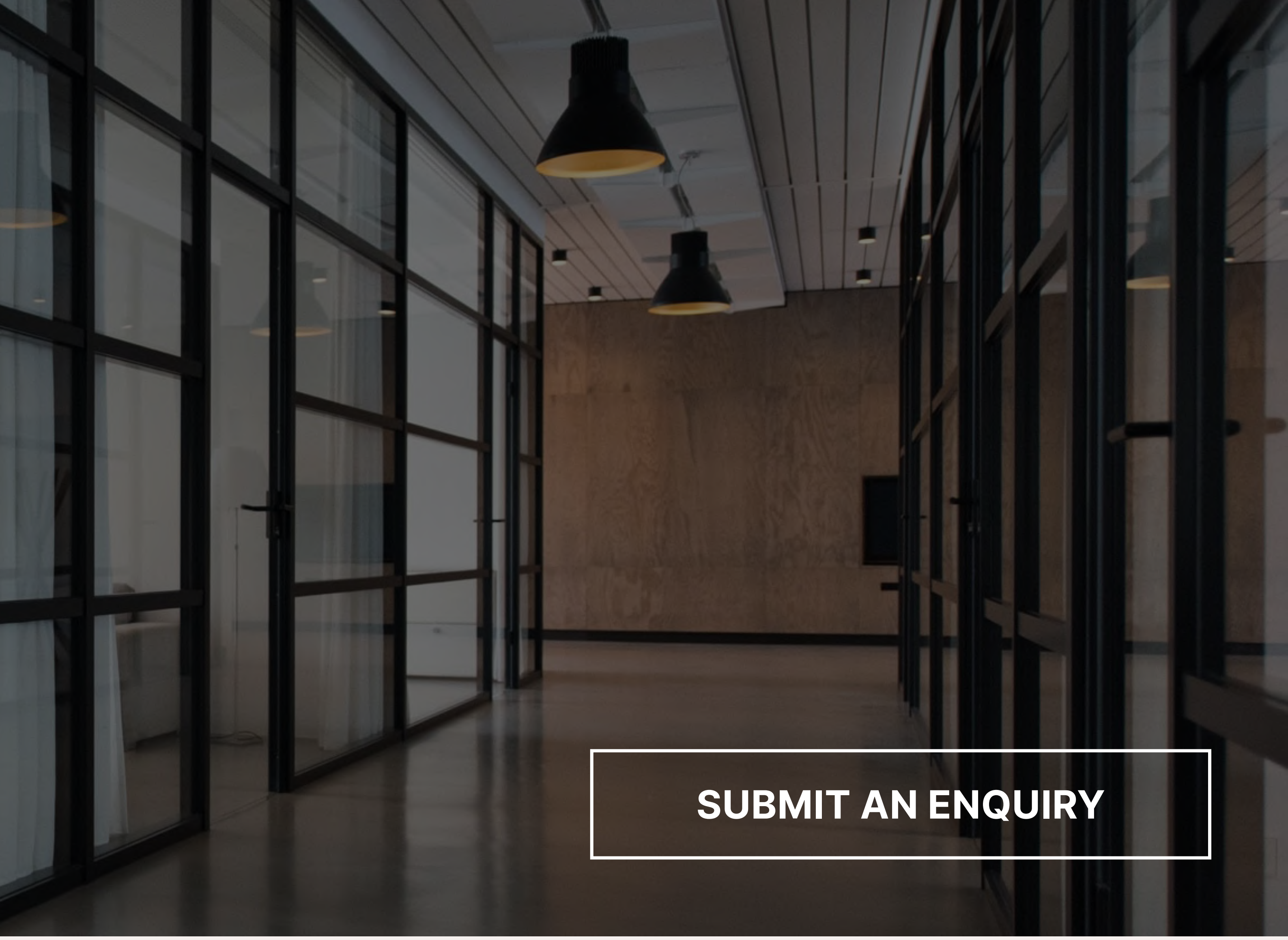
Mortgage borrowers are shifting their mindset. They are getting used to the new rate environment and increasingly taking more practical decisions regarding their future. As we move into the new year and households start to think about needing more space for their growing families or lifestyle, many will be thinking about extending their home rather than moving to a new property.

According to Halifax, the average cost of moving home is £12,000. With the cost of living crisis continuing to put the squeeze on household finances, this is a considerable outlay and one that many are considering they don't need to take on, especially if they are able to carry out home improvements to meet their needs instead.

Second charge lending has always been a popular choice for people carrying out home improvements; providing a flexible, cost-effective solution. Many homeowners will find they have enough equity in their home to raise the finance they need within the maximum LTVs of second charge lenders and affordability calculations.

Considering a second charge mortgage can sometimes provide clients with greater borrowing potential.

One big benefit of making home improvements is that, in many instances, major renovations or additional space are likely to result in a significant increase in the value of the improved property.



This means that if your client were to take a second charge mortgage to pay for the work and then remortgage to refinance their existing first charge to pay off the second charge, the higher property value could potentially mean that they are able to achieve a lower LTV, and this could result in greater access to lower first charge mortgage rates in the long term.

So, if you have clients looking for new space in the new year, a second charge mortgage to fund home renovations could provide the perfect solution.

Written by:
Stewart Simpson
Second Charge Mortgage Specialist
Call Email

together® talks buy-to-let

As a result of a testing year, where have you seen the most surprising business growth?

Whilst we have seen constant growth in Bridging, with achieving over **550 loans completed in November totalling £130m** of lending the most surprising thing for us is the resilience of the BTL market. Whilst interest rates have risen, affordability has become tougher, BTL lending has remained strong. It seems that property professionals/experienced landlords continue to see value and are ready and willing to transact.

What key opportunities should Brokers be utilising in 2024?

Brokers should be using the changes we have seen in the market to keep regular contact with their clients banks and exploring the wider picture with them. Clients with children – can the bank of mum and dad help with second charges to gift deposits? Are they aware of support that can be provided for life events – Second charges for tax bills, schools fees, debt consolidation. Property professionals - are they aware that there are plenty of opportunities in the Auction and that bridging loans can complete within the 28 day timeframe under auction conditions.

How can Together help landlord clients upgrade the energy performance of their portfolios?

Together has the perfect product suite to help landlords upgrade their properties to meet the EPC regulations. We can support clients with short term bridging facilities that will allow them to complete a refurb of the property. We also have a longer term options where clients can raise capital on a second charge basis to complete the necessary upgrades.

Dan Narwal
Intermediary Relationship Manager

Solstar
INSURANCE BROKERS

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:

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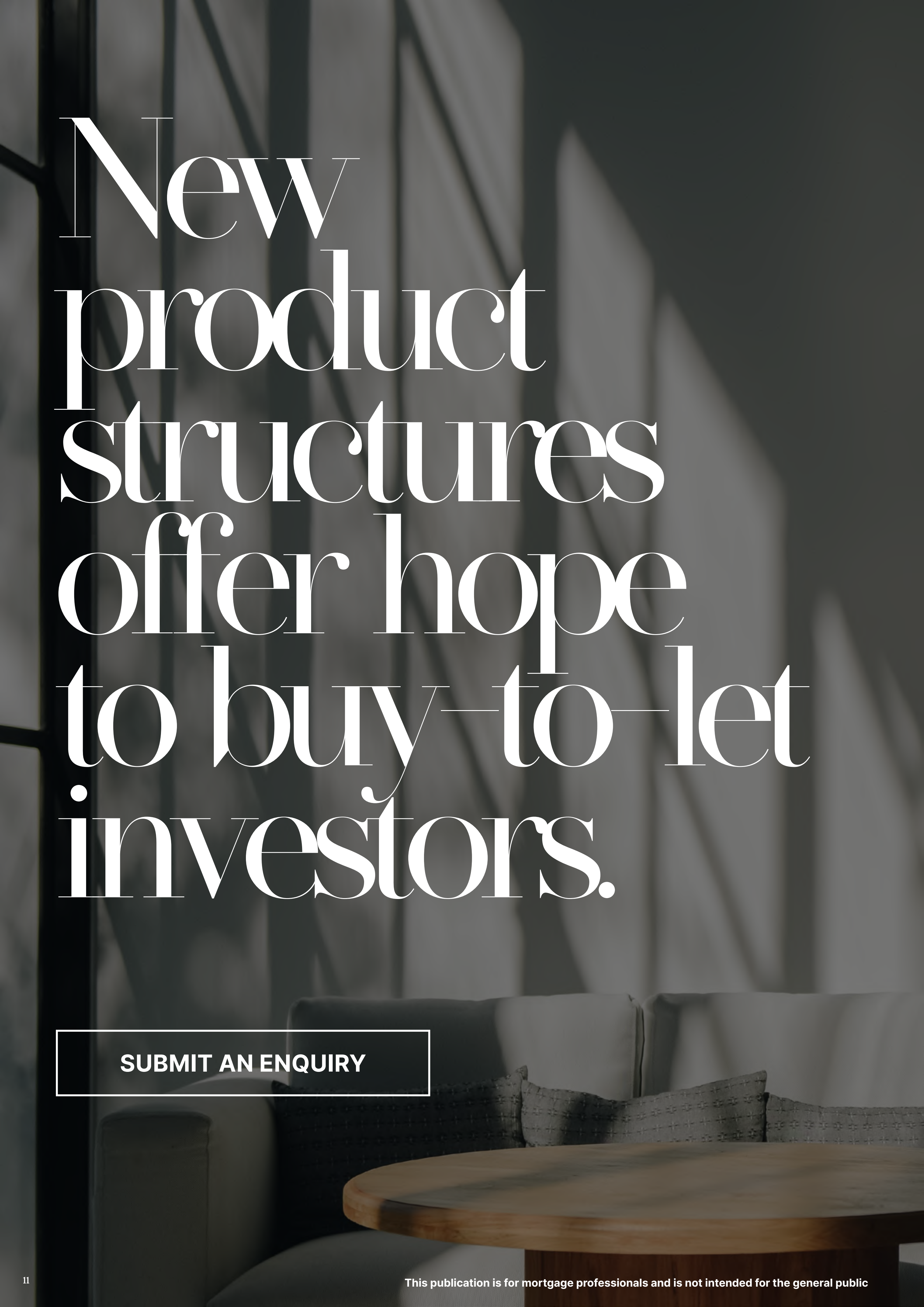
- Houses converted into flats
- Shops with flats above
- Blocks of flats
- Office blocks
- Commercial buildings
- Vacant buildings
- Hotels/Pubs
- Industrial units

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



New product structures offer hope to buy-to-let investors.

SUBMIT AN ENQUIRY

Interest rate rises earlier this year hit the Buy to Let market hard, given that affordability for these clients is based almost entirely on a direct calculation of the rental income compared to the monthly mortgage payments.

However, lenders have responded with the launch of new products that are structured with a higher fee and lower rate to help more landlords to achieve the leverage they need within stress testing requirements. On top of this, rates are also starting to fall, opening up the market to a wider number of investors.

When it comes to mortgage payments, a Buy to Let mortgage would typically work on the basis of a stress test of 125% of the rental income on a 5-year fixed rate. By introducing products with higher fees but lower rates to introduce monthly costs, a lot of investors can now achieve up to 75% LTV, which would otherwise be unachievable at higher rates.

Sometimes brokers are deterred by high product fees, but when talking to your clients about these products, it's important to look at the overall cost of borrowing over the period of a 5-year fixed rate rather than the headline figure, as this is often the same as products with a lower fee.

For example, a 5-year fixed rate of 5.2% with a 7% fee has an overall cost of borrowing over the five-year period of 33%. A 5-year fixed rate of 6.2% with a 2% fee also has an overall cost of borrowing over the period of 33%.

The fee may seem to be expensive, but over the life of the deal, the cost of borrowing is practically the same.

The benefits of this approach are that the product with a lower rate and higher fee enables a borrower to achieve a larger loan size that may be needed to secure the leverage they want to make an investment work. The larger fee may initially put some off, but it's a useful tool and does not necessarily lead to more expensive borrowing.

There can also be advantages to paying more on a fee over rate due to the way it can be offset for tax purposes, but as always, it's important for investors to seek specialist property tax advice.

At Brightstar, we are seeing an increase in demand from Buy to Let investors as we move into 2024 and the diverse range of products available offers them more options.

We're available to talk through all of these options and discuss the approach that best suits your clients.

Written by:
Neil Taverner
Buy-to-Let Consultant
Call Email

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, the team at Brightstar are here to help. Contact them today to see why we're the home of...

Handcrafted mortgage solutions

FOR INTERMEDIARIES ONLY
Product and criteria information correct at time of print (17.11.2023).
03-09-03 (4.2) MKT001747-043

KentReliance for Intermediaries

How OSB Group's High Net Worth team is helping landlords grow their rental businesses.

The past couple of years have been challenging for the **buy–to–let** market, with landlords being hit by rising interest rates, tax rates and a raft of new regulations.

Even landlords who're considered as being of high net wealth haven't been exempt from the economic storm currently buffeting the rental sector.

Although these clients may hold significant wealth and assets, they might not have access to their capital upfront which means they may encounter difficulties when it comes to finding finance to enable them to buy a new property.

Many high street lenders are set up to deal with high volumes of standard loans with cookie-cutter mortgage applications, so when it comes to high net worth clients looking to invest in property, a more tailored approach from a specialist lender is often required.

Kent Reliance for Intermediaries created a High Net Worth Client Management Team in March 2022 with the aim of providing clients with mortgages totalling more than £7.5 million with dedicated support.

Headed up by Krissy Salmon and supported by client account manager Steve Wood, the team holds regular reviews with brokers and their clients to ensure a seamless service and support them with any new borrowing requirements or help with retaining their business.

With criteria such as no maximum loan amount up to 90% LTV and being able to accept interest only applications with no minimum income, the team has gone from strength-to-strength since its launch.

The team also has the ability to understand and consider clients with unusual or complex income sources, such as sportspersons, musicians, actors, authors and influencers.

"Our mantra is that service and relationships are key," Krissy says. "We've certainly seen a lot of demand for the service from brokers over the past 18 months which shows there was a real need for a facility which provides them with stability in managing their clients' portfolios, especially in these challenging times.

"We provide support from application to completion and beyond, and we say to brokers that if we like a client's model and what they're doing, let's work together to get a facility in place and take their business to the next level."

With more than 15 years of business development experience at OSB Group between them, the team's tailored service and bespoke pricing helps brokers meet their clients' evolving borrowing requirements.

Krissy and Steve's deep sector knowledge and ability to access products and criteria from not just **Kent Reliance for Intermediaries**, but also the Group's other two lenders - **Precise Mortgages** and **InterBay**, means they can come up with creative solutions for even the most complex of cases.

"Being able to leverage the scale of the Group is a game-changer," Krissy continues.

"We've found that brokers who've been historically loyal to one brand are now discovering what our other brands can offer their clients. For example, we've received residential mortgage enquiries off the back of buy to let business and we've had clients switching between brands for their big portfolio loans."

"We know that brokers are entrusting us with their important clients, so we're delighted to be able to bring a private banking approach to the specialist lending sector."

To find out more about how **Kent Reliance for Intermediaries** could support you, simply get in touch with the award-winning team at Brightstar on **01277 500 900.**

Information correct as at 21/11/2023.

KentReliance for Intermediaries


Using bridging to get people moving.
SUBMIT AN ENQUIRY

Brokers have had many frustrations to deal with this year, with frequent rate changes to deals putting a squeeze on customer affordability. Another issue has been the length of time that some property transactions are taking to complete, with the protracted process often leading to transactions falling through.

In this environment, there has been a significant increase in demand for regulated bridging amongst buyers whose sale has fallen through and, in some cases, have taken the decision to use bridging to put themselves in a stronger position or expedite the process.

For those who are looking to move quickly, bridging finance can usually be accessed faster than a term mortgage and we work with lenders that are committed to providing funding at pace, often using AVMs to increase speed. Conveyancing is frequently the primary cause of delays in a property transaction, and we have lenders on our panel that can offer joint legal representation, which can make the process more efficient.

For home movers, a bridging loan can release the equity from a buyer's current property, putting them in a stronger purchasing position and giving them greater control of the transaction.

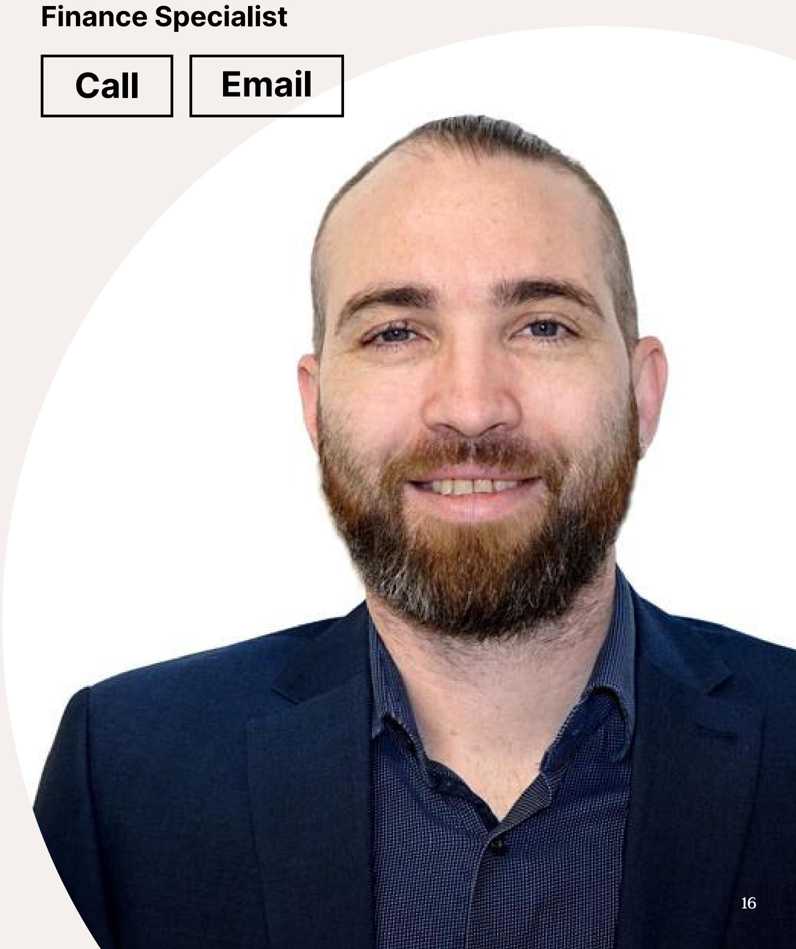
There are some considerations when using bridging finance in this way. In the first instance, by simultaneously owning two properties, additional Stamp Duty is payable upon purchase of a second property. This can be claimed back once a buyer is able to sell their current property, but they will need to have these funds available to pay the increased Stamp Duty at the point of completion on the new property.

A bridging loan could additionally be used to secure funds for these costs if the amount of equity available across the properties permit.

A regulated bridging loan is only taken for a maximum of 12 months, and while rates may look higher than the term market, it can help to save a transaction, potentially saving customers thousands of pounds in lost costs and it could put a buyer in a powerful position to negotiate, enabling them to secure a discount on the property they are buying which helps to offset these costs.

We think the use of bridging to help home movers smooth the overall process is a trend that is only going to continue to grow as we move into 2024, and at Brightstar, we are always available to help you to help keep your clients moving.

Written by:
Stephen Watts
Bridging & Development Finance Specialist
Call Email



See what people are saying

Excellent

Based on 2,840 reviews

Trustpilot

Where can I start

So we sold our house and found our dream home and purchased it through Modern Auction so had 56 day...

Lesley Thompson, 1 December

Stars of Brightstar

I honestly cannot thank Gina and her Fab Team enough for this particular case!! My client was in tears of happiness...

Ranjita Rastogi, 7 December

First class service

First class service from start to finish! Can't recommend highly enough, especially Richard Brett and Amy Wimbledon who were...

Ben Grant, 3 July

Showing our latest reviews

Commercial opportunity increases as we look to 2024.

SUBMIT AN ENQUIRY

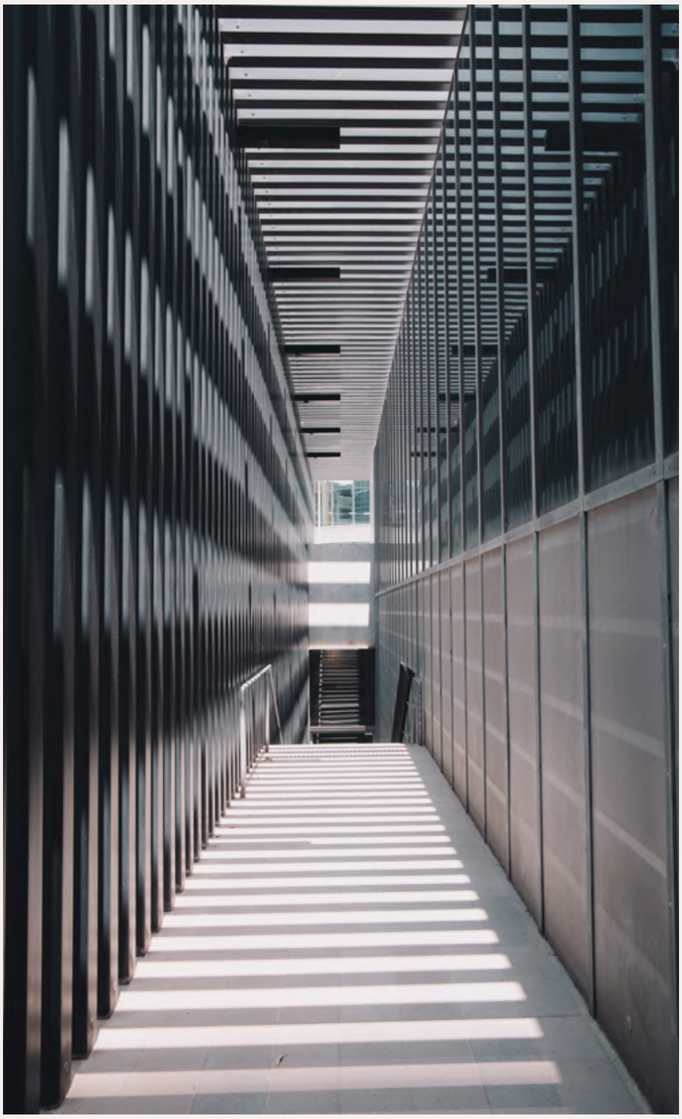
The commercial property market, like the residential market, has faced a challenging 2023. However, there are reasons to be positive as we look ahead to 2024.

This market is becoming more competitive, rates have started to drop and we have seen the return of lenders like Interbay and Allica recover their lending appetite. Lenders have loosened their criteria to take on more business and applications that may have come under scrutiny a few months ago are now being more readily accepted.

As always with commercial property, not all sectors behave the same and some are experiencing greater demand from tenants, with a more positive outlook than others. However, whatever asset your client is looking to invest in, obtaining the most suitable and competitive mortgage that keeps outgoings down is always paramount.

At Brightstar, we have access to a number of lenders that have increased their appetite and are able to work with them on an individual basis to ensure the best terms for your clients.

If you have clients who are looking to expand their portfolio, refinance or take a first step into commercial property investment, be it solely for commercial purposes or semi-commercial, just pick up the phone and give us a call.



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

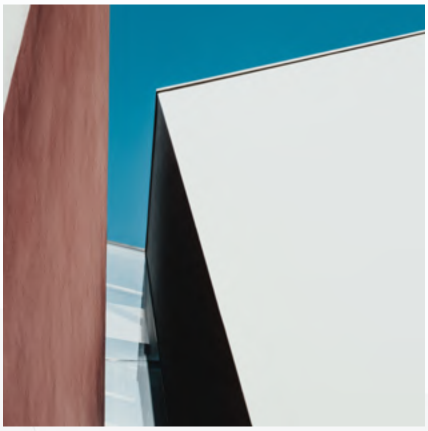
Book with Andrew | **Book with Lee**

Lee Payne

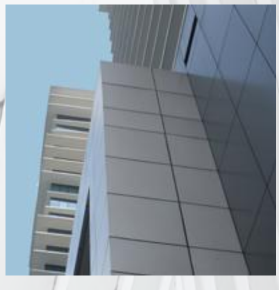
National Account Manager

07754 559 653

lee.payne@thebrightstargroup.co.uk





SEE WHAT PEOPLE ARE SAYING

EXCELLENT

Based on 2,840 reviews

Trustpilot

Highly recommended

Neil was brilliant at helping us secure a remortgage with a high street lender at a rate which was better than our...

Debbie, 28 November

Showing our latest reviews

Great experience from start to finish

Great experience from start to finish. Explained all the terms & conditions very...

Louise Green, 27 November

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Good communication and attention

Good communication both Dak and Cain grasped what i wanted to...

Kevin Ellis, 21 November

Showing our latest reviews

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

Did you know we offer Asset Finance?

Brightstar

Our Lending Sectors

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Super Car Finance • Prestige Car Finance • Classic Car Finance

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Let's talk, we're here to help

Call us on 01277 500 900

Submit an enquiry