



# Opportunity in a recession



@joemortgagelane  
Joe Lane



# Square. SCAFFOLDING

- Started PF Homes in 2011
- Sold in 2013
- Studied ACCA accountancy until 2015
- Became a SE mortgage broker in 2016
- Bought my first investment in 2017
- £1.8m of property by 2018
- 14 employees by 2020
- Purchased a scaffolding firm in 2021

JOE LANE



- 23 employees 2023 ML
- 37 employees by 2023 (all companies)
- NO TAX OR LEGAL ADVICE

# Meet The Team (23)



**Joseph Lane**  
Founder and Director



**Seren Norton**  
Operations Director



**Jack Scott**  
Mortgage Broker



**Alice Crothers**  
Overseas Investor Specialist



**Eve Roberts**  
Business Services



**Millie Keyse**  
Mortgage Broker



**Keavey Shiers**  
Case Manager



**Ella Brock**  
Case Manager



**Leeds Building Society**

## **Ltd co Single let > March 2024**

- £100,000 purchase
- £75,265 GROSS @ 75%LTV (No product fee)
- £75,000 NET @ 75%LTV
- £341 per month @ 5.44% (5 yr)
- £650 rental
- £3,708 per Annum NET
- 14.67% ROI (11% in August 23)



An aerial photograph of a mountain range. The central focus is a sharp, triangular peak with a light-colored, possibly rocky or sparsely vegetated, surface. The slopes leading down from the peak are covered in dense green grass or low vegetation, showing distinct horizontal ridges or terracing patterns. In the background, other mountain ranges are visible under a clear blue sky, with some peaks appearing hazy due to atmospheric perspective.

# **CREATIVE HMO PURCHASE**

FRONT ELEVATION



- JV with a Letting agent
- Lease option with owner
- Option holder recent bankruptcy
- We had low funds
- We needed 100% funding
- £365,000 purchase price
- £550,000 valuation

# CRITERIA

- ⦿ 85% LTV against the OMV
- ⦿ 100% of PP plus stamp duty (max loan)
- ⦿ No experience required
- ⦿ Interest deducted (85% gross)
- ⦿ Purchase price not known to valuer



FRONT ELEVATION



- £365,000 purchase
- £550,000 valuation
- £425,000 gross loan (77%)
- 364,652 net loan
- £5k pcm running costs
- £20k stamp duty
- £1k valuation
- £21k upfront (4% of PP)



## EXIT 139-141 Bryn Road

- £550,000 valuation
- £471,750 NET mortgage (85%LTV)
- (£397,000) bridge repaid 3 months interest (32k)
- £74,750 capital raised
- £1,940 monthly payment
- £5,400 pcm gross rent
- £3,460 pcm net PCM

# Learnings and Findings

- Leverage circumstance / use other peoples cash
- Gearing high – Cashflow / variable (higher risk)
- Lenders dislike OMV remortgage for 1 year without refurb
- JV agreed exit timeframe recommended
- Lifetime exit charges (1%)

The logo for Landbay, consisting of the word "LANDBAY" in a bold, white sans-serif font, with a registered trademark symbol (®) to the upper right, all enclosed within a white rectangular border.

LANDBAY®

## Valuation methodology

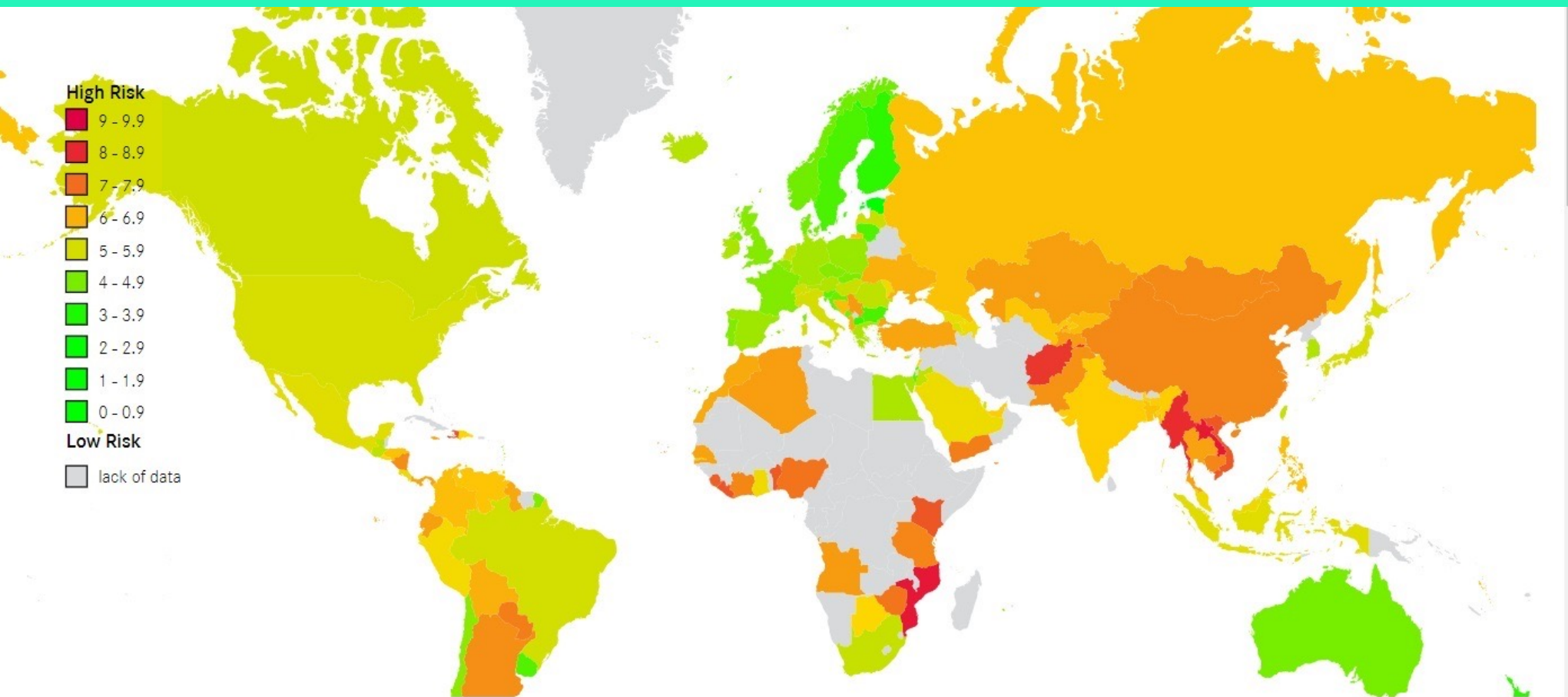
- Family house by configuration (c3/4 up to 4 rooms) – bricks & mortar
- HMO by configuration(ensuite) 5+ rooms – HYBRID (inside Article 4)
- HMO by configuration(ensuite) 5+ rooms – Commercial (outside Article 4)
- National valuers (Hybrid) – Prefer major cities and student presence (Hybrid)
- Commercial lenders (choose local valuer)



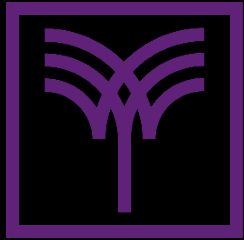
**HTB**

The specialist bank

# THE BASEL INDEX







assetz  
capital

# Private investor loans

- Loan agreement
- Personal guarantee (PG)
- 2<sup>nd</sup> charge – undertaking
- RX1 or Unilateral notice



**Shawbrook  
Bank**



## Market update

ALL TIME LOW RATIO

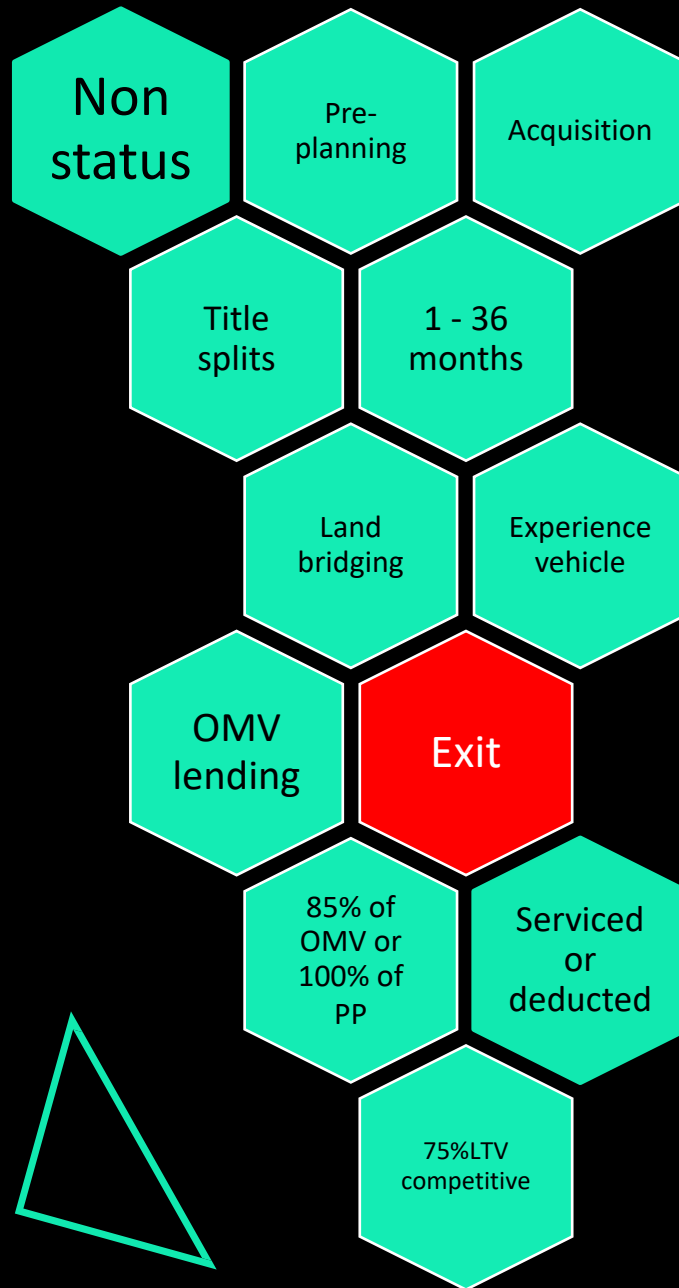
75%



The specialist bank

0.79%

# Bridging Finance



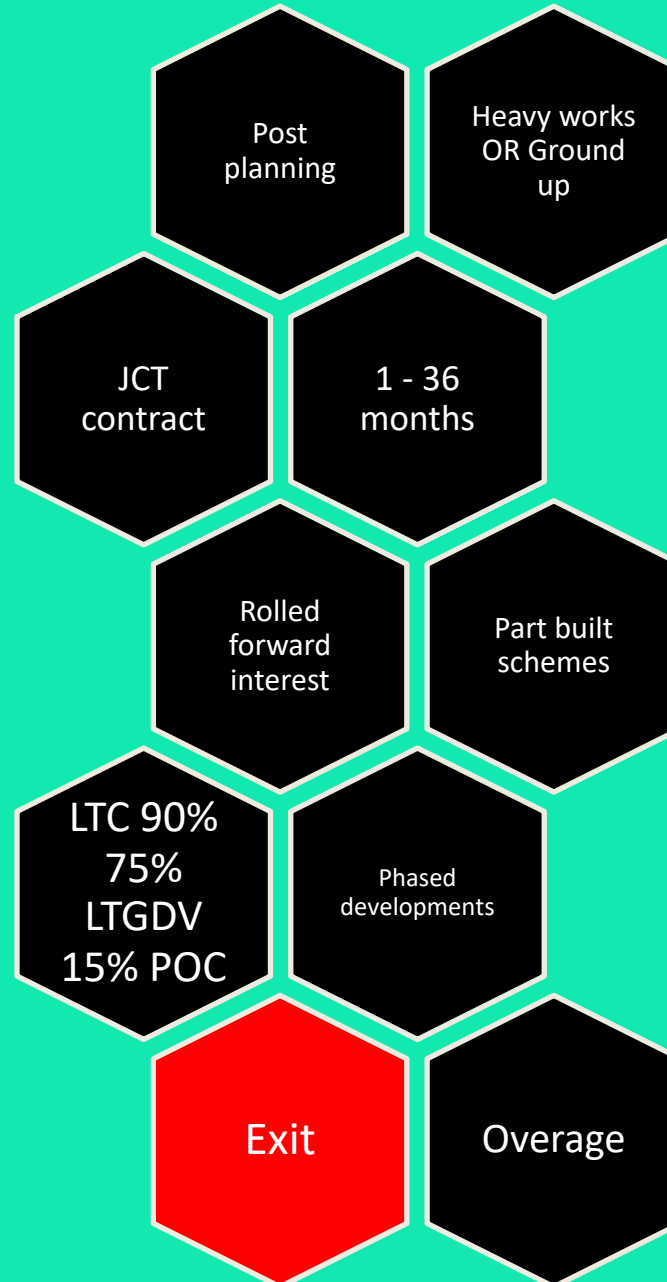


75%

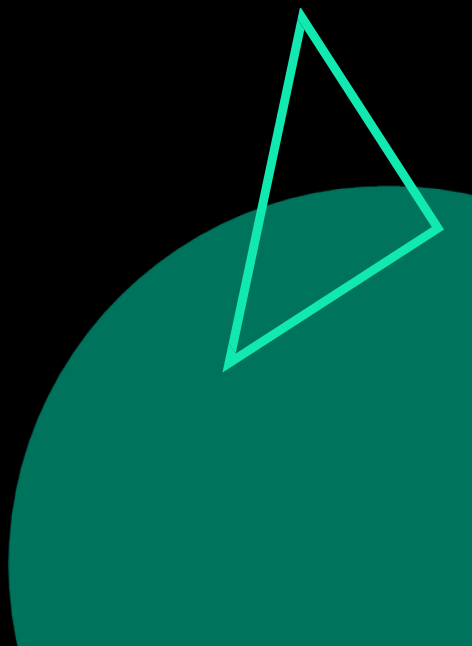
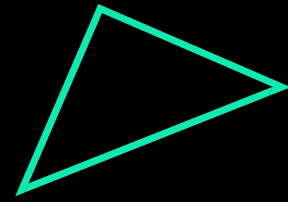
## Market update

- Precise @ 0.74% - PF 2% light refurb (UN/REG DUAL)
- Bridge to let now for Medium Refurbs too!
- PF of Bridge to let just 0.75%!
- Exit @ 80% INC HMO
- Will require local searches

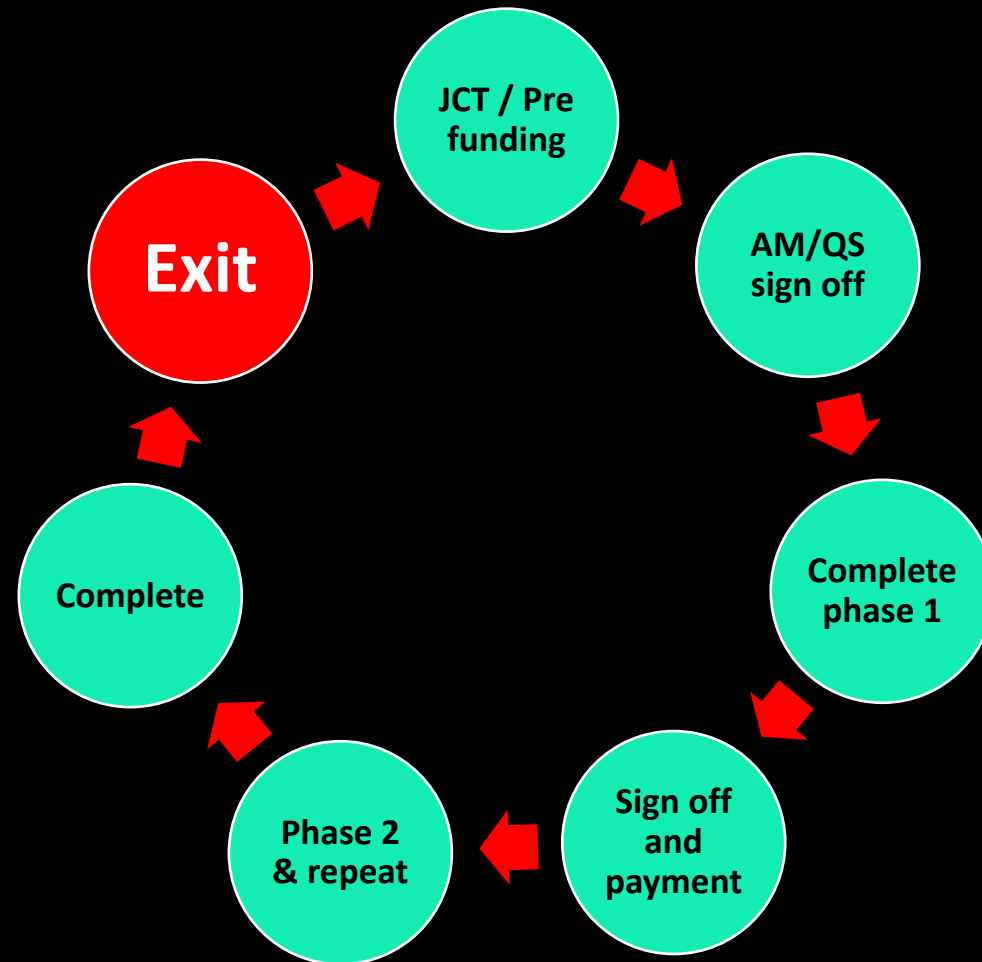
# Development finance



## Drawdown funds

- Minimum drawdowns
  - [www.jctltd.co.uk](http://www.jctltd.co.uk) (Joint Contracts Tribunal)
  - JCT / Minor works
  - Upfront costs on QS / AM
  - Funded in arrears
  - Quality and spec audit QS
- 
- 

# Drawdown Facility



## Development funding EXTRA

- 75%LTGDV – 90% LTC – 0.9 % PM – Stretched senior
- 95% LTC – Mezzanine funding 1.5% per month
- Equity funding (profit spit) 1.5% per month (50% profit net split)
- Developer exit products @ 75% LTV (tier 1 bridging) 0.79%PM



## Residential mortgages

CHEAP MONEY

### Good income/credit

- Further advance
- Remortgage
- Second charge term loan

### Bad income/credit

- Further advance (unlikely)
- Second charge term loan
- Remortgage
- Second charge bridge/development

# 2<sup>nd</sup> Charge Bridging EXAMPLE

## Current gearing

- £600,000 value
- £110,000 current mortgage
- 18%LTV

## 2<sup>nd</sup> charge facility

- 65%LTV max total lend
- £390,000 max total facility
- (£110,000) deduct current mortgage
- £280,000 max NET loan
- Consent required by 1<sup>st</sup> charge lender

## 2<sup>nd</sup> charge TERM - Illustration

- £340,595 GROSS loan INC **£595** lender fee
- £340,000 NET facility
- £3,036 per month @ 10.7% interest
- In line with current mortgage product (2,3,5 year fixed)
- No legals
- Desktop valuation
- £535 per month @ 10.7% for 60k

# No product switch

- Remortgage
- Broker fee
- Valuation
- Legals
- Full product fee
- Usually specialist lenders



## HMO – Purchase

- £180,000 valuation
- £142,375 GROSS loan INC product fee
- £135,000 remortgage @ 75%LTV NET
- £603 per month @ 5.09% (5 years)
- 6 bed HMO
- £2,550 gross rental
- Residential valuation (comparable)
- £1,947 NET rental minus mortgage and bills circa £1200) = £747
- 15.5% ROI **INC product fee and stamp** (buy and go)

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## Further Advance



- £220,000 valuation hybrid
- £176,000 max NET further advance @ 80%LTV NET
- (£142,375) minus current loan
- £33,625 max NET further advance (received)
- £34,465 max GROSS further advance INC 2.5% fee
- £192 per month @ 6.69% (5 years)
- £3,000 Rental with added value
- £12,060 NET annual return INC FA monthly, bills £1200
- Investment reduced to £24,990 INC stamp, product fees
- 48% ROI

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## Further advance - Notes

- No legals £1500 saving
- Product fee on advance amount ONLY
- Recycle cash
- Much cheaper than bridging first if light works
- One lender
- Six month rule applicable
- No heavy works

# KentReliance

for Intermediaries

## USP's

- Product switch
- Further advance to 80%LTV – soon 85%
- Great for BMV and light refurbs
- **Ask for permission**
- No experience for <6 units HMO
- No 6 month rule

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## Japanese Knotweed Purchase





## Japanese Knotweed Purchase

- £100k initially agreed
- Valuation returned £0
- Next door to our previous deal
- Renegotiated to £75k
- Split title
- Bought cash
- Refurb
- Refinance with KR

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for Intermediaries

## EXIT 85HS - £800 PCM

- £180,000 valuation
- £135,000 remortgage @ 75%LTV NET
- (£75,000) purchase deducted
- (£35,000) refurb
- (£4,720) entry / exit finance and legal costs
- £20,280 capital raised
- £457.19 per month
- £4,113 NET per annum
- £65,280 NET profit



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## 6 Month Rule



The specialist bank

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for Intermediaries

 **lendinvest**





## Joint Rep

- The lender will insist that you choose a solicitor from a shortlist that will act for them
- You may have them act for you too (sometimes quicker)

## Sole Rep

- The lender will insist that you choose a solicitor from a shortlist that will act for them
- You choose your solicitor to act for you, paying both solicitors



## EPC legislation changes

- EPC (E) currently required by law
- EPC (C) will be required by law, by 2025 for new tenancies
- By 2028 all ongoing tenancies must be within an EPC of (C)
- Currently EPC A-C – Banks are offering cheaper mortgage products by 0.5%



## Bridging finance

	65% LTV	70% LTV	75% LTV	Facility fee/product fee
Bridging element (all rates are per month)	0.74%	0.79%	0.84%	0.75%



Once refurbishment is complete, your customer will exit onto the long-term buy to let product selected based on the improvement works being completed.



**Standard refurbishment** >



**Energy efficiency refurbishment** >



**EPC C+ refurbishment** >





# Standard refurbishment

Key criteria			
Acceptable adverse	Loan amounts		Cashback
<b>Defaults:</b> 0 in 72 months <b>CCJ:</b> 0 in 72 months <b>Missed mortgage/secured loan arrears:</b> 0 in 36 months <b>Unsecured arrears:</b> 1 in 12 months, 2 in 36 months (worst status)	<b>Minimum loan size:</b> £40,000	<b>Maximum loan size:</b> £3,000,000 60% £1,000,000 70% £750,000 75% £500,000 80%	All buy to let mortgage products feature a <b>refund</b> of the bridging finance redemption administration fee of <b>£40</b> . This is covered as part of the £114 cashback paid on completion of the buy to let mortgage.
			<b>Assessment rate</b> <b>Short-term fixed rates:</b> Pay rate plus 1.55%, minimum 5.50% <b>5 year+ fixed rates:</b> Pay rate

LTV	Product type	Rate	Product fee	ERC	Reversion rate	Assessment rate	Product code
75%	2-year fixed	<b>6.79%</b>	2.00%	4% in year 1, 3% in year 2	BBR + 3.25%	8.34%	RBO52 (PERSONAL) RBO54 (LTD CO)
	5-year fixed	<b>6.49%</b>	2.00%	4% in years 1 and 2 3% in years 3 and 4 <del>2%</del> in year 5	BBR + 3.25%	6.49%	RBO21 (PERSONAL) RBO25 (LTD CO)

LTV	Product type	Rate	Product fee	ERC	Reversion rate	Assessment rate*	Product code
80%	2-year fixed	<b>7.09%</b>	2.00%	4% in year 1, 3% in year 2	BBR + 3.25%	8.64%	RBO53 (PERSONAL) RBO55 (LTD CO)
	5-year fixed	<b>6.79%</b>	2.00%	4% in years 1 and 2 3% in years 3 and 4 2% in year 5	BBR + 3.25%	6.79%	RBO23 (PERSONAL) RBO27 (LTD CO)



## Standard refurbishment - HMO

Key criteria			
Acceptable adverse	Loan amounts		Cashback
<b>Defaults:</b> 0 in 72 months <b>CCJ:</b> 0 in 72 months <b>Missed mortgage/secured loan arrears:</b> 0 in 36 months <b>Unsecured arrears:</b> 1 in 12 months, 2 in 36 months (worst status)	<b>Minimum loan size:</b> £40,000	<b>Maximum loan size:</b> £1,000,000 70% £750,000 75% £500,000 80%	All buy to let mortgage products feature a <b>refund</b> of the bridging finance redemption administration fee of <b>£40</b> . This is covered as part of the £114 cashback paid on completion of the buy to let mortgage.
			<b>Assessment rate</b> <b>Short-term fixed rates:</b> Pay rate plus 1.55%, minimum 5.50% <b>5 year+ fixed rates:</b> Pay rate

HMO AND MULTI-UNIT	LTV	Product type	Rate	Product fee	ERC	Reversion rate	Assessment rate	Product code
	75%	2-year fixed	<b>6.79%</b>	2.00%	4% in year 1, 3% in year 2	BBR + 3.25%	8.34%	RBO56 (PERSONAL HMO) RBO58 (LTD CO HMO)
		5-year fixed	<b>6.49%</b>	2.00%	4% in years 1 and 2 3% in years 3 and 4 2% in year 5	BBR + 3.25%	6.49%	RBO29 (PERSONAL HMO) RBO33 (LTD CO HMO)

HMO ONLY	LTV	Product type	Rate	Product fee	ERC	Reversion rate	Assessment rate	Product code
	80%	2-year fixed	<b>7.09%</b>	2.00%	4% in year 1, 3% in year 2	BBR + 3.25%	8.64%	RBO57 (PERSONAL HMO) RBO59 (LTD CO HMO)
		5-year fixed	<b>6.79%</b>	2.00%	4% in years 1 and 2 3% in years 3 and 4 2% in year 5	BBR + 3.25%	6.79%	RBO31 (PERSONAL HMO) RBO35 (LTD CO HMO)



# Energy efficiency refurbishment

Key criteria			
Acceptable adverse	Loan amounts		Assessment rate
<b>Defaults:</b> 0 in 72 months <b>CCJ:</b> 0 in 72 months <b>Missed mortgage/secured loan arrears:</b> 0 in 36 months <b>Unsecured arrears:</b> 1 in 12 months, 2 in 36 months (worst status)	<b>Minimum loan size:</b> £40,000	<b>Maximum loan size:</b> £3,000,000 60% £1,000,000 70% £750,000 75% £500,000 80%	All buy to let mortgage products feature a <b>refund</b> of the bridging finance redemption administration fee of <b>£40</b> . This is covered as part of the £114 cashback paid on completion of the buy to let mortgage.  <b>Short-term fixed rates:</b> Pay rate plus 1.55%, minimum 5.50% <b>5 year+ fixed rates:</b> Pay rate

LTV	Product type	Rate	Product fee	ERC	Reversion rate	Assessment rate	Product code
75%	2-year fixed	<b>6.59%</b>	2.00%	4% in year 1, 3% in year 2	BBR + 3.25%	8.14%	RBO44 (PERSONAL) RBO46 (LTD CO)
	5-year fixed	<b>6.29%</b>	2.00%	4% in years 1 and 2 3% in years 3 and 4 2% in year 5	BBR + 3.25%	6.29%	RBO05 (PERSONAL) RBO09 (LTD CO)

LTV	Product type	Rate	Product fee	ERC	Reversion rate	Assessment rate	Product code
80%	2-year fixed	<b>6.89%</b>	2.00%	4% in year 1, 3% in year 2	BBR + 3.25%	8.44%	RBO45 (PERSONAL) RBO47 (LTD CO)
	5-year fixed	<b>6.59%</b>	2.00%	4% in years 1 and 2 3% in years 3 and 4 2% in year 5	BBR + 3.25%	6.59%	RBO07 (PERSONAL) RBO11 (LTD CO)



# Working with brokers

- Income documents
- Proof of address
- Proof of funds
- Invoices and receipts
- Schedule of works
- Decision notice – new HMO
- Certificate of lawfulness – existed before article 4
- Fire risk assessment (HMO)
- Gas and Electrical safety certificate
- EPC min E to C by 2025

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# Hampshire Trust Bank

## EDC - Exit

- 75% LTV of OMV post refurb
- Complete on more than 100% of the PP
- Suitable for BMV deals
- Avoid bridging finance
- Negotiate terms with vendor on timescales, penalties etc

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Hampshire Trust Bank

## Option - Exit

- 75% LTV of OMV post development
- Complete on more than 100% of the PP
- Benefit from capital value appreciated
- Avoid bridging finance
- You will need a valuation done at the time of lease
- RX1 to be evidenced – legal advice to be obtained
- May approve retrospective valuations

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Hampshire Trust Bank

## Semi Commercial - Exit

- Day 1 exits
- Separate access required
- Utilities to be split
- 50/50 split, or fully commercial lending
- No experience accepted (35k min income)
- Affordability on commercial parts - conditional based on borrower covenant AND/OR the lessee's covenant AND/OR time in situ

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# Hampshire Trust Bank

## General Criteria

- Specialist BTL rates, on Semi Commercial
- No debentures up to £2m – letter of non crystallisation (confirms charge has not crystalised into a fixed charge)
- No PGs for larger loans
- Experienced > 12 months landlord
- 10% overpayment on Interest Only
- 100k minimum loan – can cluster
- Overseas Borrowers 1% additional PF
- HMO and MUFB – no max units

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## Evidencing documentation

- ARLA Letter
- Sykes Cottages
- Guest Ready
- Cottages.com
- Holiday Cottages



## Valuation methodology



**NatWest**

- SA / HOTEL / APARTHOTEL
- C3 as a going concern (HIGH STREET BANK) – accounts
- C1 without accounts and experience – 90 day valuation
- C1 with 1 years accounts – commercial valuation

# Lending Decision factors

- Credit scoring/searching
- Checkmyfile (TransUnion, Equifax, Experian, Crediva)
- Stress testing
- Minimum income (minority)
- Strategy
- Experience
- Property type
- Tenant type

# TOPICS

High street Comm to Semi

Commercial starter units

Title splits MUFB

C1 Guesthouse to Hyper hotel

Land acquisition and structure

Commercial procurement

The Mortgage Lane logo is centered on the right side of the image. It consists of a large black circle containing the word "MORTGAGE" in white, bold, uppercase letters. Below "MORTGAGE", the word "LANE" is written in a teal color, with each letter separated by a small gap. A small "TM" trademark symbol is positioned to the right of the word "LANE".

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JOE LANE

The **Mortgage**

AWARDS  
2024

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