



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



BUY-TO-LET IN COMMERCIAL FINANCE

Just Who And What Can We Fund?

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 our day job!

But what types of properties can we help fund?

- Standard Buy-To-Let – houses, flats, bungalows etc
- HMO – Home of Multiple Occupancy – single property with multi individual tenants
- MUFB – Multi Unit Freehold Block – eg. Block of flats, Student accommodation
- Holiday Lets

Unusual is our normal! For example, flats above commercial spaces.

And who can we 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
- Property that is in a limited company 'special purpose vehicle' (SPV)
- Portfolio landlord – can be in personal or limited company names

We custom fit rates and terms to your client, their property and the financials in each case – and share the client's best outcome as our goal too. Ask us how we can help your client fund their next residential investment property today.

THIS MONTH:

- Buy-To-Let In Commercial Finance

Commercial View - Landbay's Take On The Buy-To-Let Market

Paul Brett, Managing Director, Intermediaries at Landbay

- What Is An HMO?

- Climate Action In Property Investment

- Bridge-To-Let: It's One Process For Two Stage Properties

- Fiducia's Commercial Finance Proposition - The One Pager

- The Fiducia Commercial Network Proposition

COMMERCIAL VIEW LANDBAY'S TAKE ON THE BUY-TO-LET MARKET

Paul Brett, Managing Director, Intermediaries at Landbay

The buy-to-let market is buoyant with healthy demand from landlords for both house purchase and remortgaging so we expect 2022 to be a busy year.

The good news for landlords, and brokers helping their clients, is that interest rates are still very competitive, despite the Bank of England raising base rate in December. Although the money markets are pricing in another two or three more rate rises this year, rates will still be relatively low. It's worth mentioning that Landbay, has a diverse range of funding lines, which means we can stay competitive, even in a challenging environment.

Buy-to-let market changes

The buy-to-let market has altered since 2016/17 when the government introduced tax changes and the PRA brought in new rules, resulting in a big impact on the sector. There was the extra 3% stamp duty for second properties and the gradual removal of mortgage interest tax relief. Next came tighter affordability stress tests for buy-to-let borrowers followed by stricter underwriting criteria for landlords with four or more mortgaged properties.

From 2016 we started to see the rise in popularity of five-year fixed rates and many of these will be maturing this year so brokers should be bracing themselves for a strong remortgage market.

Professionalism

We are seeing more professionalism in the buy-to-let sector with a large rise in the number of landlords putting their properties into limited companies for tax purposes. These landlord businesses are looking to expand their portfolios and when the remortgage is due, take equity out of their existing properties to buy more.

Landbay specialises in providing mortgages for both individuals and limited companies but we are also one of the few lenders to cater for trading limited companies.

Another of our niche areas is Day One Remortgaging where a borrower remortgages a property up to six months after buying it, often used at auction where the property is not habitable but will be refurbished for rental purposes.

Green mortgages

At Landbay, we pride ourselves on keeping up to date with current issues such as climate change and have become a carbon neutral company. Last year we also established an ESG policy and as part of that we launched our green mortgage range. Both old and new properties with an EPC rating of A to C benefit from discounted interest rates. Government proposals are for all rental properties to have an EPC rating of at least C by 2025 for new tenancies and 2028 for existing tenancies.

Our green range also includes HMOs and MFUBs, both growth areas for landlords as yields are higher on these types of shared properties. We cater for experienced landlords looking to invest in HMOs and first-time landlords but we are a prudent lender and borrowers must be a homeowner and show the usual affordability credentials.

Technology

Landbay is a technology-led lender and we build our own systems in-house which are constantly being upgraded to make intermediaries' lives easier. We are ranked number 11 in the FT1000 - the Financial Times' annual list of the fastest-growing European companies 2021. We are one of only 14 UK companies in the top 50, we are also the top ranked financial services business on the list and the second highest ranked fintech.

This year there will be criteria and product innovation and as rates start to rise more longer fixed rates will come onto the market. We are always looking at ways to enhance our product range and are working on some exciting plans - so watch this space.

As an introducing partner to Fiducia Commercial you can access to the latest [Landbay product range](#) and take advantage of our competitive rates and special offers. Our extensive product offering and broad lending criteria makes us the perfect lending partner for your landlord client.

Got a case in mind? Get in touch with Fiducia Commercial Solutions' to access these [products](#) for your clients and network.



WHAT IS AN HMO?

And When Could It Be A Good Investment?

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 property funded recently.

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

When your client has searched the market for the perfect HMO investment property, why not leave all the leg work to us to find them the most suitable funding?

BRIDGE-TO-LET

It's one process for two-stage properties.

Property Investor clients often buy properties that require refurbishment before they are in a habitable state for tenants. The traditional route is:

- Purchase and conversion or refurbishment funded via a #BridgingLoan
- On completion of works a Buy-To-Let mortgage is put in place

Two credit assessments – Two valuations – Two conveyancing processes.

Two totally separate conversations!

With Bridge-To-Let there are variables by lender, but key here is that both facilities are arranged with the same lender up front, under a single process.

- A lender may provide dual offers at the start of the process – for both the Bridging Loan and the Buy-To-Let mortgage
- Some lenders may pay for your legal and re-valuation fees when you refinance the Bridging loan with the Buy-To-Let mortgage
- Significant time saved and reduced costs from not having two separate stages
- Confidence of knowing your costs, possibly fixing the rate of the Buy-To-Let mortgage up front

Simplify the whole process for your clients – Remove duplicated funding and conveyancing tasks.

We value the long standing and close working relationship that we have with The Openwork Partnership, and all of our introducing partners in the network.

WE CAN HELP VIRTUALLY EVERY BUSINESS SECTOR - IF THEY ARE ELIGIBLE FOR FUNDING THEN WE HAVE THE ACCESS TO SOURCE IT FOR THEM - AND WE ARE 100% IMPARTIAL WITH OUR WHOLE OF MARKET LENDER PANEL.

COMMERCIAL PROPERTY FINANCE SOLUTIONS:

- Commercial Mortgages
- Bridging Finance
- Property Investment (BTL, HMO, MUF, Commercial)

- Development Finance

COMMERCIAL FINANCE SOLUTIONS:

- Business Loans
- Invoice Finance
- Trade & Supply Chain
- Asset Finance
- Vehicle Solutions

OUR LENDERS' PANEL:

- High Street Banks
- Challenger Banks
- Product Specialist Lenders
- Peer To Peer
- Fintech

FIDUCIA SPECIALISES IN SOURCING COMMERCIAL FINANCE:

SCOPE

- National client coverage
- Any client size and stage, from Start Up to Multi National
- Funding sourced for any business purposes

TRUST

- Independent, unbiased and impartial
- Direct FCA authorisation
- NACFB membership
- Robust compliance monitoring function

RELATIONSHIP

- We work for your client, and not the lender
- We source suitable funding solutions - suggesting options that the client may not have considered
- With the client for the whole funding journey - from requirement gathering to successful funding
- Relationship, and not a transaction - it's how we treat every client that we work with

VALUE PROPOSITION

- Funding sourced from the 'whole of market' - including lenders and rates you cannot access directly
- We do all of the leg work, so that the client can get on with running their business - and you can get on with yours

CLIMATE ACTION IN PROPERTY INVESTMENT

Landlords Can Be Rewarded For Playing Their Part In Climate Change

Climate Change has always been on the fringes in relation to property – can you remember the ‘Eco House’ that was such a novelty to walk around at the Ideal Home Show every year?

You can be rewarded as a landlord for playing your part in a far larger action towards reducing the carbon footprint of properties. Energy conservation in not just property development but existing housing stock too has come into the mainstream – and landlords can benefit from reduced BTL mortgage rates where they improve the Energy Performance Certificate (EPC) band of their property.

Beyond that it can be a marketing point - tenants will benefit from reduced energy consumption and bills – and we all know what direction domestic fuel bills have headed!

If your client is buying a Buy-To-Let or refinancing with a BTL mortgage – why not get in touch and see how playing their part for the environment could improve their yield with a reduced interest rate?



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
- NO UPFRONT FEES to join the Fiducia Commercial Network

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

E-Mail Mark Grant at mark@fiduciagroup.co.uk, and start a conversation about how we can work together in commercial finance.

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