



Fiducia Commercial Solutions' Monthly Newsletter For Introducers, Network ARs and Partners



RESIDENTIAL PROPERTIES ARE PART OF OUR DAY JOB!

Residential properties are all part of the day job for Commercial Finance brokers! Just wanted to throw that out there – as it does seem a bit of a contradiction!

Easy assumption is that all we would look at is commercial buildings – shops, offices, pubs, restaurants, factories etc.

But the 'commercial' applies to the purpose, NOT the property.

We are this month looking at:

- The clients that we can help to fund in residential investment property
- Types of Buy To Let properties that we can support
- We break down a more complex investment model and property - an HMO
- Holiday Lets: With travel bans lifted, many are still choosing to Staycation
- Short Term Lets, and where they fit for a BTL landlord

We access a 'whole of market' lender panel to find the best mortgage deal for the client's property with 100% impartiality.

And we can often access rates and terms that are not available to them directly.

Don't leave your client's next BTL property requirements to chance.

THIS MONTH:

- Residential Properties Are Part Of Our Day Job!
- Buy To Let: Clients And Property Types That We Can Support
 - Short Term Lets For A BTL Landlord
- Commercial View: What Does The Future Hold For Limited Company BTLs?
Sophie Mitchell-Charman, Sales Director at LendInvest
 - What Is An HMO?
 - Why Holiday Lets Are Here To Stay-cation!

BUY TO LET

Clients And Property Types That We Can Support

What type of property do you think of when you think about “Buy To Let”? A house or a flat? Residential investment properties of all shapes and sizes are all part of the day job for Commercial Finance brokers!

WHAT types of properties can you help fund?

- Standard BTL – houses, flats, bungalows etc
- HMO – Home of Multiple Occupancy – single property with multi tenants
- MUFb – Multi Unit Freehold Block – eg. Block of flats, Student accommodation
- Holiday Lets
- Short Term Lets - properties designed to be let on AirBnB or as serviced apartments, for example

Unusual is your normal! For example, property next to or above commercial spaces.

So **WHO** can you help to fund residential Buy To Let properties for?

- Property in a personal name that is 100% for investment purposes, and NOT that was previously or intended to be lived in by the client/close family
- Property that is in a property related limited company ‘special purpose vehicle’ (SPV)
- Portfolio landlord – owners of multiple properties, and these can be in personal or limited company names
- Trading business limited companies
- Foreign Nationals
- Ex-Pats
- First time landlords
- Adverse credit considered – case by case basis

You can custom fit rates and terms to the client, their property and the financials in each case – and share their best outcome as your goal too.

SHORT TERM LETS FOR A BTL LANDLORD

Short Term Lets are changing the face of the way that we holiday, take a break or just stay somewhere that we don’t call home!

You might also call this Serviced Accommodation, and we use it to:

- Book stays by the day and not in whole weeks necessarily
- Book a whole studio, flat or house - or take a room for just you, or could be for two..
- Either leisure or business stays

Your client can be a BTL landlord who lets their property to a short term accommodation provider – tempting, no gaps in rental income! OR do the letting legwork themselves, direct to clients or via the likes of AirBnB or Booking.com.

Why not ask how you can help your clients diversify their residential investments?

WHAT DOES THE FUTURE HOLD FOR LIMITED COMPANY BTL'S?

Sophie Mitchell-Charman, Sales Director at LendInvest

Since the tax changes that made being a landlord less advantageous came into force, affecting properties owned in an individual's name, the Buy-to-Let market in this country has seen a drastic change.

Over the past half decade the growing professionalisation of the industry - away from retirees keeping second properties to top up income - has put more emphasis on portfolio and professional landlords.

With this has come an increased focus on portfolio incorporation and Limited Company Structures, which we've been talking about a lot this month.

That's because the trend towards limited companies will continue and only get more prominent, and while the demand will be there it doesn't mean lenders can take it easy, just expecting the business to come.

Technology needs to improve the process

We heard from our BDMs how brokers are still crying out for a slicker process for incorporations across the market.

We've invested a lot of time and energy in to the technology that can simplify the process, including:

- Open Banking
- Equifax API Integration
- Portfolio Analysis via RightMove
- Jumio - For online ID verification through a smartphone
- Docusign - Online digital signatures
- Stripe - Online payments for fees throughout the process

The growth of the limited company market has correlated with increasing technology in the Buy-to-Let process, we need to keep ensuring these landlords are feeling the benefits of these forward steps.

Long-term investments

Part of the shift towards a limited company market is recognising the professionalisation of landlords, this is not a side-hustle or a hobby, it is a business, and like any business they need the options to safeguard their investments for the long term.

Products that recognise this will be vital. Whether they be long-term, 7- or 10-year Buy-to-Lets, or ones that incentivise improvements to the property to future proof it against future regulation changes.

We're already seeing the impact the EPC requirements coming into force over the next 5 years are having on landlords, which is why our EPiC range has proved so popular to reward landlords with lower rates, or encourage them to future-proof their properties by making the necessary upgrades.

This area of the Buy-to-Let market will only continue to grow, and it is essential lenders are able to grow their proposition along with them.

WHAT IS AN HMO?

A 'House in Multiple Occupation' is a property rented by 3 or more people not from a single household, and share facilities like bathrooms and kitchens.

We are seeing a lot of demand for HMO mortgages, and for funding to convert standard BTL and properties to HMOs.

An HMO landlord will have some extra considerations:

- A large HMO is 5+ beds and requires council licensing in England and Wales
- PAC testing / Annual gas and electrical certificate requirements / Fire safety and smoke detectors
- Increased levels of property management with a larger number of tenants

Returns and increased yield are attractive, Plus other benefits:

- High level of tenant demand
- Lower income vacancy rate issues where tenants departing don't remove the whole property income
- Easily identifiable areas of increased demand, eg. Hospitals and Universities

HMOs come in all shapes and sizes – 3 beds to, well unlimited really – we saw a 51-bed Student Accommodation property funded recently.

Plenty of lenders will back your clients – but they all have different criteria on LTV, bed numbers, landlord experience etc.

WHY HOLIDAY LETS ARE HERE TO STAY-CATION!

The boom in the UK Staycation and Holiday Let sector is not forecast to fall away with the re-opening of foreign travel – and international travel brings tourists into the UK needing short term holiday accommodation.

Through holiday let agencies, AirBnB, direct advertising and other platforms owners of holiday homes have benefitted from the boom of the last two years' demand during the pandemic.

But there are several reasons why Holiday Lets could be an ongoing investment opportunity for buyers, owners and BTL landlords:

- Renewed interest and awareness of holidaying within the UK
- Reduced costs and convenience of a Staycation vs. holiday abroad
- Awareness of 'green' holidays and reducing carbon footprint could increase demand domestically
- Lenders are adapting to 'types' of income – with more including AirBnB bookings and comparable long term let rates in their affordability calculations

Landlords are recognising that Holiday Lets are a way of diversifying their portfolio, with an asset that remains in demand, with a fall back of re-sale or long term let both plausible given current market demand for both.

Why not book your client's holiday (let property purchase or refinance) in 2022?

THE FIDUCIA COMMERCIAL NETWORK OUR COMMERCIAL FINANCE APPOINTED REPRESENTATIVE NETWORK



A PARTNERSHIP WITH YOU THAT ENABLES YOU TO DELIVER SUITABLE
COMMERCIAL FUNDING SOLUTIONS - AND SO MUCH MORE

THE CORE COMMERCIAL NETWORK PROPOSITION

- FCA authorisation, including all regulatory reporting
- PI Insurance - a significant saving on its own
- NACFB membership - unlocks a whole of market panel of commercial finance lenders

AND SO MUCH MORE!

- Training and set up support while your application is authorised
- Compliance, Admin and Finance support
- System support with a CRM and sourcing system plus white label documentation
- Full direct access to BDMS at our entire 'whole of market' lender panel
- Direct access to the internal Fiducia broking team for business support with your cases
- Access to the Fiducia brokers can include jointly working cases - ask for more details
- Monthly lender webinars for the network
- Monthly newsletter, and frequent news and product / rate updates from lenders

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